



**STOP LIVE EXPORTS.org**

**Submission to**

**Senate Standing Committees on Rural Affairs and Transport  
Animal Welfare Standards in Australia's Live Export Markets**

**July 2011.**

## **Background Stop Live Exports**

Stop Live Exports is a Western Australian based group whose members are opposed to the live export trade and in long distance livestock transport based on animal welfare and regional economic development concerns. Stop Live Exports considers that best practice animal welfare is to slaughter animals as close as possible to the place in which they were raised. Stop Live Exports does not endorse the live animal export trade in any way.

A Galaxy opinion poll conducted in 2010, launched in Fremantle in October shows that, 79% of Western Australians believe live sheep exports are cruel and 86% of Western Australians agree that the Government should phase out live sheep exports if there's an alternative that saves Australian jobs. Over 300,000 Australians have signed in support for an end to live export. This number is made up from signatures from the Stop Live Exports WA State Petition and Senate Petition, the Handle With Care petition and Animals Australia petition signatures collected for the House of Representatives and a separate petition to the Senate.

## **Recommendations**

**1. The live trade of animals must end. State and Commonwealth Government must take a leadership role and in partnership with industry and animal welfare agencies develop a road map to phase out live exports and substitute this with an alternative product.**

**2. Whilst the live animal trade continues:**

- 1. Stunning must be a non-negotiable aspect of live trade. Anything short of stunning before slaughter is not acceptable; and**
- 2. The Australian Government not industry must be responsible for monitoring and enforcing animal welfare standards.**

**3. We consider that animal welfare in the live export chain could be improved considerably if:**

- 1. The Codes of Practice were adopted into state, territory and commonwealth law.**
- 2. State and territory animal welfare legislation, and the commonwealth regime, were enforced by a sufficient number of state, territory and commonwealth officers around Australia. This means that sufficient officers would need to be stationed at ports, feedlots, sale yards, registered premises and truck routes in remote areas. Additionally, officers would need to be granted appropriate powers to enter private properties.**
- 3. The commonwealth regime for live export ought to be amended to expressly stipulate that it does not intend to cover the field of animal welfare and that it does not override state and territory animal welfare legislation to the extent of inconsistency.**
- 4. Co-ordination and co-operation between AQIS and State Government agencies**
- 5. The commonwealth regime for live export ought to adopt mirror provisions to the state and territory animal welfare acts and apply those provisions across the full reach of commonwealth jurisdiction.**
- 6. The onboard stockman or veterinarian ought to be an independent person and not the agent of the exporter.**

7. **The onboard stockman or veterinarian ought to be required to record animal morbidity as well as animal mortality.**
  8. **Penalties for breach of ASEL or other parts of the commonwealth regime ought to be set at a level which would act as a sufficient deterrent. Although the current regime theoretically contemplates that an exporter could have its licence revoked, this has never occurred. It may be appropriate to introduce a system involving a broader range of fines, penalties and other readily utilised tools of deterrence.**
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## **Response to the Terms of Reference**

**Investigate and report into the role and effectiveness of Government, Meat and Livestock Australia, Livecorp and relevant industry bodies in improving animal welfare standards in Australia's live export markets, including:**

**a) The level, nature and effectiveness of expenditure and efforts to promote or improve animal welfare standards with respect to all Australian live export market countries;**

**i) expenditure and efforts on marketing and promoting live export to Australian producers;**

**ii) ongoing monitoring of the subscription to, and practice of, animal welfare standards in all live export market countries;**

Stop Live Exports does not consider that the Australian or State Governments, Meat and Livestock Australia, Livecorp or industry bodies have indicated that it is possible to regulate animal handling and slaughter in destination countries. This is evidenced by the fact that Australia has been exporting live animals for over 30 years, yet has been unable to make more than negligible welfare improvements in those destination countries.

Recent investigation in Indonesia by Animals Australia and ABC's Four Corners illustrates the lack of ongoing monitoring and practice of animal welfare in Indonesia. Animals Australia investigators visited ten abattoirs in four cities on the islands of Java and Sumatra. This investigation revealed the willingness of Australia's live export industry to supply animals regardless of how they were treated. Evidence documented, revealed that on a nightly basis Australian cattle are being subjected to torture techniques (such as tail twisting/breaking, eye gouging and tendon slashing) to force them to move into position for slaughter.

Some of the worst cruelty documented resulted from the use of Australian-designed Mark I restraint boxes. Mark I boxes were installed in Indonesia under the MLA/Livecorp program to enable Indonesian workers to manage Australian cattle whilst continuing to use their traditional method of roping slaughter. This results in a prolonged and distressing death. On viewing a Mark 1 restraint box in operation, the world's leading expert on livestock handling and slaughter, Temple Grandin, stated that it "breached every humane standard anywhere in the world" and was "unacceptable and absolutely atrocious".

Animal welfare standards in Indonesia and the Middle East are unacceptable by Australian standards. In Indonesia there are at least 121 possible slaughter locations for Australian cattle but there are 750 registered slaughterhouses and potentially over 4,000 'slaughter slabs' in Indonesia. These facilities can slaughter anywhere between a few animals a night to over 300 animals a night. Many slaughter facilities are small, often just extensions of cattle holding yards. Facilities range from archaic to relatively modern<sup>1</sup>.

Stunning is accepted in Indonesia but is only practiced in a reported four abattoirs. Less than 10% of cattle are slaughtered in these facilities with all other cattle experiencing cutting of the throat while fully conscious. 90% of cattle slaughtered in Indonesia are not stunned.<sup>2</sup>

The Indonesian workforce is largely unskilled and temporary making training difficult. Due to the largely unskilled and temporary nature of the Indonesian workforce, the live export industry focuses any animal handling training on the higher output private and public abattoirs rather than the smaller facilities [6]. Despite some training under the MLA/Livecorp program, it is clear that the majority of slaughter men have little understanding of animal behaviour or consideration of their capacity to suffer and feel pain and fear. Cruel and painful techniques are routinely used to move cattle.<sup>3</sup>

The treatment of cattle in Indonesia is contrary to Australian law and standards. Cattle are stunned prior to slaughter in Australian abattoirs (both for export and for domestic consumption). This includes cattle slaughtered for the halal-certified beef export market. Advice provided in November 2008 to the Primary Industries Standing Committee clearly articulates that restraint should maintain conscious animals in an upright position and using restraint boxes that tip animals "is in itself an animal welfare risk and not acceptable."<sup>4</sup>

Industry efforts to improve the welfare of sheep only go to the extent that the costs of these efforts do not impinge on profits received from the trade. While there have been some improvements, the ultimate responsibility for appropriate handling, transport and slaughter of animals rests with the importing country, (RSPCA factsheet # 1 overview) – none of these countries have animal protection laws equivalent to Australia.

### **iii) Actions to improve animal welfare outcomes in all other live export market countries and the evidence base for these actions.**

From an outcomes perspective, the footage shown by Four Corners illustrated that there has been minimal success in improved animal welfare outcomes in live export market countries.

It is extraordinary that Industry and Government have determined that the issues raised in Indonesia have been addressed within a month. Without a requirement for cattle to be

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<sup>1</sup> Live Exports to Indonesia Overview, Animals Australia and RSPCA, 2011. Sourced at [www.BanLiveExport.com](http://www.BanLiveExport.com), 11/7/11.

<sup>2</sup> Op cit.

<sup>3</sup> Op cit.

<sup>4</sup> Op cit.

stunned, then there is no evidence base for improved animal welfare outcomes for Australian cattle exported live to Indonesia.

**b) The extent of knowledge of animal welfare practices in Australia's live export markets including:**

- i) formal and informal monitoring and reporting structures;**
- ii) formal and informal processes for reporting and addressing poor animal welfare practices.**

### **Inadequate animal welfare monitoring and reporting in Western Australia**

The current Australian regulatory regime for the live export trade fails to properly protect livestock from systematic cruelty. The main regulatory regimes covering the preparation and export of livestock are: the Code of Practice for the Land Transport of Animals; ASEL; and the state and territory animal welfare legislation. This is inadequate because:

1. ASEL relies on the states and territories to enforce their own animal welfare legislation and oversee animal welfare within the live export trade. Yet the states and territories have been unable to achieve this.
2. State and territory animal welfare provisions have limited geographical scope and are overridden by the commonwealth regime to the extent of any inconsistency.
3. ASEL relies heavily on self-reporting by the exporter and by the stockman or veterinarian who is in the employ of the exporter.
4. There are few sanctions and, arguably, no deterrents for breaches of ASEL.

### **1. ASEL's Reliance on State and Territory Legislation Animal Welfare Legislation is Insufficient**

ASEL contains few direct provisions relating to animal welfare. The Australian Standards for the Export of Livestock (ASEL) expressly rely on State and Territory animal welfare legislation to prevent animal cruelty along the live export chain. This is insufficient because none of the states or territories are properly equipped to enforce their animal welfare legislation as it relates to the live export trade.

As an example of this insufficiency, Western Australia exports over 4 million animals each year from 3 different sea ports plus the airport. Prior to export, animals are frequently transported several hundred kilometres between remote farms, sale yards, registered premises and the ports. Animals are frequently transported for days at a time and sometimes in extreme heat. Individual sheep have a relatively low economic margin which may mean that there is no economic incentive to attend to the welfare of struggling individuals within a large consignment. The live export trade involves large numbers of relatively low value animals over a geographically vast area. In these circumstances there is a real risk of animal cruelty.

Prior to July 2011 Western Australia's Animal Welfare Act was managed by the Department of Local Government (DLG). The WA Parliament's Standing Committee on Environment and Public Affairs inquired into the Live Animal Trade in November 2010. The Transcript of Evidence to the Inquiry by the Manager Animal Welfare, General and Scientific Inspector, Dr Jennifer Hood, highlighted that there were 2 general inspectors, down from six in 2006, in the Animal Welfare Unit to cover Western Australia. This is totally inadequate to ensure compliance with the Act. The Transcript confirms that Local Government rangers, whilst having the capacity to be appointed as general inspectors

under the Animal Welfare Act, do not take an enforcement role in relation to livestock. Whilst police can be appointed as general inspectors they do not have a core role in the enforcement of the Act.

The RSPCA WA, which is a charity, has a number of authorised inspectors. Whilst the RSPCA receives \$500K per annum from the Government to undertake general activities this does not cover the full cost of the inspectorate. As a charity, the RSPCA has to raise funds to ensure compliance with an Act of the WA Parliament. We understand that the RSPCA currently has 9 animal welfare inspectors to cover the entire state of Western Australia and may plan to appoint more. This is totally inadequate for a State the size of Western Australia, in particular as the RSPCA is supplementing what should be a core State Government undertaking. For example as a society we do not expect charities to supplement the work undertaken by police officers. Why should this be the case with compliance of animal welfare legislation?

This illustrates that the State Government is unable to cope with the sheer volume of work involved in enforcing the Animal Welfare Act as it applies to the 4 million animals across the entire live export chain. This problem of insufficient enforcement is similar in the other states and territories.

July 2011 saw responsibility of the Animal Welfare Act shift from DLG to the Department of Agriculture and Food (DAFWA). Sustained public pressure on Government has led to six additional animal welfare inspectors employed by DAFWA to ensure compliance with the Act. A key concern is that the agency responsible for supporting the agricultural industry now has responsibility for ensuring industry compliance with Animal Welfare. DAFWA, despite having authorised inspectors for many years, took a policy position that its general inspectors would not enforce the Act, given their role in supporting industry.<sup>5</sup> There is clearly a conflict of interest, given DAFWA's core focus on industry education, research and production, with this agency now responsible for the Act's administration.

It is simply impossible at present for the WA government to maintain a physical presence at the usual places where animal cruelty in the live export chain is likely to occur.

Another key issue is that the Australian Quarantine and Inspection Service (AQIS) does not inform State agencies when they undertake an inspection. State agencies receive this information from reportable incidents on the parliamentary webpage every six months. AQIS only inspect to ensure compliance with export requirements. AQIS does not see their role as ensuring compliance with State acts. They do not look for this. Nor do they advise the State agencies if there are any breaches of State law in WA

There have been zero routine inspections at the port by the State Government.<sup>6</sup> There have been zero inspections to ensure compliance with the WA Animal Welfare Act by AQIS.

Stop Live Exports has never observed any officer charged with the enforcement of the WA Animal Welfare Act physically present at any Western Australian port, sale yard or

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<sup>5</sup> *Environment and Public Affairs, Petition 82 and 83 – Live Animal Trade, Transcript of Evidence, Wednesday 10<sup>th</sup> November 2010, page 2.*

<sup>6</sup> *Environment and Public Affairs, Petition 82 and 83 – Live Animal Trade, Transcript of Evidence, Wednesday 10<sup>th</sup> November 2010, page 7.*

truck route. However, there is a real need for on the ground enforcement of the Animal Welfare Act. Stop Live Exports regularly observes conduct at Fremantle Port, sale yards and truck routes which appears to be in plain breach of the WA Animal Welfare Act and the Code of Practice. We regularly observe obvious problems such as: overcrowded trucks; 'downed' and injured animals; animals with obvious eye infections; and excessive use of electric prodders. We are unable to monitor whether or not animals are exceeding their water deprivation times while being transported. However, we postulate that no enforcement officer in Western Australia is able to monitor water deprivation times in the current regime.

Although other WA agencies, such as the police, theoretically have jurisdiction to enforce the Animal Welfare Act, our experience is that the police are totally unwilling to become involved in animal welfare issues. It is quite impossible for ASEL to rely on state and territory governments to enforce animal welfare across the live export chain.

By expressly relying on states and territories to police the animal welfare aspects of the live export trade, ASEL has abandoned the issue of animal welfare to the states and territories. In turn, the states and territories have mostly abandoned animal welfare to a charity.

**2. State and territory animal welfare provisions have limited geographical scope and are overridden by the commonwealth regime to the extent of any inconsistency.**

It is insufficient for ASEL to rely on state and territory animal welfare legislation because the jurisdiction of the states is geographically limited. Once a livestock ship has passed outside state or territory waters, state and territory animal welfare legislation ceases to apply. It is a serious legislative deficiency that animal welfare laws only apply to the first day of what can be a 35 day journey. This means that live exporters operate largely in a lawless vacuum. An example of this is the WA government's 2007 prosecution of Emanuel Exports Pty Ltd for breaches of the WA Animal Welfare Act<sup>7</sup>. The charges against this exporter were artificially narrow to accommodate the fact that WA has jurisdiction to only 3 nautical miles out to sea.

It is insufficient for ASEL to rely on state and territory animal welfare legislation because, pursuant to s109 of the Constitution, the commonwealth regime overrides state and territory animal welfare provisions to the extent of any inconsistency. In the prosecution of Emanuel Exports Pty Ltd the court found that all the elements of an offence against the Animal Welfare Act were met. However, the defendants were acquitted on the basis that the export control orders in the commonwealth regime had permitted the defendants to export the sheep which were the subject of the Western Australian offence. As a result of the Emanuel Exports case, exporters are effectively not required to comply with state and territory animal welfare legislation where it is more restrictive than the commonwealth regime.

**3. ASEL relies on self-reporting by the exporter and by the stockman or veterinarian who is in the employ of the exporter.**

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<sup>7</sup> *WA Department of Local Government and Regional Development v Emanuel Exports Pty Ltd, Graham Daws and Michael Stanton*

A serious deficiency in ASEL is that it relies heavily on self-regulation and self-reporting. One example of this is the selection of animals which are fit to enter the live export chain.

According to the provisions of ASEL S1 & 3, animals must not be sourced at farm and must not be loaded at the registered premises and must not be loaded for transport to the port unless they are suitable to enter the live export chain. However, ASEL relies entirely on the exporter to ensure that unfit animals are rejected. Stop Live Exports routinely observes animals at the Fremantle port which have very obvious features which should have meant that the animal was excluded from the live export chain. These animals have very obvious problems such as: injuries; eye infections; bleeding, broken horns; and extremely long, untipped horns. These animals would not have been transported to the port if ASEL was being observed or enforced. Stop Live Exports considers that the presence of animals at the port with very obvious problems may indicate that there are also animals arriving at the port who have welfare problems that are less readily observed.

For animals exported from Fremantle port, it is the usual practice for a person in the employ of the exporter to observe the animals for the first and only time while they are running up the ramp onto the ship (ASEL S4.8 (a)). This is insufficient to ensure proper animal welfare outcomes because:

- a. Animals with injuries and infections are forced to tolerate long land transport journeys before being finally excluded from the live export chain or being euthanized.
- b. The practice of determining fitness for loading by watching animals run up the loading ramp means that only the most glaring of welfare problems is detected.
- c. Along the entire live export chain, all the persons involved in ensuring that animals are fit for export are the employees or agents of the exporter: none of these persons are independent.

Similarly, whilst animals are onboard, they are accompanied by a stock-man or veterinarian who is employed or contracted by the exporter (ASEL 4.5). This person is not independent. This means that throughout the entire live export chain and voyage, the exporter's compliance with ASEL is overseen by a person entirely within the pay of the exporter. To exacerbate the animal welfare problems, the exporter's compliance with state and territory legislation is seldom overseen by any person at all.

#### **4. There are few sanctions or deterrents for breaches of ASEL.**

To the best of our knowledge, DAFF has never prosecuted an exporter for a breach of an export licence or cancelled or suspended an export licence. This is despite the fact that there have been several large, well publicised incidents in which export licence breaches appear likely<sup>8</sup>.

Following a high mortality consignment it is the usual practice of DAFWA to investigate the incident and then impose further conditions upon the exporter for the next consignment. These further conditions are designed to try to reduce the mortality rate. The conditions are usually matters such as the imposition of a small percentage increase in space for certain classes of animals<sup>9</sup>.

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<sup>8</sup> <http://www.animalsaustralia.org/media/foi/>



DAFF's practice of investigating the causes of mortality and attempting to improve mortality rates for the next consignment is certainly welcomed. However, this practice is insufficient to reasonably improve animal welfare outcomes on its own because:

- a. It is a reactive process. It relies on the occurrence of a high mortality event, and hence cruelty, rather than attempting to prevent the occurrence of cruelty in the first place.
- b. It relies exclusively on mortality rates. Stop Live Exports maintains that mortality rates are a blunt tool for assessing the welfare of animals who have not died but who may be suffering considerably. This process does not assess the welfare of animals that have not died.
- c. It does not act as a deterrent to the exporter. The conditions imposed by DAFWA appear to be of a type that would have limited commercial impost on the exporter. In the absence of evidence to the contrary, we consider that DAFF's practice is very unlikely to persuade exporters to maintain compliance with ASEL.

ASEL requires the onboard stockman or veterinarian to record mortality rates. While this is welcomed, the focus on mortality rates ignores animal suffering which does not reach the point of death.

### **Changes which could be made to AASEL and the current regulatory arrangements**

We consider that animal welfare in the live export chain could be improved considerably if:

1. The Codes of Practice were adopted into state, territory and commonwealth law.
2. State and territory animal welfare legislation, and the commonwealth regime, were enforced by a sufficient number of state, territory and commonwealth officers around Australia. This means that sufficient officers would need to be stationed at ports, feedlots, sale yards, registered premises and truck routes in remote areas. Additionally, officers would need to be granted appropriate powers to enter private properties.
3. The commonwealth regime for live export ought to be amended to expressly stipulate that it does not intend to cover the field of animal welfare and that it does not override state and territory animal welfare legislation to the extent of inconsistency.
4. Co-ordination and co-operation between AQIS and State Government agencies
5. The commonwealth regime for live export ought to adopt mirror provisions to the state and territory animal welfare acts and apply those provisions across the full reach of commonwealth jurisdiction.
6. The onboard stockman or veterinarian ought to be an independent person and not the agent of the exporter.
7. The onboard stockman or veterinarian ought to be required to record animal morbidity as well as animal mortality.
8. Penalties for breach of ASEL or other parts of the commonwealth regime ought to be set at a level which would act as a sufficient deterrent. Although the current regime theoretically contemplates that an exporter could have its licence revoked, this has never occurred. It may be appropriate to introduce a system involving a broader range of fines, penalties and other readily utilised tools of

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<sup>9</sup> <http://www.daff.gov.au/aqis/export/live-animals/livestock/aqis-mortality-investigations>

deterrence.

**The process of certifying, and de-certifying, vessels for the carriage of livestock ought to be investigated.**

The evidence indicates that certain live export vessels, and some particular decks on certain live export vessels, consistently record higher mortality rates than others. Our investigations show that the *MV Al Kuwait* has recorded the highest mortality rates for any vessel. The *MV Al Kuwait* is an older vessel and was not originally built to carry livestock. Some of its decks are only 1 metre high and it is not possible for the stockman to properly assess the condition of animals in those decks. It is possible that this vessel is not appropriate to humanely carry livestock.

Additionally, the decks 1 – 7 of the *MV Ocean Shearer* have recorded high mortality rates and animals suffering severe heat stress. DAFF investigated these high mortality rates directly attributed the cause as being the high temperatures reached on decks 1 – 7<sup>10</sup>. However, DAFF took no action in direct response to the problem of those particular decks<sup>11</sup>.

The Australian Marine Safety Authority is responsible for certifying vessels and granting an Australian Certificate for the Carriage of Livestock. To the best of our knowledge, no vessel, and no decks of any vessel, have been de-certified from carrying livestock. To the best of our knowledge, no exporter has been required to modify a vessel or particular decks in response to high mortality incidents. To improve animal welfare outcomes, it may be necessary to investigate whether certain vessels, or certain decks, ought to be modified or de-certified.

**2. Investigate and report on the domestic economic impact of the live export trade within Australia including:**

- a) Impact on regional and remote employment especially in northern Australia;**
- b) Impact and role of the industry on local livestock production and prices;**
- c) Impact on the processing of live stock within Australia.**

Meat from Australian cattle slaughtered in Indonesia may be sold at supermarkets. In supermarkets, people can purchase Australian beef processed in Indonesia or imported Australian (halal-certified) beef as boxed beef. Last year, boxed beef exports to Indonesia were worth \$179.8 million.<sup>12</sup>

It has been estimated that at least 70 per cent of Australian sheep end up in abattoirs when they reach the Middle East which clearly negates the need for live export<sup>13</sup>. With over 70 per cent of Australian abattoirs having Halal accreditation, processing animals is something that should be done in Australia by Australian workers. After 2006 when Animals Australia had exposed the treatment of sheep in Egypt, Australia suspended,

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<sup>10</sup> <http://www.daff.gov.au/aqis/export/live-animals/livestock/aqis-mortality-investigations>

<sup>11</sup> Oral evidence provided by the stockman in charge during; *WA Department of Local Government and Regional Development v Emanuel Exports Pty Ltd, Graham Daws and Michael Stanton*

<sup>12</sup> Live Exports to Indonesia Overview, Animals Australia and RSPCA, 2011. Sourced at [www.BanLiveExport.com](http://www.BanLiveExport.com), 11/7/11.

<sup>13</sup> Stop Live Exports, Live Animal Exports Jobs and Economy Facts.

and now has banned the export of sheep to Egypt. Egyptian media reports since that time - over consecutive Eid festivals – has reported that the Egyptian Government has moved to ensure the import of chilled meat from other countries to satisfy the period of high demand.

Australia's major meat processors have confirmed that Australia has the capacity to process all cattle and sheep currently going to live export. In 2007, the national slaughter of cattle was in excess of 8 million head of cattle. In 2010, the national slaughter of cattle fell to 7.4 million<sup>14</sup>.

The period between 2009/10 was characterised by widespread stand downs in the industry, with many plants working well below capacity. It is reasonable to suggest that the 2010 national slaughter included at least a large part of the 250,000 head of stock turned away from the Indonesian live export market as a result of the 350kg weight restriction enforced in June 2010.

Australian meat processors are unanimous in indicating that capacity exists in the local processing industry to slaughter this stock. There is no contest about this proposition even from economic analysts engaged by MLA/LiveCorp. Recently, MLA/LiveCorp engaged the Centre for International Economics to provide a report on the contribution of the live export industry to the Australian red meat industry. Part of that work involved an assessment of what would occur if the entire live export industry of cattle were halted. One observation was as follows: *“Under current market conditions, sufficient capacity exists for their processing”*<sup>15</sup> Contrary to industry claims, live export does not underpin 10,000 jobs in the rural sector. The majority of those jobs would remain if animals were processed in Australia. In fact thousands of jobs would be created by increased domestic processing.

Trade distortions in foreign countries benefit the live export trade over the domestic meat processing industry. The import of live Australian sheep is heavily subsidised by some Middle Eastern governments, whilst frozen sheep meat attracts a 5% tariff in most major Australian live sheep importing countries.

Within Australia distortions also apply. A Ministerial Taskforce commissioned in 2004 to examine the concerns of the cattle and sheep meat processing sectors in the Western Australia (WA) found that, *“the growth in live exports, at the expense of meat processing firms, is at least partly due to a lack of competitive neutrality and an apparent bias in Government support for the live export trade, while meat processing is disadvantaged by additional costs that are not imposed on exporters”*. The distortions between the two sectors include;

- I. Government taxes and charges that impact on the competitive position of the meat processing export chain and the live animal chain:
  - I. AQIS charges and compliance costs for processors in meeting stringent regulatory standards for food safety and public health, product specification, animal welfare, and compliance with importing countries' protocols.
  - II. Direct and indirect costs in complying with occupational health and safety regulations.

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<sup>14</sup> ABS “Livestock Products”, cat 7215.0

<sup>15</sup> Derek Quirke, Centre for International Economics – Presentation to the ABARE-BRS Outlook 2001, 2 March 2011

- III. On-costs of labour employment, including payroll tax, superannuation guarantee and workers compensation insurances.
- IV. Compliance costs for processors in meeting stringent environmental standards.

By contrast, live exporters have very few restrictions.

2. Discrepancies between the regulatory requirements between the two sectors covering such matters as public health and product safety in both domestic and export markets, animal welfare, environmental standards, traceability systems, and grading and truth to label.
3. Inequities in AQIS inspection charges and Federal Government subsidies
4. Government support for domestic infrastructure to support the live export trade. In several states, the Government has provided railroad access for live cattle exporters to reach the ports, whilst meat processors are unable to get the same road train access to their plants.<sup>16</sup>

Independent economic reports over the past two years have confirmed that live exports are undermining Australia's meat processing industry - an industry five times more lucrative than live exports.

A report commissioned by the Australian Meat Processor Corporation in 2001 concluded that the 'live export trade could be costing Australia around \$1.5 billion in lost GDP, around \$270 million in household income, and around 10,500 lost jobs.' (This report has recently been updated and is showing similar outcomes)<sup>17</sup>

An independent report commissioned in March 2009 by the Royal Society for the Protection of Cruelty to Animals (RSPCA) showed that by phasing out live exports farmers needn't be disadvantaged. The key is to secure a phase out rather than an over-night ending of the trade. The report: *The Value of Live Sheep Exports from Western Australia, A Review of Adjustments that would be required if Live Sheep Exports from WA Ceased*, Acil Tasman, March 2009, RSPCA shows:

- Adjustments would be required by WA sheep producers but they do not appear to be extensive compared to other structural adjustment already underway in the industry
- Any adjustments to the loss of the live export market will be modest
- A phase-out period, coupled with a transferrable quota system will significantly reduce the impact on sheep farmers and the economy.<sup>18</sup>

An independent report commissioned in September 2009 by the World Society for the Protection of Animals (WSPCA), *Australian Live Sheep Exports, Economic Analysis of Australian Live Sheep and Sheep Meat Trade*, Acil Tasman, September 2009. WSPCA, shows<sup>19</sup>:

- In 2008/09 live sheep export only accounted for 11% of total sheep turnoff in Australia and 15% of the total value of sheep meat production by weight (p x)

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<sup>16</sup> Cattle and Sheep Meat Processing in Western Australia, Ministerial Taskforce Final Report, November 2004, p 2-3

<sup>17</sup> 'Impact of the live animal export sector on the Australian Meat Processing Industry', Heilbron Pty Ltd

<sup>18</sup> *The Value of Live Sheep Exports from Western Australia, A Review of Adjustments that would be required if Live Sheep Exports from WA Ceased*, Acil Tasman, March 2009, RSPCA

<sup>19</sup> *Australian Live Sheep Exports, Economic Analysis of Australian Live Sheep and Sheep Meat Trade*, Acil Tasman, September 2009. WSPCA

- There is a significant and growing substitution between sheep meat and live sheep in most Middle Eastern countries – as live sheep imports fall sheep meat imports rise (p viii)

The WSPC report showed:

- A sheep processed here in Australia is worth 20% more to our overall economy than one sent for live exports.
- The phasing out of the live sheep export trade would have positive outcomes for the Australian economy with the increase of a chilled meat trade.
- Export statistics indicate that the live animal trade is undermining a more lucrative, job creating, processed meat trade: In 2009 the value of meat sent to the Middle East, \$365M: Value of live sheep sent to the Middle East, \$323M: Sheep meat exported equivalent to 4.12M sheep: Number of live sheep: 3.6M.
- In 1991/92 following a ban on Australian live exports in 1990, Saudi Arabian imports of processed sheep meat from Australia increased by 318%: 100% of Australian live sheep exports to Saudi Arabia were replaced by chilled sheep meat. (p 43)
- Egyptian imports of Australian sheep meat rose by 300% between 2002/03 and 2006/06 when Australian live sheep imports were stopped (p 43)

In 2010, a report commissioned by Australia's leading meat processors - Teys Bros, Swift Australia and Nippon Meat Packers Australia – reached damning conclusions as to the impact of live cattle exports on Queensland's beef industry<sup>20</sup>. The report found:

- Live cattle exports are cannibalising Queensland's beef-processing industry and threaten to destroy \$3.5 billion worth of assets, \$5 billion in turnover and 36,000 jobs.
- Far from being complementary, live exports compete with and undermine Australia's beef exports.
- Live cattle exports equals Australian job losses and a threat to Australia's capacity to supply the growing world demand for beef.
- Queensland cattle are increasingly being exported live to Indonesia taking with them lost processing opportunities in Queensland.
- Indonesia actively protects its own beef industry and live cattle imports by banning key beef cuts and imposing high tariffs on imported beef product – there is not a level playing field.
- Live cattle exports means premium disease-free cattle are being processed in importing countries and sold in competition with genuine imported Australian beef.

There is currently an argument that there are no export abattoirs in Northern Australia because of a lack of labour. The issue of labour is no different than in other regional areas in Australia and this is overcome by meat processors (i.e. central Queensland in competition with mining). Furthermore, plants successfully operated in the North prior to live trade explosion. The real issue is that the live trade reduces the number of available animals in regions to a level where a plant is not viable. Should the trade stop, plants will reopen. This will create jobs, income and real prosperity for local communities. A pre-feasibility study has shown that an abattoir in Darwin would be commercially viable. Increased processing capacity would give the cattle industry greater certainty, create jobs and provide value-add opportunities in Northern Australia.

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<sup>20</sup> SG Heilbron Economic & Policy Consulting (2010) The Future of the Queensland Beef Industry and the Impact of Live Cattle Exports.

Australia can provide Halal meat. Australia has many certified Halal slaughterhouses, with the slaughter of each animal overseen by Muslim officials who are licensed by importing countries. Halal accreditation of meat is administered under the 'Australian Government Supervised Muslim Slaughter Programme'.

For example, the largest sheep meat processor in Australia is Fletcher International, which operates a large abattoir in Albany, Western Australia, and another in Dubbo, New South Wales. All of the animals slaughtered at Fletcher are slaughtered in the Halal manner and the animals are sold to various markets, including the Middle East.

Islamic leaders have approved the pre-stunning of sheep and cattle prior to the cutting of the throat. Because electrical stunning is 'reversible', the animal is not injured and still alive, the practice is consistent with Islamic requirements.

People in the Middle East have refrigeration. Saudi Arabia and Kuwait are the two largest importers of Australian sheep and are affluent oil rich nations. And yes, they have fridges! According to the International Association of Refrigerated Warehouses public cold storage facilities in the Middle East increased by 650% between 2004 to 2006 – the expansion of the supermarket and cold chain infrastructure opens up the possibility of large scale supply relationships between WA processors and Middle East wholesalers and retailers.<sup>21</sup>

The Australian government acknowledges that the live trade to the Middle East is not driven by a lack of available refrigeration<sup>22</sup>. One of the major importers of live Australian sheep into the Middle East is Kuwait Livestock Transport and Trading (KLTT). KLTT advertises on its website frozen microwavable meals and a wide variety of processed products produced from Australian sheep. KLTT actually imports live sheep which are then butchered and frozen in Kuwait! In fact 80% of the animals imported live are killed in abattoirs there and sold side by side in supermarkets with Australia chilled product.

- There is a significant and growing substitution between sheep meat and live sheep in most Middle Eastern countries – as live sheep imports fall, sheep meat imports rise
- There is the opportunity for Australia to increase the level of substitution between the processed sheep meat and live sheep to ensure that there is limited substitution between Australian and sheep from other sources.<sup>23</sup>
- Significant demographic change in the Middle East indicate that younger and urbanised consumers are leading a move away from freshly slaughtered meat (ABARE 2008) reducing demand for live exports from all countries
- Australia should play a leading role that shows the rest of the world that the live export of animals for slaughter causes undue suffering and distress and cannot be justified (RSPCA factsheet # 1 overview)

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<sup>21</sup> WSPCA, Acil Tasman, Sept 2009 p 18

<sup>22</sup> ABARE 2008

<sup>23</sup> Acil Tasman, Sept 2009, p viii