

LIVE EXPORTS — ABATTOIR CLOSURES

628. Hon LYNN MacLAREN to the minister representing the Minister for Agriculture and Food:

In reference to the number of live animals sent to Middle Eastern abattoirs increasing by 11 per cent last year, I ask —

- (1) Is the minister aware that Geraldton Meat Exports, an employer of 94 staff, was forced to close indefinitely two weeks ago as a direct result of its inability to compete with the live export industry for a viable supply of stock?
- (2) Is the minister also aware that in the last month three abattoirs in the south west were also forced to close due to supply issues, costing the jobs of around 200 people in the Tammin and Beaufort River area?
- (3) In a time of economic downturn and significant job losses around the state, can the minister explain why we are sending 4.1 million live sheep and 860 000 cattle every year to be slaughtered in the Middle East when every abattoir in WA is halal certified?

Hon ROBYN McSWEENEY replied:

The Minister for Agriculture and Food has responded —

- (1) Geraldton Meat Exports has closed for an indefinite period as it is unable to source sufficient sheep and goats at this time. The abattoir has a history of closures in the past due to seasonality and inconsistency of supply. The sheep flock in Western Australia has contracted from the southern rangelands, Gascoyne and Geraldton region to the south west of the state in the past 15 years. Goat supply is always seasonal in the Geraldton and rangelands regions. I am informed that the reopening of the abattoir will depend on increased supply of stock.
- (2) I am aware that the abattoirs at Tammin and Beaufort River closed for the winter months and other sheep/lamb abattoirs are operating at reduced throughputs.
- (3) Western Australia exports sheep meat to a range of countries, including those that import sheep livestock. In 2007-08 Western Australia exported three million sheep and 252 000 cattle. Western Australian sheep are exported principally to the Middle East, whilst the cattle are exported principally to Indonesia. Whilst meat exports to these countries are growing, the markets in both the Middle East and Indonesia have a strong interest in sourcing livestock for a number of reasons, including religious practices, a high percentage of wet markets in these regions and the absence of refrigeration. The livestock exports cannot be replaced simply by increasing the supply of meat to these countries.

Sheep and cattle producers in this state are free to choose which market they will pursue. Producers freely decide to sell livestock to Western Australian processors or to livestock exporters. Current high prices for producers of lamb and sheep destined for either local processing or livestock export are underpinned by the livestock export market prices. This is a very positive situation for rural industries generally and will be assisting regional economies. The livestock export trade from Western Australia is presently valued at \$350 million with a multiplier effect into the economy.

Mr Paul Omodei; Dr Steve Thomas; Mr Max Trenorden; Mr Terry Redman; Dr Janet Woollard; Mr Tony McRae; Mr Gary Snook; Mr Brendon Grylls; Acting Speaker

Mr B.J. GRYLLS: I am speaking to the amendment.

The ACTING SPEAKER: Then will the member please address the amendment.

Mr B.J. GRYLLS: I recognise the fact that the Minister for Small Business has taken some interest in this debate, because all the players who are affected are in the small business sector. This motion is very important also because of another event that has taken place in the south west corner of this state in the past couple of days. The member for Collie-Wellington is not in the chamber at this time, but it must be devastating for the community for two announcements of this magnitude to be made in the same week. I understand, Mr Acting Speaker, that your electorate is also in close proximity to this issue. It is important that we give support to the member for Collie-Wellington and his constituents, who must be reeling from these two issues that have come onto the agenda at this time. The National Party has made it clear, through our agriculture spokesperson, the member for Stirling, that we believe an inquiry will deliver some benefits. However, after consulting with the industry today, we are aware of its concern about any muddying of the waters during this two-week period in which negotiations are taking place. The member for Moore has proposed a time frame for the committee to report to the Parliament. The National Party will be supporting that amendment. The parliamentary secretary has said that the government will not be supporting the motion. There are probably three positions on this matter. The shadow minister is talking about the need for an immediate inquiry. The parliamentary secretary is saying that the government will not be supporting an immediate inquiry. Our agriculture spokesperson has put on the record that we would like an inquiry to be conducted, but we do not want the waters of the current E.G. Green and Sons issue to be muddied at this stage. Everyone believes that as a Parliament we need to be involved in this issue and play our role in facilitating the meat export industry in Western Australia. All sides of politics have agreed about the need to do that. I am happy to support the amendment moved by the member for Moore. It is important that we have that time frame. We will be sending the wrong message to the industry if this motion is voted down, because that will show that it is not supported by the Parliament. We need to leave this issue on the books and come back to it in a couple of weeks, after there have been further discussions between the shadow spokesperson for agriculture and the parliamentary secretary, so that this inquiry can get up. I believe the way to achieve that is by moving that the debate be adjourned.

Mr R.F. Johnson: You cannot do that. You are speaking on the amendment.

Mr B.J. GRYLLS: If either the member for Stirling or the member for Greenough comes back into the chamber, either member will be able to do that. I would be very concerned if this debate was lost on the government's numbers. We need to have this inquiry. The best way to achieve that is for us to come back at a later date when more discussions have taken place. The important message from today's debate is that we support the abattoir industry in Western Australia. It is important that we use our role as members of Parliament to deliver that outcome. We need to make sure this motion is not lost today.

Debate adjourned, on motion by **Mr G.A. Woodhams**.

Mr Paul Omodei; Dr Steve Thomas; Mr Max Trenorden; Mr Terry Redman; Dr Janet Woollard; Mr Tony McRae; Mr Gary Snook; Mr Brendon Grylls; Acting Speaker

Members may be aware that yesterday, in the other house, Hon Kim Chance responded to a question from the Leader of the Opposition. He gave a good description of the number of meetings he has had with the board members and managers of E.G. Green and Sons. He advised the other place yesterday on the request that had come to him and the action he would be taking. The member asked whether the minister will meet with the bank, but he would know that the minister gave that undertaking yesterday in the other place.

Mr P.D. Omodei: He was going to meet with the bank yesterday.

Mr A.D. McRAE: No. He was asked a question yesterday and he responded to the Leader of the Opposition in the other house that he would be requesting a meeting. He set about requesting it yesterday.

Mr P.D. Omodei: I understood that he was to meet with the bank yesterday, but the bank refused to meet with him.

Mr A.D. McRAE: No. When the *Hansard* is available, the member should read it, because that will reveal that what I am saying is true. The minister had already intended to do that, because a request was received yesterday from E. G. Green and Sons for the minister to do that on its behalf. The member can sit there and be as cynical as he likes. I am telling the member what this company that is experiencing difficulty has requested of the government, and what the minister is doing as a result of that request. The member must think that either E.G. Green and Sons is telling porkies or the minister is telling porkies. I am telling the member that it is on the record. The member should check the record, because he will then see that the government is pursuing this issue in a way that will provide the maximum amount of stability to the company, and the greatest prospect for a stable, vibrant, essential and highly profitable industry that is so important to the economy of this state.

Mr P.D. Omodei: I suspect that if there is any solution, it will be despite the actions of this government, because the government has been pathetic.

Mr A.D. McRAE: The member is talking about areas that I do not think he has a great deal of information about. The member is just forming an opinion on the run. That is dangerous, and it is just indicative of what I am saying.

Mr P.D. Omodei: I have been talking to the company and to the grower organisations.

Mr A.D. McRAE: I turn now to a number of the points that are raised in the motion. I can tell the member now the location and classification of the abattoirs in this state. We do not need a parliamentary inquiry for that. I am happy to provide the member with the list. The export abattoirs are E.G. Green and Sons of Harvey for cattle; V&V Walsh of Bunbury for cattle and sheep; Fletcher International of Narrikup for sheep; WAMMCO International of Katanning for sheep and goats; Hillside Meats of Narrogin for sheep; Geraldton Meat Exports of Geraldton for sheep and goats; Beaufort River Meats of Woodanilling for sheep and goats; Western Meat Packers of Margaret River for sheep and goats; and International Exporters of Gingin for sheep and goats. These are the only export-certified abattoirs in operation today in Western Australia.

Mr P.D. Omodei: Clover Meats has been closed since -

Mr A.D. McRAE: The member wanted an indication. That is an indication of how vibrant this industry is. We have heard from the member for Avon about a proposal in Northam. Similar ventures are being explored for the Kimberley and other parts of the state. It is not as though everyone thinks the industry is doomed. On the contrary; most observers and participants in the industry believe the beef industry has very bright prospects for the foreseeable future. We should be celebrating that and enhancing and supporting it in every way we can. We do not need this inquiry now. I would be happy to talk to the member in due course about how we should proceed at a later date. The government will not support the holding of an inquiry at this time, because it may unsettle the marketplace and E.G. Green and Sons' discussions to ensure its future sustainable commercial profitability.

Amendment to Motion

MR G. SNOOK (Moore) [6.43 pm]: I support the motion. I move the following amendment -

That the following paragraph be added to the motion -

(4) That the committee report to the Legislative Assembly by March 2006.

MR B.J. GRYLLES (Merredin - Leader of the National Party) [6.44 pm]: I am heartened by the level of debate on this motion. This has been a positive debate. It is very important that we demonstrate to the industry the concern of this Parliament about the problems that are facing the industry at this time.

The ACTING SPEAKER (Dr S.C. Thomas): Order! Is the member speaking to the amendment or the motion?

will make one that will protect the interests of the industry, Western Australia's export markets and trades, and local communities that are so dependent on the industry.

I will run through other reasons why the proposition is wrong. The Minister for Agriculture and Forestry, Hon Kim Chance, assembled a government panel of experts last Friday. To say that he had no interest on Sunday is, at best, mischievous. It may be misleading in attempting to put on record something that the member knows not to be true. Last Friday the minister put in place a government panel of experts to work directly with the company and industry, to respond to whatever requests they put forward and to provide expert advice to them as they went through the process of putting a plan in place to take them forward. The minister has placed on record that it is in everybody's interests that a sound commercial solution be found as soon as possible. That will certainly happen before anything productive could come from a parliamentary committee of inquiry. As the former chairperson of the Economics and Industry Standing Committee, when we conducted the inquiry into the dairy industry which, by the way, in contrast to the beef industry was in crisis and continues to be under great pressure, the very best we could do in the circumstances, even with the best of wills, was to produce some interim statements in a matter of a couple of months. The interim statements gave the dairy industry some indication of where we saw their solutions. I accept that that was a broad industry perspective beginning with more than 300 producers. The inquiry suggested by members opposite has been triggered by the temporary closure of one player. Yes, it is the major player but it is a single operator in the beef export industry. How will the motion assist in the short-term needs when the company's real requirement is for liquidity solutions? How does it deal with medium-term issues such as diversifying the pool of accredited processors? It does not deal with either of those. That is why I do not think it is time to pass this motion. I say again: there is merit in much of what has been put to the Parliament.

Mr P.D. Omodei: No action by the committee is going to help E.G. Green and Sons.

Mr A.D. McRAE: Exactly, so why move this motion in the middle of a week that I have just described to the member as having a range of circumstances -

Mr P.D. Omodei: Because it needs to be done, but it will make no difference to what happens to E.G. Green and Sons.

Mr A.D. McRAE: This is where the member and I disagree, and where the government disagrees with the member. We think absolutely that the most important contribution that we can make now is through the government panel of experts and the representations we are making at the request of the company on its behalf direct to the National Australia Bank. That will happen within 48 hours. Those are the contributions that we can make. We are also doing other things. For example, members have talked about alternative processing capacity. The total unused capacity of operating plants in beef processing in Western Australia is about 40 000 animals.

Mr P.D. Omodei: Are they all accredited?

Mr A.D. McRAE: They are not accredited; none of them. The best we could look for in an immediate short-term response is if we hurriedly went through and geared up to shift 40 000 animals into the available capacity. Remember that E.G. Green and Sons in Harvey is processing 210 000 animals a year. In the short term the industry has the capacity to process approximately 40 000 head, but none of those other plants are accredited. We would have to go through a process of accreditation for export standards. At the very best estimate, that would take three months, and likely longer. There is no easy solution to be found there.

Mr P.D. Omodei: Nobody said that was a solution.

Mr A.D. McRAE: If this were the best thing that the government and the Parliament could do, I would be representing the minister and saying that we agreed and that we should go for it.

Mr P.D. Omodei: You have been dragged kicking and screaming on every issue.

Mr A.D. McRAE: I address the member directly to indicate that this is not the best action we can take. Indeed, we believe it to be counterproductive.

Mr P.D. Omodei: Why am I not surprised?

Mr A.D. McRAE: I sometimes question the member's motives. The member has been called to order three times today and he had to button his lip because he knew he wanted to debate this motion. On any other day he might have kept going. Because he wanted to do this, he buttoned his lip. The member has a reputation for a capacity for spectacular stunts.

Mr B.J. Grylls: Let's get back to the issue.

Mr A.D. McRAE: The member does not think he does?

Extract from Hansard

[ASSEMBLY - Wednesday, 17 August 2005]

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Mr Paul Omodei; Dr Steve Thomas; Mr Max Trenorden; Mr Terry Redman; Dr Janet Woollard; Mr Tony McRae; Mr Gary Snook; Mr Brendon Grylls; Acting Speaker

There are two million head of cattle in Western Australia. About a million are in the pastoral rangelands, and about another million are in the agricultural districts of the state. As a processing industry, a total of about 210 000 head can be processed through the Harvey plant of E.G. Green and Sons. In recent years, E.G. Green and Sons has dramatically improved its utilisation of capacity. In 2002, it had a utilisation rate of about 60 per cent plus, as against an industry average across the state of close to 70 per cent, whereas last year the Harvey plant's utilisation was just under 90 per cent, compared with an industry statewide average of 85 per cent. Of that processing at the E.G. Green and Sons' plant in Harvey, 70 to 80 per cent is headed for export. As other speakers have said, it is the pre-eminent export facility in Western Australia for beef exports. It exports probably in excess of 90 per cent of the total beef exports out of Western Australia.

There are a number of markets for Western Australia's beef exports. Members have talked about some of those. They include Indonesia, Thailand, Singapore, Hong Kong, Japan, South Korea and the United States. The member for Warren-Blackwood is not quite right when he says that we are in direct competition with the producers from South America for the South Korean and Japanese markets. The producers from South America do not have access to South Korea and Japan because of foot-and-mouth disease bans on imports to those countries. The producers from South America do not meet the import criteria set by South Korea and Japan. Nonetheless, the member for Warren-Blackwood is accurate in saying that they are competitors in the world marketplace.

This is a vital industry, and this motion has been triggered by the suspension of operations at the E.G. Green and Sons' Harvey plant. In some ways I can understand why the member would want to move this motion. It is a matter of some concern. Anybody who has read the business pages, the agriculture pages or the rural pages, or listened to general discussion about economic matters in Western Australia over the past week, would know that this has been one of the key topics of discussion and concern in industry and government, and among unions, employees and agricultural groups everywhere. I have no doubt that the member has moved the motion because he genuinely considers this to be an issue of concern in contemporary debate. However, similar to the points made by the member for Stirling, the government has some serious concerns about the timing of this motion. The concerns are these: that at the very time of the two-week closure of operations at the Harvey plant of E.G. Green and Sons and when other producers are talking about what their capacities might be, at the very time the minister has responded to a direct request from the company for assistance in talking to the company's bankers, and at the very time -

Mr P.D. Omodei: Has he done that?

Mr A.D. McRAE: He will meet with them this week.

At the very time that those discussions are going on and at the very time potential contributors, partners or competitors are looking at their options in an environment that can already be classified as fairly volatile, it is our view that we do not need to add to that soup the curry powder of a parliamentary inquiry. The government believes it is absolutely vital to work through the government's panel of experts that is giving direct advice to the company and the industry. The panel is receiving information and requests from the company and the industry. That is an essential contribution that the government can make, and is making, right now. We also believe that the industry I have just described is so vibrant and has such good prospects that it is highly likely that E.G. Green and Sons will find a sustainable commercial solution in its own right in order to go forward. That is certainly the objective of the government's work now. It is not pessimistic about it; the government is very hopeful that all the elements are in place to ensure that E.G. Green and Sons is able to go forward as an entity. In those circumstances I cannot agree that we should send this matter to a committee now.

Mr P.D. Omodei: The company could not get in touch with the minister on Sunday. I was used as an intermediary to get the minister to ring the company. That is how interested the government has been in this issue.

Mr A.D. McRAE: The member knows that that is not true. The member is being mischievous. Given that we are dealing with each other in a fairly equitable way and attempting to be as bipartisan as possible, the member knows that that is not true.

Mr P.D. Omodei: The member knows that a committee would not start proceedings for at least a month. If the abattoir does not open in the next week, the whole industry will be in jeopardy.

Mr A.D. McRAE: Which begs the question: what is the merit and value of instituting an inquiry in the volatile circumstances which I have just described and which the member has just acknowledged? It would take possibly up to one month for an inquiry with any grunt at all to get under way. By that time, the show will be over. This is not the response that a clever, caring and insightful government will make. It is not the one we will make. We

Mr Paul Omodei; Dr Steve Thomas; Mr Max Trenorden; Mr Terry Redman; Dr Janet Woollard; Mr Tony McRae; Mr Gary Snook; Mr Brendon Grylls; Acting Speaker

is raised in my electorate, an inner city metropolitan seat, is the live sheep trade. We certainly do not want our farmers to lose their livelihoods. Although abattoirs will meet the supply needs of Western Australia - I am sure that this meat is also shipped to other parts of Australia - we must ensure that countries in the Middle East are encouraged to move to frozen meat imports. I have raised this issue several times with the minister for this area, Kim Chance. He has told me that investigations are under way. However, I believe that the inquiry, and in particular the committee, should put questions to the minister and the federal government about what is being done overseas to encourage other countries to consider taking more frozen meat from Western Australia. If we had those markets, maybe we would not have the problems that we have now with the closure of abattoirs.

This is a good motion. I appreciate what the member for Stirling has said. However, rather than delay the inquiry, I would like these investigations to get moving sooner rather than later.

Mr B.J. Grylls: Member for Alfred Cove -

Dr J.M. WOOLLARD: I will come back to the Leader of the National Party. That will ensure that our farmers have a continued livelihood, and there will not be the clashes that we currently see between some groups in the community, which say that the sheep trade should be banned.

Mr G. Snook: They don't know what they're talking about.

Dr J.M. WOOLLARD: They see the trucks go through and they see videos of different things that are happening. I believe that that movement would be right behind this Parliament if it thought that an inquiry was being conducted to help develop more abattoirs in WA, with the prospect of acquiring markets throughout the world in the future, thereby creating more prosperity for our farmers. I will take the Leader of the National Party's interjection.

Mr B.J. Grylls: Most definitely, those exporters have some concerns. However, it is very difficult to export chilled or frozen beef to a marketplace that does not have electricity. If they recognised that, we would be a long way down the track in this debate. The reason a lot of the beef is exported live is that in those countries it needs to be killed and eaten in a very short time.

Dr J.M. WOOLLARD: I appreciate what the member for Merredin is saying. Twenty years ago I worked in the Middle East for almost two years. We are very much the poor relations of some of those countries in the Middle East. They could have the facilities there tomorrow. They say that they do not have these facilities. However, when we see the income that goes into those countries, it is clear that they could very easily set up the frozen food warehouses, or whatever they are called. This is not my area, so I am not sure what they are called.

Mr B.J. Grylls: One more point is very relevant. It is a bit like selling bread to a baker. The reason that the baker buys flour is that he makes his money out of making bread. The processors in the Middle East want to buy the beef live because that is where they make their money.

Dr J.M. WOOLLARD: A lot of people in the Middle East do make their money from that. In particular, the sheep that go over there are used for sacrificial purposes. However, I wonder whether the number of sheep that go to the Middle East need to go there. With this investigation and these inquiries, hopefully we will be able to encourage the government to look for more markets overseas that will accept frozen meat from Australia.

Mr G. Snook: The demand is met by supply. That is the simple answer to it all. In those countries, there is not the capacity to do it. They might be flush with money in certain areas, but the consumers must get their product on the hoof and kill it as they need it. That is the reason behind it. That is how it works.

Mr J.E. McGrath: The consumers have to support the farmers in Australia.

Dr J.M. WOOLLARD: I support the farmers. That is why I believe this is a very good motion. I would like to see more abattoirs throughout WA. If we are looking for more markets that will accept frozen meat, we will possibly be able to develop more abattoirs in WA. I believe the two can be married. I hope that this inquiry will look at marrying the two. It is a good motion, and I hope the government accepts it. Along with this motion, I hope that the government will look at markets for the meat trade in future negotiations between Western Australia and other countries.

MR A.D. McRAE (Riverton - Parliamentary Secretary) [6.24 pm]: I will put a couple of matters on the record in giving the government's response. Firstly, the government is acutely aware of the importance of this industry, not only to local economies and the state economy, but also to literally thousands and thousands of families throughout regional Western Australia and in urban areas of Western Australia. This issue that has been triggered by the two-week suspension of operations at E.G. Green and Sons in Harvey is not isolated to E.G. Green and Sons in Harvey. This issue has serious implications for local communities, for the state economy and for families. The government is acutely aware of that.

(a) the reasons for the closure of Harvey Beef;

I do not think there were any surprises in the industry about the issue. It has been known for some time. Like the member for Avon, I do not want to comment too much on that point. Obviously a lot will be revealed in the next couple of days or in the next week or so about the issue. Subparagraph (b) of the motion refers to the location of current abattoirs and subparagraph (d) refers to identifying current abattoirs and their classification. That is pretty straightforward. It simply highlights the state of play at present. Subparagraph (c) refers to potential sites for new abattoirs, subparagraph (e) refers to future sites suitable for international accreditation and subparagraph (f) refers to whether the government should provide incentives for new abattoirs or the upgrading or relocation of current abattoirs. Clearly there is a role for the government to support the industry. There are siting issues and approval processes, which were referred to earlier. There is a general feeling that the government should not throw a lot of money at this company because it is a private enterprise. It is in a private market and it is important that those competitive arrangements remain.

Interestingly, what happened at the Fletcher group's abattoir was referred to earlier. Roger Fletcher decided to locate an abattoir in Western Australia. I have mentioned this before in the house, but when a company looks for a site for an abattoir, there is a raft of issues it must consider, including the supply of stock, of water and of some source of power, because abattoirs are big power users. When I cut through all that and spoke to Roger Fletcher about the most important factor in siting an abattoir, his comment was about people, or employees, which is currently a big issue at the works in Katanning. One of his main reasons for siting the abattoir at Narrikup was that it was very close to a major population centre. That creates a bit of a nexus for us, because where should abattoirs be sited in the state? If they are located close to people, there is a clash of the titans. No-one wants to live next to an abattoir. Clearly the government has a role to play in ensuring that those sorts of facilities are within earshot of a source of employees.

[Leave granted for the member's time to be extended.]

Mr D.T. REDMAN: There is a clash. The government can play a role in brokering the arrangements so that abattoirs can be located in places that have access to employees and will not have an impact on the people around them. A number of incentives can be put in place to assist in that process.

Another issue is the management and ownership structure. That was highlighted in the contributions of a few members. Abattoirs need robust management and people who know how to run them. Obviously there are fine margins in the game, so those people need to understand the industry. Of course, ownership structures have the potential to put all that out the window. It is important that the government play a role in ensuring that there are robust meat processing facilities in Western Australia.

Paragraph (2) states that the matter be referred to the Economics and Industry Standing Committee. That is an appropriate body.

Paragraph (3) refers to the government taking action on any matter relating to the continuation of a viable beef industry while the committee inquires into the matter. The government certainly needs to play a continuing role to ensure that we have a viable beef industry and a viable sheep industry for meat processing and down-the-line marketing.

I will conclude by highlighting two strong points. As soon as I got wind that this motion would be moved today, I got on the phone this afternoon and spoke to a number of people in the industry - people who own abattoirs, producers, industry representatives and so on. There is probably general support for this motion and for the government to play a role in considering the issues in the meat processing industry in Western Australia to ensure that this situation does not occur again. There was a concern that setting up a government inquiry at this time, particularly with what is happening with E.G. Green and Sons and Harvey Beef, would be counterproductive in that it would result in a sense of uncertainty. Very sensitive discussions - which I and many members do not know a lot about - are taking place between the government and the owners, between the owners and the banks and between the owners and potential buyers, if that is the case. For the sake of the creditors, we do not want that to happen. There are a lot of sensitive discussions going on. The last thing we want is a sense of uncertainty in the marketplace. For that reason, the National Party will move a motion to adjourn this debate to another time on the basis that we do not believe now is an appropriate time to set up a committee inquiry, given that very sensitive discussions are taking place about the E.G. Green and Sons facility.

DR J.M. WOOLLARD (Alfred Cove) [6.17 pm]: I support the motion. It is a good motion. We know that there are problems in Western Australia at the moment, and those problems need to be addressed. We need to protect our farmers. The only concern I have is that the motion refers to "any other matter pertaining to domestic and export abattoirs". I would have preferred that the member for Warren-Blackwood had included a paragraph (g) that stated that the government should inquire into overseas markets for the frozen meat trade. One issue that

Extract from Hansard

[ASSEMBLY - Wednesday, 17 August 2005]

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Mr Paul Omodei; Dr Steve Thomas; Mr Max Trenorden; Mr Terry Redman; Dr Janet Woollard; Mr Tony McRae; Mr Gary Snook; Mr Brendon Grylls; Acting Speaker

The overseas export market is significant to Western Australia, and it is important that we maintain our position in it. Harvey Beef processes 11 per cent of the state's domestic supply. The smaller abattoirs are expected to increase kill space and make up the shortfall caused by the closure. The Deputy Leader of the Opposition listed all the abattoirs in Western Australia. On the domestic front, there are not many issues about picking up the capacity. The issue is picking up the capacity for our export market.

According to media reports, the business is worth \$150 million; it is a significant player. According to the Australian Beef Association, this is the biggest issue to confront the Western Australian cattle industry in 25 years, at a time when the industry has experienced one of the biggest booms on record. Therefore it could be asked why this has happened. I believe that the industry is quite aware of some of those issues and of the reasons it is in this position. However, that does not change the fact that something must be done about it.

The Japanese and Korean beef markets are worth \$78.6 million to Western Australia. It is a significant export industry. E.G. Green and Sons exports to more than 30 countries, including Indonesia, Malaysia, Singapore, the US and Canada. The risk is that Western Australia will become an unreliable supplier, markets will be lost and reputations will be damaged in a very short time.

Western Australia has significant export markets, and the only Western Australian beef processor that can deliver to those export markets is experiencing problems. Some 750 jobs are at risk, creditors are owed a lot of money and the Western Australian industry is potentially under threat.

I refer to the document that every member appears to have a copy of - the cattle and sheep meat processing review. It is a best seller. No doubt a few more copies were sold today. It is interesting that this review looks at the cattle and sheep industry. Although a lot of the discussion on this motion has been about the beef industry, the review looked at all sheep and cattle abattoirs. That extends a little further than the motion. Whether turkeys are included in the review is another concern. The conclusions of the report are interesting. The report raises the issue of ageing processing facilities in this state. We have talked about the cost of these facilities, which was highlighted by a couple of other speakers. That is a significant issue. Is it sufficient to let private enterprise deal with that issue? What can we do about it? In particular, the review mentions the open facilities that are ageing significantly. That cannot continue.

The Deputy Leader of the Opposition talked also about export accreditation and the need to make sure that more facilities are accredited for export. That matter is raised in this report also. Obviously it has been highlighted in the report and in the chamber today and over the past couple of days. It is essential that E.G. Green and Sons remain profitable and efficient to maintain our export industry. Some concern has been raised about recommissioning some of the old plants that are currently not operating. I understand that we have plenty of capacity in those facilities. Indeed, the capacity we do have has been underutilised. Therefore, it is unlikely that the other facilities will be opened in the short term.

Regarding sheep, supply issues have been a concern, particularly during the winter period. The concern is the ability to provide a consistent supply of sheep throughout the year to maintain the export markets. I have raised my concerns about the efficiency of those facilities, particularly in the export plants. The sheep processing facilities have a capacity between 36 per cent and 79 per cent. There are some gaps there. Again, I highlight the supply issue. As the member for Avon mentioned, there is significant growth in the sheep meat industry, and in particular the production of some alternative breeds of sheep is on the rise. Earlier today I looked at some graphs that indicated that that industry is in a boom. We need to ensure that we capitalise on those demands and return value to our producers. They again highlight the issue of recommissioning some of the old plants. This report has clearly highlighted a number of issues in the industry. Those issues are certainly consistent with the points raised during the debate today and are consistent with the industry's viewpoint. The consistency of the supply of stock was one of the outcomes of the report, as well as value adding and branding.

The member for Avon mentioned the need to capitalise on some of these niche markets, and that is an opportunity for the meat processing industry. WA Q Lamb was the very good example that was cited. We all hope that that industry is maintained throughout the changes in the retail sector.

Another issue is the conflict caused by the location of these facilities in the community. We know that there will always be someone next door to an abattoir and that someone will have issues with it. The member for Avon mentioned a lot of the processes that facilities need to go through to get up and running, as well as the underutilisation of the facilities.

I want to walk through the motion and highlight some concerns with and support for what is being pushed. Paragraph (1) states -

That this house calls on the government to conduct an inquiry into the abattoir industry in Western Australia, and in particular -

Extract from Hansard

[ASSEMBLY - Wednesday, 17 August 2005]

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Mr Paul Omodei; Dr Steve Thomas; Mr Max Trenorden; Mr Terry Redman; Dr Janet Woollard; Mr Tony McRae; Mr Gary Snook; Mr Brendon Grylls; Acting Speaker

and Sons. Beef exports from Western Australia have risen by 150 per cent since the year 2000. Beef exports in 1999-2000 were worth \$60 million, and increased to \$150 million by 2004-05. Western Australia is now the largest exporter to Japan and Korea - two of the world's most lucrative beef markets. Western Australian beef exports to Japan have increased from 1 550 tonnes in 1999-2000 to 10 760 tonnes in 2004-05. Japan is now Western Australia's major beef market, and the estimated value of that market in 2004-05 was \$52 million, compared with just \$9 million in 1999-2000. In the same period, Western Australian beef exports to Korea rose from 290 tonnes to 6 360 tonnes. In 1999-2000, the Korean export market was worth less than \$1 million to Western Australia; today it is worth \$26.6 million. Beef exports to the US have increased by 98 per cent during the same period. That market is now valued at \$26 million. We supply substantial markets.

Similar comments were made by Meat and Livestock Australia. I refer to a press release issued by it on 15 August titled "Beef industry buoyant but facing challenges". I want to use some of these statements to highlight the seriousness of what is happening in Harvey and our need to quickly resolve the situation. Meat and Livestock Australia talks about the weakening of beef demand in the US and the imminent return of the US product to global markets, which will test the current strong position of the Australian beef industry. That prediction comes from Meat and Livestock Australia's 2005 cattle projections update. Despite this warning, Meat and Livestock Australia's chief market analyst, Peter Weeks, said that the prospects for the Australian cattle and beef industries are fundamentally bright, although cattle prices are likely to fall from the current highs of the last quarter of the financial year. Demand for Australian beef has been remarkably buoyant since early 2004 due to the lack of competition from the US in markets, high US beef prices and a revival of consumer interest in beef in Australia and the US. This is an opportunity for Australia, and Western Australia in particular, which is where our interest lies. Another document I am citing from Meat and Livestock Australia states that the situation should start to change in early 2006 with the gradual re-entry of the US into the Japanese market and America's possible sudden return to Korea. That is our challenge. If we have any interruptions to the current processing and marketing of beef from Western Australia, we risk losing some of these lucrative overseas markets. A possible weakening in US consumer demand for beef and the impact of re-opening the US border to young Canadian cattle and beef would be factors behind expected moderate price declines over the next year. Beef production in Australia is forecast to rise by three per cent this year to a near record 2.15 million tonnes, on the back of a six per cent jump in 2004. Australian beef production is forecast to expand by between four and seven per cent per year from 2007 to 2.46 million tonnes in 2009. That is 18 per cent higher than in 2004. After reaching a record export of 950 000 tonnes of beef in 2005, beef exports are forecast to fall by four per cent in 2006 as beef suppliers temporarily decline in Australia and competition in US and Canada is renewed in the Japanese and Korean markets.

I do not want to harp on those points, but the point I want to make is that there are huge markets. We need to set ourselves up to meet the demand in those markets and to maintain supply from our own producers. The recent problems involving Harvey Beef have caused this debate to be highlighted. No doubt it has highlighted some of the concerns in the industry and has us all thinking about the future.

I will make a couple of points on E.G. Green and Sons. As the Deputy Leader of the Opposition stated, E.G. Green and Sons has been closed for two weeks. The Deputy Leader of the Opposition raised concerns about the possibility of it being closed for even longer. That is a serious issue for us. Yesterday and today *The West Australian* highlighted that stock are ready to go to slaughter to meet these overseas markets, which we hope will remain in place. We need that processing to begin again. This is a serious issue that must be resolved quickly.

I will examine E.G. Green and Sons and Harvey Beef. My concerns are threefold, and I will rank them in priority. The highest priority should be the 750 jobs that the company provides. It is a huge employer. All members would agree that 750 jobs is a significant number. No-one wants to lose a single job, let alone 750 jobs. Also of concern is the number of creditors. I was told today that a couple of creditors are owed \$1 million each. That is a significant amount. They are significant producers. A producer in my electorate is owed \$250 000. I have only just scratched the surface. If members were asked, we would probably discover another 12 or 15 producers who are owed a significant amount by Harvey Beef. This is a serious issue, and we must stand behind those people.

Mr A.D. McRae: Are they in debt or they are creditors?

Mr D.T. REDMAN: They are creditors to Harvey Beef. The industry is under threat. That is why the Deputy Leader of the Opposition is keen to look at the whole issue in Western Australia and at what must be done to ensure those industries remain strong and vibrant. Harvey Beef has the capacity to process 1 000 head of cattle a day. It processes about 175 000 of the 400 000 cattle that are slaughtered in Western Australia each year. It produces around 50 000 tonnes of beef, and accounts for 90 per cent of Western Australia's beef exports. That is the issue. If Harvey Beef is taken out of the market, what can we do?

reference to Tony Boyle and his proposal. It is not as though the department and the minister are unaware of the issues that you have raised in relation to sheep.

Mr M.W. TRENORDEN: I am not accusing the minister of that, but he is the Minister for Agriculture. There is also a Minister for the Environment, a Minister for Planning and Infrastructure, and so it goes. The parliamentary secretary knows that himself. It does not matter which side of politics is in power, those processes must be gone through. I do not have a copy of that review, and I would like to read it. I did not actually know that it existed.

The member for Merredin and I have been involved in an argument about the sheep industry. It looks like the Northam shire will go ahead and develop its saleyards at Northam. I am strongly behind this because to people like the Boyles it is important how far sheep are moved and where they are sourced from. It is not just about abattoirs, and it is not just about E.G. Green and Sons. There is a whole raft of issues. If the parliamentary secretary wants to get down to the tiny end of the argument - although he never will - some fantastic people in my electorate are producing 10 000 turkeys for the market.

Mr A.D. McRae: I was prepared to allow the discussion to range from beef to sheep, but I am not sure that we should go into turkeys.

Mr M.W. TRENORDEN: We need to go from turkeys to feather dusters. That is always an important part of any debate, as the parliamentary secretary knows.

Mr A.D. McRae: It is the end result.

Mr M.W. TRENORDEN: The difficulty for those people is where to process the turkeys. There are still the same issues about health clearances, because it is the same argument for a processing plant for turkeys, ducks and chickens as it is for an abattoir. However, that involves very much a domestic rather than an export market.

All those who have an interest in agriculture know that there is a growing market for meat. It is no accident that beef is doing well. It is no accident that there is a lot of optimism in sheep meat, and I believe that the future for sheep meat is greater than that for beef. It is no accident that the clean green image of Western Australia will sell. However, in between the producer and the product arriving for the American army in Iraq, or in Hong Kong, China, Japan, the Arabian peninsula or even the United States, there are many hurdles that need to be overcome. That does not mean that the state must contribute financially, although the state must be involved in assisting people to jump those hurdles. For example, I would love to give the Boyles some assistance with a marketing plan, because that is the only thing they need to start up an important process.

This situation of E.G. Green and Sons is absolutely critical and very important, but I am confident, with my knowledge of the process - which is not absolute - that the processing part of E.G. Green and Sons will be resolved. It may not be resolved quick enough for some of the current contracts, although I hope that it is. That is not necessarily good news for the people currently running E.G. Green and Sons, but unfortunately that is a way of the world. However, it is not the only issue out there. We do not have a lot of abattoirs in Western Australia, and because of the nature and the size of the state we will never have a lot of abattoirs. There will always be an argument about vested interests, control and other such issues, but with the size of the industry and the size of the market, we will never get away from that.

I strongly support the motion moved by the Deputy Leader of the Opposition. I have not spoken to him about it; the motion came as something of a surprise. However, I hope that it is taken seriously, and I hope that the parliamentary secretary will seriously take it up with the minister. A short-term inquiry dealing with all aspects of the industry, including sheep meat and beef, would be very beneficial for the state.

MR D.T. REDMAN (Stirling) [5.56 pm]: A number of points have already been made by various speakers, including the members for Warren Blackwood, Capel and Avon. I want to take up some of the closing comments of the member for Avon, to the effect that we need to look at the whole supply, processing and marketing chain. It is absolutely critical that, although we do not want to inject government funds into the organisations involved, we try to break down some of the barriers. In Western Australia, particularly in support of our producers, we need a very robust supply, processing and marketing chain. Obviously, we want to make sure that we look after those people, but as the member for Warren Blackwood so eloquently pointed out, it is not only the people involved in the process who are affected. Ancillary businesses will also benefit from a robust supply, processing and marketing chain in the meat industry. Government has a responsibility to reduce the barriers to ensure that that robust processing and marketing chain is maintained.

I will talk a bit about the marketplace. We have a domestic as well as an export market. I will cite some of the comments made by the Minister for Agriculture on 8 August in a press release. He was talking mainly about the beef industry, which is a strong area of debate at the moment in response to the issues surrounding E.G. Green

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Mr Paul Omodei; Dr Steve Thomas; Mr Max Trenorden; Mr Terry Redman; Dr Janet Woollard; Mr Tony McRae; Mr Gary Snook; Mr Brendon Grylls; Acting Speaker

and Sons in the beef industry. I have had a little to do with this issue over the past few years. I feel particularly sorry for E.G. Green and Sons. However, some of the dissension that has occurred within that organisation has contributed to its position now. If a company has a \$150 million turnover, it should survive. I have no doubt at all -

Mr G. Snook: Not necessarily.

Mr M.W. TRENORDEN: It should do. I have no interest in being disparaging about E.G. Green and Sons. I do not want to get into that debate. I am just saying that there is a significant beef industry and that there is room for a profitable beef abattoir. Anyone who has been alive for the past X number of years knows that, if someone wants to buy into a business, he should not buy into an abattoir. Abattoirs are notoriously hard to keep going and to keep profitable. They need really good operators to do that. Q Lamb is a great example in Narrogin of a company picking up a niche market and doing it beautifully. Mr Acting Speaker (Dr S.C. Thomas), you have an interest in this issue. A new niche is being developed that will be really important; that is, dressed lamb over 26 kilograms. That is where it is going. We will need a specialist abattoir sometime in the future to provide killing services for that sort of process. This is where I support the Deputy Leader of the Opposition; it is about not only making sure that the beef industry and the E.G. Green and Sons situation is fixed, but also putting the meat industries onto a different plane for the coming 20 years or so. That does not mean that the state needs to get involved in a cash sense.

I have a particular vested interest in this debate. An outstanding group of people in York in my electorate, the Boyles, desperately want to start a specialised export abattoir for lamb. They have the market; they have a joint marketing process with a range of people in Arabian states, Asia and the United States. Starting an abattoir in this state is not the easiest thing to do. However, it is important that we encourage new industries.

The National Party has been criticised in the past, and quite correctly, for keeping some of the dinosaurs going because of pressure from industry at the time and from the people we support. That has been a valid argument against the National Party in the past. On the other hand, it was the National Party that shut Robb Jetty abattoirs, which should have happened and did happen 16 or 17 years ago. The National Party has had a tick in this process and, I argue, a couple of crosses.

It is important that someone take some time out on this issue, other than the minister. I have spoken at length with the minister about some of this process. I would not argue that he does not have a perspective of what the future will be, but it is about more than just the minister having a view about that process. To have a parliamentary committee looking at not necessarily the problems of E.G. Green and Sons but the collective argument about meat and the export of meat into the future would be valuable.

The live sheep trade issue is very emotional, but the fact is that it underpins not only the financial viability of Western Australian farmers but also all Western Australians, even though some Western Australians argue against it. It is a significant industry. The export of cattle from the north west and the Kimberley to Indonesia is a significant issue for the north west of the state, which has no abattoirs. The cattle must be transported south to be processed. There is also the mad cow disease argument in the USA, Canada and much of Europe. There is an opportunity for Western Australia to lift its eyes and to get into premium markets. To do that, producers will need to meet certain quality specifications. There are already producers in my electorate who could do that. Most members who have an interest in agriculture know that my electorate has been heavily involved in the lamb industry for many years. Those people are going into dorpers and other varieties of sheep, because they can see the future out there. The future is not just about them producing quality lamb; it must be processed and exported, and the system must be in place to enable that to happen. A range of Western Australian agencies have an interest in that, and they do not necessarily make it easy for people like the Boyles to get an export plant operating outside of York. They would desperately love to do that, and I back them 100 per cent. They are a fantastic family, and they have done their homework very well. They spent over \$100 000 of their own money to establish this enterprise. They need \$10 million to become involved in the export lamb industry. They have people prepared to put in the \$10 million, but investors will not become involved until they know that there is a reasonable expectation of the approval process providing them with success. All of that hinges on a range of other arguments.

Mr A.D. McRae: Are the required approvals environmental?

Mr M.W. TRENORDEN: The approvals include environmental, planning, the Environmental Protection Authority and the Water and Rivers Commission. There is not a just a single issue here - a range of agencies are involved. To place an abattoir 10 kilometres outside of York, on the banks of the Avon River, will require planning approval.

Mr A.D. McRae: In the meat processing review that the member for Warren Blackwood quoted from in his contribution, there is quite extensive discussion about the very matter you are talking about, and a specific

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The parliamentary secretary is in the house, and I hope the government is on top of this issue and is investigating the potential for those animals to be moved to other facilities until the problem confronting the Harvey abattoir is settled. The problem will be with those carcasses specifically for export. The beef industry is an interesting industry. To a large degree this state is a net importer of prime beef. It brings in beef from Queensland. This state does not produce enough beef to sustain its market. However, it does produce the larger beef that go to export.

Members who do not have an agricultural background would at some stage have driven through the south west and, if they were lucky, through the wonderful electorate of Capel, and seen large black and white Friesian steers in the paddocks. They are not consumed domestically; they are export-based animals. They are a big beast and unfortunately only one abattoir has the size and capacity to run those animals through; that is, the export abattoir in Harvey. A producer who is trying to get animals through the export market now has nowhere to send them.

It is a matter of urgency and the government should look at the potential to put on extra shifts in the smaller abattoirs for the domestic market. It is an important issue and bipartisan support is vital. I support the shadow spokesman for agriculture in this regard. This house should do what is best for the industry. It is not an issue on which to score cheap political points. I am sure contingency plans can be put in place for the processing of animals.

It appears to me that the issue of management of and corporate structure in the Harvey abattoir is a matter for a corporate review. That is not an industry-based issue; it is specifically a management issue. I would like the government to look at what has happened and to keep an eye on it. We like to think that the government has its finger on the pulse of this industry. The industry is placed in a vulnerable situation with only one export abattoir.

I hope the parliamentary secretary will take my comments on board. The issue is with the export-based animals. In the short term we do not have the ability to live export enough of those animals. The outcome will be a glut in the market and people's management plans will be disrupted. It is vitally important that we specifically look at where we cannot process those animals at the moment. I put on the record my disappointment. It was my understanding that the Fletcher International WA abattoir at Narrikup would have a cattle line. I understand that there are a number of reasons that it does not and that we could blame a number of people for that line not occurring. However, it is not my intention to do that today. I will speak only briefly. If an opportunity arises for the diversity of the export processing of beef cattle, we should try to grasp it with both hands. It is to our detriment for it to be all tied up in one unit. I have a real problem with that.

The parliamentary secretary will remember from the agriculture debates that we talked about state funding of the beef industry in comparison with other industries. It was acknowledged then that the beef industry was, to a large degree, the poor cousin. The government has tried to address that imbalance. I commend it for doing so. Dare I suggest that it could potentially do more? There is the potential to develop another export abattoir through the investment by the state of millions of dollars. Between state and federal funding, some \$18 million was invested as subsidies in the Narrikup abattoir. However, because planning fell down, the investment escaped the beef industry completely. The beef industry missed out, probably because of the siting of the abattoir, among a number of other issues. The beef industry was not a priority in the development of that abattoir. To some degree, that is why we find ourselves in this situation today. If the beef industry had been a priority at that stage, it is possible that instead of money being invested specifically in the Narrikup abattoir someone might have said, "Hang on a minute, if that abattoir will not put up a beef line, let's take out some money for the beef industry and invest it in Harvey." If that investment had been made in Harvey, we might not be debating an urgent motion today about the future of the processing and abattoir industry in this state. The beef industry has been the poor cousin. I implore the government to keep a close watch on it for the next little while. We need to find a way to process those big animals. I would like a better commitment to the beef industry, because the beef industry has really missed out with the two processors. I wait with interest to hear the comments of the parliamentary secretary, because I know that he has an interest in this issue.

MR M.W. TRENORDEN (Avon) [5.42 pm]: I disagree with the last comments of the member for Capel. I support the appointment of a select committee on this matter because there are a range of views. I come to this debate with a different point of view from most members who have spoken so far and probably from the speakers who will follow me. The scene in regional agriculture is changing. We can look at the past 100 years or so of agriculture in this state as it relates to animals. The start of the process was heavily dominated by wool. However, the farmers of this state are now leaving wool in droves because there is no light at the end of the tunnel for it. However, sheep meat is seen to be of significant advantage to future markets and in the driving forces that are projected forward. Beef is doing well, but sheep meat is of significant advantage. The Narrikup abattoir has been a boon for the state. There are abattoirs at Katanning and Narrikup. However, they do not cover all of the scope for the future needs of the sheep meat industry. Now we have the crisis with E.G. Green

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decisions by the company that operates Harvey Beef. Obviously, it is important that we find out whether there are other reasons, so that the government can deal with them. The location of the abattoirs is very important, particularly given environmental concerns. These are all issues for the future. The reopening of the abattoir must be imminent. The following issues are also important: classification, accreditation, skilled labour and the kind of incentives the government can provide.

This issue is not new. Under the previous government, when Hon Monty House was the Minister for Primary Industry and Hon Hendy Cowan was the Minister for Commerce and Trade, the Fletcher family came to Western Australia to set up an abattoir. It had a big abattoir in Dubbo, New South Wales, and other states. It was a well-renowned exporter. The Fletcher family was remarkable and showed great initiative. When they set up in Western Australia, we gave them incentives to build roads and connect water and power supplies. In the main, the incentives were for building infrastructure, and I do not have a problem with that. The precedent has been set. I have spoken to the minister and offered him bipartisan support. It is not much use raking over old ground, but given that the industry and everyone in the rural sector knew that Harvey Beef was experiencing difficulty, someone should have been asking questions. The producers and suppliers could see that it was rationalising its business with the sale of some of its assets, particularly its stations, and thought it was in good working condition. I understand the company had two very bad trading months. Obviously that resulted in exposure to its financiers who have stepped in and called for talks. I understand they are in the wings and the government should be talking to them. I know that an interdepartmental committee has been set up, but this issue requires direct intervention at the highest level of government in Western Australia. The Premier needs to be briefed on this issue and, if it is found necessary, he should talk directly to the company and the people about to invest in the company.

I could go through all the issues relating to the abattoir industry. I have the statistics on the slaughter levels and the capacity of each abattoir and their current level of utilisation. Needless to say, there is still scope for most abattoirs to have greater utilisation. It is up to them, but maybe the government will set up a task force. Perhaps that is something the committee will recommend. However, it would not stop the government announcing tomorrow that there will be a task force to look at the abattoir situation to either rationalise, amalgamate or build new state-of-the-art abattoirs suitable for domestic and international export. That is what the government should be doing. Obviously governments are reluctant to get involved in the commercial activities of business in Western Australia. However, we are talking about not one abattoir, but the whole beef industry in Western Australia.

I do not need to remind members that we would only have to cough and the Argentineans and the Chileans would be there pinching our export markets, as soon as the cattle are cleared of foot and mouth disease. They have scale and the same technology we have, and we are talking about a very good company.

I think I have covered the area as much as I need to. In relation to the abattoir issue, there is a lot of expertise within the Department of Agriculture.

I repeat for about the fifth time; it is vitally important that the abattoir be opened within the next week, for the benefit of not only the 700 workers of Harvey Beef and the Harvey economy, but also the industry across the state and the future of the beef industry into the foreseeable future.

I ask the parliamentary secretary to accede to the request to set up a committee. It would be an ideal forum. Like the emergency management legislation, it would provide for a contentious issue to be sent to an all-party committee. That committee would then draw on information and take evidence and make a recommendation to the government for future action. The issue of E.G. Green and Sons needs to be dealt with now.

DR S.C. THOMAS (Capel) [5.34 pm]: I have not only a history in the beef industry, but also a vested interest by still owning a veterinary practice. The veterinary surgeon lives off the back of producers in a number of industries, so obviously this issue is dear to my heart.

I will point out some of the immediate dangers of not having an abattoir, like the Harvey abattoir, operating at the moment. There has been a rationalisation of abattoir facilities across the state. Members with a history in the area will know that Robb Jetty and the Midland abattoirs have closed. To a large degree, those abattoirs were export abattoirs. Unfortunately, this state has only one export abattoir and that leaves it in a vulnerable position, which is evident from this situation. The only export abattoir in Western Australia for beef cattle is closed. I have constituents and clients who run cattle specifically for the export market. These cattle are ready to go to market and the problem is that there is nowhere to send them. I am sure that the government will look at the possibility of taking those animals to other abattoir processing facilities. The problem is the size and type of animal that is produced for export. There is a great difference between domestic baby beef, that can be processed by a number of abattoirs in the south west, and export beef.

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It states that the same thing would happen if there was an outbreak of a major disease. If the cattle cannot be moved offshore, we will not have the capacity to process enough sheep or cattle. If there are 300 000 head of cattle, the capacity of our abattoirs is well and truly below that. The utilisation rate of domestic beef abattoirs in 2004 was higher than 84 per cent, indicating more developed supply chain procedures. The body of the report continually refers to E.G. Green and Sons. In its reference to the beef industry beyond 2005, it states -

Recent rationalisation in the beef processing industry has seen the emergence of EG Green & Sons at Harvey as by far the largest slaughterer in the state and also the dominant player in the export market.

Some concern has been expressed in the industry about that market dominance. The report continues -

The State needs at least one major processor and experts would agree a kill of somewhere in the vicinity of 300,000 head pa is necessary to compete with the most efficient processors on the east coast.

...

The efficiency and profitability of this abattoir is critical if the state is to remain competitive in world beef markets.

Although EG Green and Sons is likely to remain the dominant export beef abattoir in the state, there are others, however at this point in time these smaller exporters have very limited capacity to expand.

...

However, there is also likely to be further rationalisation in the domestic industry in the next 5 years or so. The most likely and best outcome of this rationalisation would be the development of a small to medium size abattoir servicing the domestic market but also being export licensed.

At the moment there are only a couple, such as V&V Walsh Meat Processors and Exporters and Goodchild Meats Trading. However, there is scope. The report continues -

Compliance standards for new works in the domestic industry are now very similar to requirements for export. Although ongoing compliance costs are much higher in the export industry these are now more than offset by increased returns . . .

Obviously, compliance for export accredited abattoirs is higher than that for domestic accreditation, but compliance standards for domestic accreditation is getting closer. The other issue, of course, is the reduced pool of labour, and skills shortage. Skilled staff are no longer readily available, particularly in isolated geographic locations, where services are considered substandard. If the abattoir closes - I noticed with alarm this morning that the minister talked about the abattoir being closed for more than four weeks - its workers will start looking for jobs elsewhere in the abattoir industry. The abattoirs have limited ability to expand their own operations. If the site is reopened, those workers would have to be attracted back. The reduction in confidence right across the spectrum would be an absolute disaster. I urge the government to talk to the company and its financiers on a regular basis and to express its concern. When I say the government, I mean Her Majesty's government and Her Majesty's opposition. I know for a fact that the Farmers Federation and Pastoralists and Graziers Association held emergency meetings today to talk about this issue. They have written to the Premier and the minister. The concern among the farming sector is that although the minister greatly understands the industry and is acting in good faith, he may not carry the day in cabinet if decisions have to be made about committing the government to an assistance package. Given the court case with Anderson, the ructions of the 1980s may be playing on the minds of cabinet members. I know that any kind of restructure or assistance package would result in people saying that if the government does it for one, it must do it for all companies. That is a valid argument. However, we are looking at the state's largest export abattoir. In the event of a serious collapse or diminution, the industry would collapse across the state. I refer to not only the cattle industry, but also the transport industry, machinery dealers, farmers, small business, small country towns and so on. I do not need to remind members about the impact of deregulating the dairy industry. Even though at the time the state government committed an extra \$23 million a year to get the dairy industry into a cooperative situation - that is more than other states have provided to their dairy industries during deregulation - the loss of income to Harvey, which is the town on which the collapse of the industry would have the greatest impact, was a direct cash loss of \$8.5 million. The Parliamentary Secretary to the Minister for Agriculture knows full well that that is right, because he was the chairman of the standing committee that looked into the dairy industry. I am talking about \$8.5 million a year, with a multiplier of \$1.10 for every dollar lost; \$2.10 equates to about \$17.5 million that Harvey loses every year. The dairy industry in the south west has lost about \$50 million a year. If the government agreed tomorrow to commit \$50 million to the south west for a project or regional development, it would be lauded as a visionary, generous and sensible government. If it takes \$50 million away, nobody blinks an eye. We are looking down the barrel of the same situation in the beef industry. I have rolled together the issue of Harvey Beef and the reasons behind its closure so that we can learn some lessons. Many of the reasons may stem from corporate

Mr Paul Omodei; Dr Steve Thomas; Mr Max Trenorden; Mr Terry Redman; Dr Janet Woollard; Mr Tony McRae; Mr Gary Snook; Mr Brendon Grylls; Acting Speaker

I am seeking to impress upon the government how important it is that we get the Harvey Beef plant up and running. The government needs to take whatever action is necessary. That may mean direct intervention in the form of payroll tax incentives, or making sure that the work force is put back in place. The government may seek to apply a condition that the money be repaid at a later stage. I have spoken to the members of this side of the Parliament, the Liberal Party members in particular. Given the importance of this industry to Western Australia and the people who are involved in it, we would certainly not be seeking to make any politically adverse comments about any such intervention.

The domestic-accredited abattoirs are Goodchild Meats, located at Australind, south of Perth, which slaughters beef, sheep and lamb for the domestic market and supplies carcasses for the retail trade. Another company is Dardanup Butchering Co, located in Bunbury, south of Perth. That is a well-known company. Both these companies have been around for a long time. Dardanup Butchering Co slaughters beef, sheep, lambs and pigs for the retail trade. It has a boning operation, and it also services its own retail stores. Gingin Abattoirs, located at Gingin, north of Perth, slaughters beef for the domestic retail trade, but it does not have a boning facility. P.R. Hepple and Sons is a medium-sized operation located at Northam, east of Perth. There is also Shark Lake Abattoir, located at Esperance, south east of Perth, which has a medium-sized beef slaughter floor but slaughters only small numbers; and Hagan Bros, located at Greenough, north of Perth, which also has only a small plant. The export-accredited sheep abattoirs are Fletcher International WA; the WA Meat Marketing Cooperative; Hillside Meats; V&V Walsh; Geraldton Meat Exports; Beaufort River Meats; Margaret River Exotic Meats; and International Exports. The domestic-accredited sheep abattoirs are Dardanup Butchering Co; Eastern Districts Abattoir, located near Merredin; Goodchild Meats; Hagan Bros at Greenough; Shark Lake Meat Works; Tammin Abattoir; and Gascoyne Abattoir.

The fundamental reason for this motion to establish a committee inquiry is that we need to take the long-term option and look at the future of the abattoir industry and the beef industry in Western Australia. We need to identify parties that are interested in starting new abattoirs or in providing the opportunity for existing abattoirs to combine or upgrade to export standards so that they will have dual accreditation for both the export and domestic markets. I believe that will happen regardless. At the moment, we can do an assessment of what the industry looks like from the outside. However, if we established a select committee, or even a standing committee, if necessary, it would provide people with the opportunity to give evidence in confidence and the government would be able to form a clear picture of where the industry should go into the future. Obviously, the Pastoralists and Graziers Association of Western Australia, the Western Australian Farmers Federation, the operators themselves, and those who wish to get into the industry would want to give evidence to the inquiry, because although Harvey Beef is almost a monopoly export organisation in Western Australia, any competition in the beef export market would be a good thing. We need to look only at the eastern states' prices for beef to see that the prices in the eastern states are much more buoyant than they are in Western Australia, mainly because of the competition between abattoirs and operators.

Therefore, the important message to the government is that we must get this abattoir up and running immediately. To that extent, I hope the minister will be successful in talking to the bankers. I suspect it will ultimately be a commercial decision by the company. Obviously the company is very concerned at the moment. This family has been involved in the beef industry for almost 100 years, so I am sure that the family members would be beside themselves with worry about reopening their abattoir, because, regardless of their personal position, the bigger picture is the survival of the beef industry in Western Australia. It is as simple as that. As I said, if this industry collapses the rest of the industry will collapse and when it does, it will take down farmers, suppliers, transporters and fuel suppliers right across the spectrum. It is important that the industry be maintained for farmers who carry any kind of debt in this operation and for whom beef production is a fundamental part of their operation. We must turn this adversity into a plus. The government must be proactive and take action. It must encourage the industry to expand and create competition in the processing industry. As has been observed and deemed by those who conducted the review in June - Ashley Manners and his offsider - if it is to remain viable, there must be only one major export abattoir. Its killing capacity has been fairly high over the past few years. However, if another abattoir can be dually accredited, it will create competition in the market and opportunities for the export of other beef products. It will also provide further opportunities for the industry. In 1994, the average utilisation of export abattoirs was 79 per cent. There is still excess capacity that must be filled. The review reads -

Assuming some 300,000 head pa of live cattle exports, if there was a major disruption to the live cattle industry the meat industry in Western Australia, in less than a year, would not be able to absorb more than about 113,000 head or 38 per cent of cattle . . .

Mr A.D. McRae: What are you quoting from?

Mr P.D. OMODEI: I am quoting from the "Cattle and Sheep Meat Processing Review June 2005".

Extract from *Hansard*

[ASSEMBLY - Wednesday, 17 August 2005]

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Mr Paul Omodei; Dr Steve Thomas; Mr Max Trenorden; Mr Terry Redman; Dr Janet Woollard; Mr Tony McRae; Mr Gary Snook; Mr Brendon Grylls; Acting Speaker

difficulty across its enterprise, which extends from its stations in the north in the Kimberley down to Esperance, where it leases and runs feedlot cattle on Young River station. Of course, it owns properties in the south west, and its Lakeside property on Old Coast Road. It is a fantastic property and a fantastic venture that has been very successful over the years, but has obviously fallen on difficult times. I do not want to dwell on those matters, which obviously relate to how the company spends its money and is managed. Regardless of all those matters, the situation now is that the plant will be closed for two weeks, and a lot of people are very anxious about the outcome.

I know the minister has spoken on the record. I have had dialogue with the minister on this matter over the past couple of weeks, and he was due to talk to the banks either yesterday or today. I wonder whether he has been successful. I know that some of the bankers are very hard nosed. Stories abound that Harvey Beef has somebody who is interested in taking over the business. I understand that a number of operations are interested in becoming involved in Harvey Beef. It would be a disaster to allow it to collapse for any time.

I will refer members to a number of reviews of the cattle and sheep processing industry that have taken place over time. A major review of the beef industry by Andrew Quin and Ashley Manners titled "Rising Above the Herd" was published in 1999. There was another one in 2002 by Ed O'Loughlin and Wim Burggraaf, who was then the Executive Officer of the Ministerial Meat Processing Taskforce. In recent times, in June of this year, there was another report by Ashley Manners and Wim Burggraaf on the industry, and they actually visited all the abattoirs.

The reason that I am asking for the Parliament to consider conducting an inquiry into this issue is that we currently find ourselves with one major export abattoir. I am given to understand that there is no scope for two major export abattoirs, but there may be scope for a medium-sized export abattoir. However, the aim should be to have abattoirs accredited for the export market. Of course, there are a number of those, and I will mention them when I expand on my remarks.

The executive summary of the report states -

EG Green and Sons is the major beef exporter in WA and it is critical that this firm remains profitable and efficient to ensure the industry can continue to grow. At this stage the State cannot warrant an additional large export abattoir however there are opportunities for processors in the domestic industry to become export accredited to enhance beef export volumes.

The review of the industry has taken place. I have mentioned the live export market. The live export market is very important. If the live export trade were to stop, the existing abattoirs in this state would be able to cater for only less than 60 per cent of the stock that is seeking an export market. I understand that the RSPCA WA is funded partly by the state government. The RSPCA has a policy of wanting to stop the livestock export market. That includes both the live cattle and live sheep markets. Someone needs to remind the RSPCA that if it is funded by the state government, it should comply with state government policy. I understand that the minister has made it very clear that the Labor government in Western Australia supports the continuation of the livestock export market. Any undermining of that market will cause a huge ruction to an important industry that services the length and breadth of this state.

I turn now to the list of accredited export abattoirs in this state. E.G. Green and Sons is located at Harvey. It operates in both the domestic and export markets but is focused mainly on the export market. The company recently made some additions to its plant on the slaughter floor and the boning facilities. The other medium-sized abattoir is V&V Walsh, which is located just south of Bunbury. That is a multispecies works that is focused mainly on the domestic market and is a preferred supplier to Woolworths. It is a fully integrated plant, but it has some limitations. There is also Clover Meats, which has been closed for several years but is still in operational condition. There is also Nebru Exports, which is located at Nambeelup, near Mandurah. That abattoir was managed by the Nottle family but was closed in 2004, when it was sold by the receivers. It was purchased by E.G. Green and Sons - I understand for about \$5 million - but it was immediately gutted, so a lot of work would need to be done to bring that abattoir up to any standard at all. I understand the chilling equipment at that abattoir was of a very high standard. We also have Ord River Meat Exports and Margaret River Exotic Meat Processors, both of which are small. The best option would be V&V Walsh. However, that abattoir has nowhere near the killing capacity of Harvey Beef. Harvey Beef handles about 175 000 head of cattle a year. That is about 3 500 head of cattle a week. Therefore, for every week that Harvey Beef is closed, another 3 500 head of cattle will build up. Fortuitously for farmers, the early rains have meant that the season has been very good for grass. That means that all the cattle, particularly the yearling cattle, will start to come in early. A large number of cattle are on feedlots. The cost of keeping those cattle, and the disruption that occurs in the flow-through of cattle, could cripple some of the people who own those feedlots.

ABATTOIR INDUSTRY, INQUIRY

Motion

MR P.D. OMODEI (Warren-Blackwood - Deputy Leader of the Opposition) [5.01 pm]: I move -

- (1) That this house calls on the government to conduct an inquiry into the abattoir industry in Western Australia, and in particular -
 - (a) the reasons for the closure of Harvey Beef;
 - (b) the location of current abattoirs;
 - (c) potential sites for new abattoirs;
 - (d) identify current abattoirs and their classification;
 - (e) future sites suitable for international accreditation; and
 - (f) whether government should provide incentives for new abattoirs or upgrading or relocation of current abattoirs,and any other matter pertaining to domestic and export abattoirs which inhibits their development and existence.
- (2) That the matter be referred to the Economics and Industry Standing Committee.
- (3) That the government take action on any matter relating to the continuation of a viable beef industry while the committee inquires into this matter.

This is a really important issue. The last part of the motion states -

That the government take action on any matter relating to the continuation of a viable beef industry while the committee inquires into this matter.

I moved that quite deliberately so that the government will not be tardy in its response to these very important issues and does not refer matters to the standing committee in a way that would delay the committee's deliberations. However, the committee aside, one of the main reasons for my moving this motion and for the urgency of the motion is, of course, the closure of Harvey Beef. I want to impress on all members of the house, in particular government members and ministers, that the closure of Harvey Beef pending its negotiations with its financiers, the National Australia Bank, AWB Landmark and Elders, the stock agents, is an issue that could cause irreparable damage to the beef industry in Western Australia should it take longer than one week.

The most vital part of the beef industry in Western Australia at the moment is the export industry and Harvey Beef's involvement in that industry, in that it has 90 per cent of the export market. I do not want to be alarmist in any way, but I need to explain to the house the ramifications should Harvey Beef go into receivership or should that export abattoir remain closed for a time. The export industry is a very competitive industry. In particular, the South Americans compete with Western Australia in the markets in Japan, the United States and South Korea, which are the main markets that Harvey Beef has pursued over time. Should Harvey Beef close for a period, not only will it put the workers out of work - I am sure the government is concerned about the labour force - but also the implications of a collapse of that industry would be similar to an outbreak of foot-and-mouth disease or mad cow disease; that is, if the export market collapses, the rest of the industry will collapse with it. If this company is allowed to fail or to be closed for any time, there will be a ripple effect through the industry. I am sure that members will be aware that it is not only the cattle breeders and producers who are a fundamental part of the industry, but also the feedlotters, the people who supply grain to those feedlots, the abattoir owners and their employees, the cattle transporters - those who cart live cattle and packaged beef on its way to the market - the stock agents and their buyers, the farm suppliers, the machinery dealers, the hay machinery suppliers, the veterinary suppliers and so on.

In the structure of the beef industry in Western Australia, there are quite a large number of sole beef operators, but there are much larger numbers of beef producers whose beef enterprises are part of a multifaceted farming operation. In my electorate, many of the farmers who are involved in horticulture are also beef producers. A very important ancillary part of the dairy industry is the steer market and the heifer market, and also the beef market. Without all those facets in place, the industry in this state will collapse. That will mean that hundreds of businesses across the state will collapse. I want to impress upon the government - in particular, the parliamentary secretary who will talk to the minister, and the minister who will talk to the cabinet - that this is a very important issue. It is an issue that the minister and the government should have been involved in probably six months ago, given that it was virtually common knowledge that E.G. Green and Sons was experiencing

LIVE SHEEP AND CATTLE TRADE

972. Hon ROBYN McSWEENEY to the Minister for Agriculture and Forestry:

- (1) Is the minister aware that the live cattle that left Fremantle in October, among much protest from animal liberationists, improved in weight from 385 kilos at loading to 415 kilos at delivery?
- (2) Is he also aware that sheep deaths were half the approved limit of two per cent and that even the exported sheep put on three kilos each?
- (3) Is he aware that the latest official export figures show a delivery success of 99.25 per cent for sheep and 99.9 per cent for cattle?

Hon KIM CHANCE replied:

I thank Hon Robyn McSweeney for asking those questions. I was aware of some of those facts but I was not aware of the specific details for that voyage.

- (1)-(3) The degree to which cattle gain weight on a voyage is not unusual. Indeed, cattle on live export journeys frequently increase in weight. The only time it is unusual for them to increase in weight is during very short journeys; for example, between Broome and Indonesia. On gulf-bound journeys, weight increases are common. The reportable rate - I think that was the term Hon Robyn McSweeney referred to - of mortality in sheep is two per cent. That means that the mortality rate indicated in the sheep to which she referred is one per cent or less. That is a good figure. However, even that figure is above the benchmark. The industry average is now approaching, I think, 0.85 per cent. Indeed, it is not uncommon these days to have mortality rates down to 0.25 per cent. Apart from the fact that the two per cent reporting level is starting to look a bit old hat and we should perhaps revise that, the benefits of these higher levels of animal welfare standards are now kicking in and expressing themselves in not only those mortality figures but also in morbidity figures. That is what I am led to believe, but I do not have the facts to support that. There is less ill-thrift and less illness in sheep at subclinical levels. There are some good outcomes. I will be more than happy to gather some of those figures and make them more broadly available.

Hon Bruce Donaldson: The rate is 0.75 only.

Hon KIM CHANCE: Is 0.75 the median? That is very good.

FEEDER CATTLE TO TURKEY - VENDOR DECLARATION

Trading Name	
Property Name & Address	
PIC	State
Phone	Fax

I,(PRINT NAME), the owner (or owner's representative) of the cattle listed below and presented for export to Turkey, declare that:

- The cattle have resided continuously on the property for the previous three (3) months
(delete if incorrect and provide 'Previous Owner' details below)
- To the best of my knowledge, no diseases have been diagnosed on the property during the last five years that may make these cattle ineligible for export. I give permission for the relevant State Department of Agriculture/Primary Industries to disclose herd disease information to a third party, L.S.S. or A.I.S., in relation to the export of feeder cattle to Turkey.
- The herd of origin is free from Johne's disease of the previous 5 years, and is clinically free from Enzootic Bovine Leukosis (EBL) and bovine pasteurellosis for the previous 24 months, and Trichomoniasis, Vibriofetus, Leptospirosis, Bovine Herpes Virus Type I (BHV1), Bovine Viral Diarrhoea /Mucosal Disease (BVD/MD), Neospirosis and Parainfluenza-3 (PI-3) for the previous 12 months
- The property of origin is not subject to official quarantine restrictions on animal health grounds for anthrax, paratuberculosis (Johne's), enzootic bovine leukosis (EBL) or any other notifiable disease of cattle, and has had no clinical cases of infectious bovine rhinotracheitis (IBR/IPV), BVD/MD, PI-3, epizootic haemorrhagic disease or leptospirosis during the previous 12 months.
- The property of origin is in a Bluetongue free area, with no clinical cases/outbreaks occurring within a 150km radius, nor any clinical cases/outbreak of bovine brucellosis or bovine tuberculosis occurring within a 10km radius during the previous 60 days
- The cattle have not received any stilbene or thyrostatic substances, nor received oestrogenic, androgenic, gestagenic or β -agonist substances for purposes other than therapeutic or zootechnic treatment.
- The herd of origin is free from bovine brucellosis and bovine tuberculosis, and during the last 12 months, the cattle have not been vaccinated against bovine brucellosis, bovine tuberculosis, bluetongue or epizootic haemorrhagic disease
- The cattle were kept isolated from all other animals on the farm of origin for at least 20 days immediately prior to transportation to the registered premises.
- The cattle were born after 1 Jan 1998 and have been raised in Australia since birth.

If you have deleted NUMBER 1 above please supply the origin of the cattle as a declaration is needed from each previous owner during the past six (6) months prior to export for Property clearance for export.

PREVIOUS OWNER'S DETAILS

Trading Name	
Address	
Phone/Fax	PIC

If you believe that there may be a problem please consult your stock agent for advice. Failure to advise may incur extra costs in returning the cattle to you as they will be rejected from the consignment.

Signature _____ Date _____

Name _____

PLEASE NOTE: You are advised that this document is to be presented to a Commonwealth Officer for the purposes of the Export Control Act 1982. False or misleading statements in this document may render you liable for prosecution under Commonwealth Law - the Export Control Act 1982, the Crimes Act 1914 or other appropriate legislation.

LIVE EXPORT TRADE

83. Hon MURRAY CRIDDLE to the Minister for Agriculture and Forestry:

The minister will know that it was reported in today's Press that the Royal Society for the Prevention of Cruelty to Animals has claimed that farmers need to accept the inevitable end to the live export trade.

- (1) Does the minister understand that the trade underpins the livestock price in Australia?
- (2) Will the government actively support the continuation of the trade?

Hon KIM CHANCE replied:

I thank Hon Murray Criddle for raising this matter.

- (1)-(2) The answer to both questions is unequivocally yes. It provides me with the opportunity to address one particular issue, which was raised as a result of the public attention given to the RSPCA representative's statement at the Western Australian Farmers Federation conference last week, which was to the effect that the RSPCA opposes the live sheep trade and will work towards ending the live animal trade. The RSPCA is an organisation that I believe enjoys the support of all members. It unstintingly provides a very broad service, and over the years has done so very well. The government's relationship with the RSPCA at all levels is good. Our continuing support for the RSPCA has been underlined on successive occasions by the responsible minister, the Minister for Local Government and Regional Development, but we disagree on this point. I think it is reasonable we have a disagreement on one issue among the dozens of issues that are dealt with by the RSPCA. With due respect to those people who hold other views, the live export industry is a relatively small part of the whole of the RSPCA's role. The fact that we hold different views on this particular matter does not impinge in any way on the very good relationship that exists between the government and the RSPCA and our continued support.

To claim that abolishing the live export trade would make no difference is absolute nonsense. I would encourage any people who are so misinformed to get first-hand knowledge. Unfortunately, bodies such as the RSPCA will not accept anything but the abolishment of the trade, regardless of the improvement of the welfare, conditions and mortality of the animals in both country of origin and destination. This trade is an important part of both regional Western Australia and the Australian economy.

LIVE EXPORT TRADE

Statement

HON NIGEL HALLETT (South West) [10.03 pm]: I wish to bring to the attention of members a public meeting that was held in Fremantle on 12 October about the live shipping debate. Senator Chris Back was present; he is a former veterinary surgeon of many years' standing, with extensive experience in the export of livestock from Western Australia. As we all know, he is now a Liberal Senator for Western Australia.

The points of view at the meeting were very unbalanced and a very uneven account of the livestock industry was given. In saying that, I would like to clear up a few mistruths that emerged that evening. The first one relates to sheep deaths on live transports. Today, not a lot of sheep die during live export. The official figures are that 99.2 per cent of sheep that are loaded reach their destination; the figure for cattle is 99.9 per cent. That is basically a 0.8 mortality rate for sheep at sea, which is generally a three to four-week voyage. Animals die naturally; they will die in the paddocks, they will die on a ship or they will die in the farmyard. From an exporter's point of view, there is no money in dead animals or animals that have been mistreated or do not meet the required standards.

The next point that was raised was that animals receive no medical attention during live exports. There is nothing further from the truth. I challenge any of these people who get up to make such claims: have they been on a live export ship? Have they travelled to the destination? Have they been to the farms and the holding paddocks? The point is that these ships have vets on board. The animals are fed a specific diet, which ensures that they maintain body weight. The mature sheep at least maintain body weight, and the younger animals actually continue to gain weight, so there are actually more kilos delivered during the voyage than on shore for a general shipment.

The stockmen are trained; there is always a strong contingent of Australian stockmen on these ships. The stock that is selected from farms are of top quality; they are selected by the live export buyers. Everyone in the trade, be it the farmer, exporter, truckie or whatever, will ask: can we do this better? The answer is yes. To the exporters' credit, they are continually endeavouring to invest further, both here and in the Middle East. Whether we look at the yards down in Baldivis, the trucking practices in Western Australia, or at the investment in the Middle East, no-one who is serious about being open-minded could say that the exporters are not doing their utmost.

In some cases, it would not matter what we say; some people just want to get rid of this trade. The buyers have been buying from Western Australia for some 30 years. If the stock were so badly mistreated, or were not up to standard, do members think the buyers would be coming back? If we go to a restaurant and have a bad meal, we may go back once but we will not go back twice, so it is absolute nonsense to say that the stock arrive in poor condition.

If we cut this trade, other countries will take over the market with nowhere near the commitment Australians have put into it over the years. Exporters have spent many millions of dollars in infrastructure—freezers, chillers and stock handlers—in the Middle East. The culture of the Middle East is different from ours and we must respect that. The client purchases the product of choice. Some of the anti-live export trade people need to remember that, like Australians, people in the Middle East have a choice about the selection and presentation of their food products, and a choice about supply.

Some say that there is no price difference between the domestic market and the live export market; I will provide some facts on that. A 38-kilo lamb delivered to the holding paddocks after having been selected by the exporters is \$90; a 38-kilo lamb in the domestic trade is, at best, \$60 plus skin. The investors are investing in the future, and I congratulate Emanuel Exports and Wellard Group. Both companies are offering incentives for the coming years, with fixed prices for 2011 and 2012. There are different incentives from both companies, but they are increasing prices for the next two years, and I challenge the domestic market: where are its investors? Members must ask themselves why farmers are sending their sheep over the border at the moment. We all know that seasonal conditions are not good; the live exporters have stayed true to their contracts, but the domestic market has pushed down its price, and some half a million sheep have gone over the border. This purely comes back to price difference; there is some \$15 to \$20 difference, ex-farm, for the purchase of these sheep.

What are the local processors and the unions going to do long term? Are they reinvesting in the future? These are questions that all sections of the industry need to ask. Sheep numbers are now approximately 15 million. That comes off a high of 34 million head some years ago. I would have thought that now is the time to keep the industry viable. Rebuilding of the state's sheep flock is essential, particularly the ewe numbers. Any shire around this state that has one million or more sheep in its shire has a strong local workforce and economy, whether it is shearers, fencing contractors, trucks taking sheep in and out or fertiliser requirements. A long list of people are employed, which then flows on to the local economy.

LIVE SHEEP EXPORTS, GOVERNMENT SUPPORT

352. Hon BRUCE DONALDSON to the Minister for Agriculture and Forestry:

Given the recent statement by the Royal Society for the Prevention of Cruelty to Animals on the export of live animals, in which it indicated an agenda of working towards the stopping of this trade, will the minister give an unequivocal commitment to the house that the Gallop government will give its total support to the continuation of this trade and to informing the wider community of the benefits to both the farming sector and the economy of Western Australia from this trade?

Hon KIM CHANCE replied:

I thank Hon Bruce Donaldson for the question. The answer is yes. I can give such an unequivocal answer because we have already done that. I concede that we need to go further. The government has made its point, but the live export trade still suffers from a massive misunderstanding of the facts. Those facts need to be better understood. If people choose to oppose the trade after being given those facts, so be it, because they will have made a judgment on the facts. I fear that they are not in a position to make a judgment on the facts at the moment. I am not critical of opponents of the trade. I think they are wrong, but I think that they have made their judgment on faulty information. I will outline the government's position on the RSPCA for the benefit of some members who may not have heard it, although I acknowledge that I have once answered that part of the question. The RSPCA has a multitude of roles. The government supports it across the vast bulk of those roles. There is one role in which we have a difference of opinion; that is, on the question of the live export industry. However, that in no way detracts from the government's view that its investment in the RSPCA is very good and that the RSPCA does a magnificent job for the people and animals of Western Australia.

LIVE EXPORTS, SHIPPING SUPPORT

427. Hon NIGEL HALLETT to the Minister for Agriculture and Forestry:

Would the minister and the Labor Government be prepared to publicly support the shipping of live exports from Western Australia on a continuous basis that would allow confidence in investment in this industry both here and overseas?

Hon KIM CHANCE replied:

Yes. As the member would be aware, I have recently answered a question without notice in similar terms. However, I am happy to reiterate the government's position. The government supports the humane trade of animals within, or from, Western Australia and notes that the live export industry provides substantial economic and employment benefits, particularly in rural areas. The government recognises the importance of the live export trade to livestock producers and others involved in the industry and notes the lack of capacity in existing abattoirs to process all the livestock currently exported from Western Australia. In terms of continuity of live exports, the government recognises that the trade is subject to the pressures of worldwide supply and demand, and the decisions of importing countries, which may vary from time to time. The government also recognises that animals are exported from Australia under the provisions and legislation of the Australian government. The Australian government is negotiating with trading partners with regard to security of access of livestock shipments. The Australian government has also recently introduced the Australian Standards for the Export of Livestock as a further component in ensuring that livestock exports meet trade and community expectations in relation to animal health and welfare.

LIVESTOCK EXPORTS

Statement by Minister for Agriculture and Food

MR D.T. REDMAN (Blackwood-Stirling — Minister for Agriculture and Food) [2.11 pm]: Today I inspected and helped unveil the new name for Wellard Rural Exports' new livestock carrier, which is currently loading at Fremantle port—the *Ocean Drover*. Wellard has recently purchased two livestock carriers—the *Ocean Drover* and the *Ocean Shearer*. The *Ocean Drover* is the world's most technologically advanced livestock carrier, while the *Ocean Shearer* is the world's largest livestock carrier. Wellard Rural Exports is Australia's largest livestock exporter, and the purchase of these two vessels represents an investment in excess of \$US100 million. It is a considerable vote of confidence in the Western Australian livestock industry. The purchase of these vessels means that Wellard now has complete quality control over the live export supply chain—from the farm gate to the export destination—and this is critical in the area of animal welfare. It is vital that these standards of animal welfare are maintained because live exports are integral to Western Australia's livestock industry.

In 2007-08 live exports were worth around \$366 million to the state. In 2006 the Hassall report found that the industry creates 13 000 jobs nationwide and contributes \$1.8 billion to the Australian economy. Sheep prices are underpinned by the live sheep trade. Live trade provides competition in the market, which ensures our producers receive good prices. The cattle industry in the Kimberly and much of the Pilbara depends almost entirely on live exports.

Australia leads the world in animal welfare practices. The WA government is working with the federal government, which has legislative responsibility for the live export industry and manages the Australian Standards for the Export of Livestock. We will continue to work with our exporters and our overseas customers to ensure that animal welfare standards are upheld and our trading relationships prosper. The industry has my full support.

LIVE ANIMAL EXPORTS

1021. Hon BRUCE DONALDSON to the Minister for Agriculture and Food:

The Labor Party's federal agricultural spokesperson, Senator Kerry O'Brien, stated recently that he would consider, if elected to government, banning live animal exports if the public believed that animal welfare concerns were not being properly met. Given the vital importance of the industry to Western Australia and the work already done by the Western Australian Department of Agriculture and Food and successive state governments in ensuring destination countries of the livestock are meeting both shipping and handling standards under the Animal Welfare Act, will the minister give industry an assurance that the state government does not support banning livestock shipments and that Senator O'Brien will be counselled accordingly?

Hon KIM CHANCE replied:

I thank Hon Bruce Donaldson for his question. Firstly, I believe that Hon Bruce Donaldson has marginally misquoted the Labor shadow minister for agriculture, Senator Kerry O'Brien. He did in fact not say that. What he said was that unless the livestock export trade was able to convince the Australian public, there would be no choice for governments in the future but to close down the trade. I agree with that entirely; in fact, I have been telling the live animal export trade that for years. We live in a democracy. If the people of Australia do not feel that we are satisfying their ambitions for animal welfare, it is inevitable that a future federal government, of whatever persuasion, will close the industry down. I have been saying that very clearly to the live export industry for years. The live export industry recognises that as one of the realities of life. The industry knows that it has a task to convince the Australian public that the continued engagement of Australia in the live export industry is worth doing. I might add that I absolutely believe that Australia's place in the live export industry is of immense value from an animal welfare perspective, because no other country is doing anything in the designation markets that we speak of in north Africa, west Asia and the Middle East, to raise animal welfare standards, which in some areas are of a very poor standard.

I must give full credit to LiveCorp and to Meat and Livestock Australia in particular for the task that they have carried out in the area of improving standards in abattoirs and in the logistics of road transport particularly, but also shipping, from what were appallingly low standards in some areas. What I have been able to observe in the region is that the Australian involvement in the trade has been entirely beneficial. Without Australia's involvement in the trade, we could expect things to slip back. However, it is a reality and all Senator Kerry O'Brien was doing was making the point that unless Australian voters can be convinced of that, the trade will be at risk. That is the grim reality of living in a democracy.

Meat and Livestock Australia

CHAIR: Welcome, Mr Palmer.

Senator SIEWERT: I would like to ask about live cattle export. I will clarify some numbers firstly. In terms of the work that the industry is doing, we heard this afternoon—and I am sure you are aware of what we were talking about this afternoon—that the minister has written to the industry. I am not sure whether that means he has also included you when he wrote to the industry. Perhaps he wrote to the individual bodies. Were you part of the response to the minister about what the industry is doing to address animal welfare issues and the issues that have been highlighted about export. As the minister pointed out, it was about both live sheep and cattle. Were you involved in that response?

Mr Palmer: Yes, we are part of that correspondence and in having talks with the minister, the department and other agencies, along with LiveCorp, the Cattle Council and the Sheepmeat Council. We are all in unison and part of that dialogue and part of that debate. Also, we are pleased to be part of the recent strategy that has been put to the minister. It is one that I am quite convinced that the industry will back and deliver on.

Senator SIEWERT: I realise that the minister has only just received the correspondence. I have not asked the minister to release it, but I wonder whether you are able to take us through where you are going with this strategy.

Senator Ludwig: I think they made it public.

Senator SIEWERT: Is that since Sunday?

Senator Ludwig: That was a public release.

Mr Palmer: I am not aware of this being confidential. What is critically important in this is establishing it. It depends on which market you are referring to, but there is this notion of benchmarking ourselves against international standards and the establishment of in-market animal welfare groups, given the ongoing investment Tuesday, 24 May 2011 Senate Page 114 RURAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

that the industry has a proud record of—and it is one that will continue. Some \$4 million has been spent in the last decade on training slaughtermen and on training cattle handlers and sheep handlers—in the Middle East of course—and on the ongoing improvements in abattoirs and restraining. So today's strategy is really a part of a much longer program that has been going for years and years. It is just that from time to time the live export industry becomes quite topical so therefore there is renewed external interest. But the industry itself has been investing for decades in trying to preserve and enhance the standards to go into new and exciting markets. I do not think that there has been a market that we have gone into initially that has not come with great complexity. It is all after a series of investments and bilateral understanding, as it is a matter of culture and there are other things that motivate various markets. It is not a question of one being better than the other. We operate in different environments and the industry has a lot of government support. This government and previous governments have continually supported the industry in making those investments and nothing is going to detract from or deter us from continuing those investments.

Senator SIEWERT: If we could move to the restraint boxes, and you are probably aware that we had a conversation earlier on—it was late this afternoon—in terms of restraint boxes mark 1 and mark 4. Could you tell us how many restraint boxes the MLA has supported as to mark 1 and mark 4 in Indonesia?

Mr Palmer: Yes. Mark 1: about 109 boxes have been constructed, and I think they are spread across about 85 to 89 meat plants and they would represent about 85 per cent of the slaughter in Indonesia. Mark 4: these boxes are relatively new and more sophisticated and perhaps more complex and it depends on the circumstances of where they are going as to whether a plant is capable of taking them on. But I think there are about four at the moment although there may be more; I am not too sure. Don't hold me to that. We could take that on notice. Mark 4 is a recent innovation. Mark 1, in the circumstances that it finds itself in the nature of the plants, has achieved a lot and we will continue to work with the mark 1 as we will work with successive models. But it depends a bit on the plant and it depends on what are their circumstances and what is available. We are looking at some stunning trials at the moment as well, but again it depends very much on the level of sophistication and the level of infrastructure and logistics that might operate in a plant.

Senator SIEWERT: This is in terms of where Australian cattle go to. We heard earlier this afternoon there are about 800-odd abattoirs in Indonesia.

Mr Palmer: I am sorry, Senator, but how many?

Senator SIEWERT: About 800, as we heard this afternoon. From what you are saying, it sounds to me that the bulk of the Australian cattle go into a certain number of abattoirs and not all those smaller ones. Is that so?

Mr Palmer: That is my understanding. With the 109 mark 1 restraining boxes that I mentioned that are scattered through 80 to 90-odd plants, they represent, I am told, about 85 per cent of slaughterings.

Senator SIEWERT: Okay, thank you.

Mr Palmer: Remember that there is a very large domestic industry which operates in its own sphere which we are not necessarily privy to. Our investments, sensibly, are part of an integrated supply chain with the feedlots that are being supplied knowing that those feedlots, in turn, are selling to butchers who are processing in the main in known plants.

Senator SIEWERT: Are all of them wet abattoirs?

Mr Palmer: Wet market. Again, it is the culture and tradition in the marketplace. It is a market that has not previously relied on or had availability of refrigeration. There is a culture around eating meat fresh, and it is referred to as the wet market. An animal might be processed overnight and it will be in the wet market by dawn, purchased and consumed soon after.

Senator SIEWERT: So the bulk of the abattoirs that the Australian cattle go to are wet markets as well?

Mr Palmer: Cattle that are sent live to Indonesia?

Senator SIEWERT: Yes; I beg your pardon.

Mr Palmer: As I understand it, they go primarily to the wet market. There are western-style supermarkets, which are growing in number as logistics, infrastructure and so on change, and community style with them. They are supplied, again, by Australia but largely through processed and

boxed beef out of Australia. Primarily, our live animals are fed and finished in Indonesian feedlots, processed and go through the wet market.

Senator SIEWERT: In terms of the stunning trials, I was told this afternoon that there are only a limited number. I think there are three. Tuesday, 24 May 2011 Senate Page 115 RURAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Mr Palmer: I think we have five in trialling at the moment and another five to go online by the end of the year. If all 10 are up and running, I am advised that will represent about 16 per cent of slaughter. So this is a big breakthrough for us.

Senator SIEWERT: So 16 per cent of slaughter in five or 10 sites—

Mr Palmer: Ten.

Senator SIEWERT: They must be handling a fairly large number of animals in that case.

Mr Palmer: It would suggest that, yes. Correct.

Senator SIEWERT: Are the 85 to 90 abattoirs that have the mark 1 boxes fairly large abattoirs?

Mr Palmer: I do not have a lot of in-market knowledge and, yes, I have been to a couple. The times I have seen them, they would be killing 20 to 40 cattle a night. If that is large, that is a large one.

Senator SIEWERT: What is the number of exports—780-000-odd beasts?

Mr Palmer: It varies a bit. There are always issues in the trade about permits and how many get through. It will vary, depending on restrictions that might apply at that time to the market, between 500,000 and 700,000 cattle. About 60 per cent of Australia's live cattle exports go to Indonesia. It is an extremely important and very highly valued market.

Senator SIEWERT: How closely have you been involved in the closed-loop process in Egypt?

Mr Palmer: Quite closely. I have been to the plant at Ain Sokhna. It is in a free trade zone, a closed trade zone in the gulf. It is foreign owned. When I was there it was managed by a New Zealand group. It has state-of-the-art technology. It has a killing and processing facility which would stand any test here in Australia. The cattle are unloaded at port side. They have an 800-metre run through a laneway into a, I think, 20,000- to 25,000-head cattle feedlot. They remain there, are fed and finished and then processed through the plant. That has an EU licence. I can assure you that being registered for the European Union brings high standards. It is a very polished plant.

Senator SIEWERT: I asked this afternoon about the investment Australia had made. I think the investment was around the ear tagging. Did that come through MLA investment? Did MLA invest in that site or was it just—

Mr Palmer: In bricks and mortar? No.

Senator SIEWERT: No, in anything to get it up and running. Australia invested, as I understand it, in the technology for the ear tags.

Mr Palmer: We have a national livestock identification system, which was not set up for the Egyptian trade. It was set up for all our trade and it just happens to be a really efficient vehicle for satisfying the Egyptian protocol, as it does for a whole bunch of markets we work in. That has been a longstanding investment. The industry has put tens of millions into the livestock identification program, as has the Australian government. I think back in about 2005-06 about \$20 million was invested by the Australian government to help us with that. The protocols around the Egyptian project—the Sokhna project, as we call it—has been a combination of training here and across there. At the same time meeting, the requirements of the protocols to satisfy ourselves and the Australian government that the closed operations were going to meet our standards. There is a combination of training, working with government, having trade missions go there to see it all and see how it worked and giving us all confidence and comfort that the closed operations at Sokhna were going to meet our needs.

Senator SIEWERT: I understand all Australian cattle that are exported to Egypt now go through there?

Mr Palmer: That is correct. There is another one, but the name escapes me. There is another closed operation that is under consideration at the moment. It will also go through the same protocols and standards in order to satisfy all the parties.

Senator SIEWERT: Is Australia investing in that at all?

Mr Palmer: I suspect we will be doing the same investment as we did with Sokhna, which is a combination of training, site inspection, and confidence to industry and the government that what we said we would embark on is being delivered.

Senator SIEWERT: Does that mean that we will be exporting further cattle to that particular plant as well?

Mr Palmer: That would be the ambition, correct.

Senator SIEWERT: From now on, do the cattle that go to Egypt solely go through either of those two plants?

Mr Palmer: Correct. Tuesday, 24 May 2011 Senate Page 116 RURAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Senator SIEWERT: Is there any other market that you are aware of where the closed loop system is being considered?

Mr Palmer: No, I am not familiar with any. I know it has been talked about and there has been consideration, but it also has to be weighed up against the logistics and infrastructure of what can be delivered. The Sokhna project was enormously beneficial, but it came with some unintended consequences. One was that it was in a free trade zone and the other was that it had a European Union registration. It made a lot of sense. The Sokhna investment made a lot of sense for the ongoing trade or trading out of that port into the European market. There was a lot of inbuilt business sense that, therefore, made the closed system operate for our purposes. Do you understand what I am saying?

Senator SIEWERT: Yes. There were added benefits.

Mr Palmer: Yes. Added benefits and added incentives to all parties to make it work.

Senator SIEWERT: Did that feedback then flow back to the producers over here?

Mr Palmer: I am not equipped, and I do not think anyone is equipped, to tell you how many cents. But we have some independent studies now that are telling us that it is something like eight cents a kilo in the cattle price that you could attribute to live exports. But I could not tell you that Egypt delivered this and Indonesia delivered that, that is too precise and I would be misleading you. Studies do indicate there is about eight cents a kilo that is thereby influenced by the live export market.

Senator SIEWERT: I want to quickly go back to the number of cattle exported. What has been the highest number that we have exported to Indonesia?

Mr Palmer: I had better take that on notice. I was going to say 700 or 750, but I would prefer to take it on notice.

Senator SIEWERT: That is fine. I understand what you are saying and that you cannot tell me precisely but it is around what we exported last year and that was around 780 or something like that.

Mr Palmer: Yes, but we would be down on that.

Senator SIEWERT: That is about the highest.

Mr Palmer: That would be the highest. I think in a big year we would have moved nearly 900 or one million, but that is to all destinations, and 60 or 70 per cent was going to Indonesia. The figures you are quoting would be pretty close to the mark. I would be happy to give you the actual figure and we will do that on notice.

Senator SIEWERT: The million was a total number?

Mr Palmer: Total. Just under one million.

Senator SIEWERT: What is our next biggest market for live cattle?

Mr Palmer: The Middle East. I cannot break it down, I am sorry, but Egypt, Jordan and Israel would be the three major ones.

Senator SIEWERT: If you would take it on notice to give me that breakdown, that would be great.

Mr Palmer: Yes.

Senator SIEWERT: Thank you. Regarding the stunning trials, what evaluation process do you have in place to see if it is delivering benefits? You say you have five stunning trials already established with five planned by the end of the year. How much is MLA investing in those trials?

Mr Palmer: I cannot answer that question tonight; I will have to take that on notice. The first five are under trial now, so there will be an evaluation process going on as we speak, but I am not across it. The other five have not come on; they will be later. There are five under trial at the moment, but, as to the actual cost related to those five and what preliminary evaluation has occurred, I will have to take that on notice.

Senator SIEWERT: If you could take on notice the cost of the first set and the second set, what the evaluation process is and when you expect to release those results, that would be appreciated.

Mr Palmer: Yes, definitely.

Senator SIEWERT: Thank you.

Mr Palmer: I think that working with the Indonesians around the stunning trial is no small feat. This is brand new territory and, I think, a very significant breakthrough, in a sense. We are dealing with age-old culture and tradition that we cannot take lightly. This has to be stepped through carefully. Getting the agreement that we could go to a stunning trial was a significant breakthrough and it is one that we are very keen to make work. But I am afraid I do not have at my fingertips the details around

evaluation and the costs. Tuesday, 24 May 2011 Senate Page 117 RURAL AFFAIRS AND
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Senator SIEWERT: That would be appreciated, thanks. One of the issues we talked about this afternoon was the lack of electricity in some of these abattoirs, which restricts the ability to use the stunning technology and the move to the mark IV boxes. Do you know how many abattoirs that have the boxes, which are 85 per cent of the trade, have access to electricity? They are obviously bigger operations if they have feedlots.

Mr Palmer: I cannot answer that; I do not know. In terms of expenditure, I can tell you that a government-industry match of funding of about \$2.7 million has been available over the years. There is a recent animal welfare partnership between the government and industry and about \$3.2 million has gone through that. So it would be from those funds that this work will be done. As to the breakdown of electricity and the availability of trained labour and staff in these places for stunning trials, I do not have that information. That is why we persevered trying to make mark I work, taking the complexity out of these things, because the fear is that, if some of these things break down or are malfunctioning, there is a potential for them to be ignored and just left in the corner. So we just have to take this thing gently. That is why mark I is being persevered with—just to keep it simple and keep it working and have satisfactorily trained slaughtermen operating these boxes.

Just to finish on this, this is a long evolutionary process. Where we are today is a lot better than where we were 12 months ago. Where we are going to be in 12 months time will be a lot better than where we are today. I do not want to be corny, but this is not a destination; this is a never-ending journey.

Senator SIEWERT: Thank you.

Mr Palmer: **This trade into Indonesia and other parts of the world in live cattle will always continue. Our view is that, if we care about animals, we should encourage Australia to be in these markets because we are the only country investing. There are plenty of people who will take our place if we bail out. We have a long record and a proud record of investment in these markets and there is no suggestion on the part of industry that we are going to pull out of them or pull out that investment. It is a long journey and there is a proud record which we will continue to work on and continue to invest in. But it is about changing tradition; it is about changing culture; it is about changing a whole lot of stuff which we, in our society, need to delicately pursue.**

Senator Ludwig: The action plan and material is on the MLA website.

Senator HEFFERNAN: My congratulations to the MLA on the good work it is doing up there. They are starting from a low base. It is fair to say that no-one is in denial on the improvements that are needed or the urgency of the improvements that are needed. Nobody is in denial about all of these little abattoirs where there is no sewerage, no running water and no electricity—people still want to eat, so they kill stock and have traditionally done that in pretty basic fashion. We have added to the animal care and the respect for animals. If we were not there, as you have just said, Mr Palmer, someone else would fill the place and probably would not invest in the research and instruction as we do. That would be a fair statement, would it not?

Mr Palmer: There is no evidence from other traders into other markets anywhere in the world of investments at the levels that Australia is making. So I think our record does speak for itself. But importantly there is no intention on our part to reduce or diminish that investment. Indonesia is an even more special case. Here we have 320 million red meat consumers, largely Muslim—so pork is out of the picture—right on our doorstep. Some of the projections we have on meat sales and meat growth generally—and it will be a combination of live and boxed into that market—over the next decade are quite phenomenal. So it is more than just a market. It is right on our doorstep and the investment is solid and will continue. I agree with you—if we were to vacate the market, that vacancy would definitely be filled. The culture and the nature of the market is calling for fresh, warm, wet market meat and that necessitates a sufficient quality of domestic or imported cattle.

Senator HEFFERNAN: It would be fair enough to say the aspiration of the Indonesian government is self-sufficiency, but that that is a very difficult objective for them to achieve.

Mr Palmer: This is quite a touchy point. Self-sufficiency is an objective of the Indonesian government and it is one that the Australian industry will work on collaboratively with our Indonesian counterparts to ensure that the political imperatives, if you like, can in some way be satisfied. We have joined with Indonesian counterparts around breeding programs. There are a number of heifers and

females in the market that are being joined and are calving down in feedlots as a means to try to help stimulate the local market and stimulate the local industry. But the protein demands in Indonesia are growing at a very impressive rate. So it is a combination of how Australia sympathetically works and supplies sufficiently that meets the political imperatives, but at the same time also provides affordable and sufficiently abundant protein to a market of 320 million consumers. It is a fine balance. Tuesday, 24 May 2011 Senate Page 118 RURAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Senator HEFFERNAN: On that target of 350 kilo landed in Indonesia, even if it is landed in Indonesia individually weighed, can you describe to the committee the impact that has had on the cattle industry in Northern Australia and the difficulty, because there is no killing works, in dealing with cattle?

CHAIR: Senator Heffernan, can I just come in there. I spend a fair bit of time in the Kimberley and I know and fully appreciate the troubles that are facing the northern beef producers; but, with the greatest respect, that would be something that might be discussed at another time and we should use this time to ask questions about the budget. It is a very important issue and I am not skirting it. I think, with the greatest respect to the committee, we are all very well aware of the imposts on our northern producers of the 350-kilo limit and, of course, the Indonesians not taking our short horns as well.

Senator HEFFERNAN: I was going to lead to a budget proposition for the government.

CHAIR: If you want to put a budget question across, please do.

Senator HEFFERNAN: And I realise that you, like I, want to go home, so I will only be a second. Mr Palmer has been very patient and I am thankful for his late appearance tonight. In terms of the long-term planning for the sensitivity of the issue previously raised, the 350-kilo limit, the fact that adult cattle now have to have either a three-day journey south or a three-day journey east, there is a proposition, which would fit in with putting more meat into boxes from the northern industry, for an abattoir in the north. There are various propositions. I will not go through who the proponents are, who probably would need assistance with infrastructure, whether it be roads or power or whatever. Has the MLA done any planning to assist any proponent to build a northern Australian abattoir in Darwin or somewhere?

Mr Palmer: Pretty limited, Senator, for a lot of reasons. MLA's charter is not to invest in meat plants, and quite rightly so. However, we are aware of a proposition to build a meat plant in Darwin. Given that there is no large animal processing works in a line from Townsville to Fremantle, it makes some sense, on the face of it, to get a plant in the north, particularly if we can avoid sending these adult cattle so far south. We have done some work with the company in question around some feasibility issues and assisted with some cost-benefit analysis and we have people on staff who can provide some appraisal on that. We have also flagged the idea and we are constantly trialling and looking at new innovation, whether it be robotic devices or what we call manual assist, which is taking some of the labour out of some of the processes. We are looking at some of those technologies to get them further trialled in a meat plant, and that is through our donor company program. So some cost benefits, some feasibility studies and some internal staff resources and suggesting that some new technology that could be trialled is the extent of our participation.

Senator HEFFERNAN: Given that it has such a bright, visionary, looking forward for the industry aspect, are there things that the MLA would like to see this committee and the government do to assist this project? You may take that on notice if you want to.

Mr Palmer: Just slightly on a tangent, the Queensland government called a meeting of the industry about 18 months ago around the issue of abattoirs, and live exports was part of that discussion. The overwhelming thing that came out of that was the need for infrastructure. The north is every bit as in need of infrastructure as any other part. Without being too specific, access to ports, road access et cetera is always in keen demand.

Senator HEFFERNAN: We will see what we can do. I am sure the minister, who has been very patient all day, has been listening very carefully. Mr Chairman, I apologise for being grumpy with the previous witnesses. That concludes my evidence, and I thank you for your indulgence.

CHAIR: Well said; thank you.

Dr O'Connell: Chair, I would like to mention that this is Mr Palmer's last appearance at estimates.

CHAIR: So was I!

Dr O'Connell: Sorry to pre-empt you in that case, but he has been a great friend of the department and contributor to the committee.

Senator HEFFERNAN: Are you going to put on drinks for us so we can all go and celebrate? What about that as a proposition to the minister?

Dr O'Connell: They would have to have that in the estimates, Senator!

CHAIR: Thank you, Dr O'Connell. Mr Palmer, on behalf of the committee we wish you well on your exit from MLA. We will see you pretty soon somewhere else, I am sure.

Mr Palmer: Thank you. Tuesday, 24 May 2011 Senate Page 119 RURAL AFFAIRS AND
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CHAIR: Thank you to the staff, Hansard and broadcasting. That concludes today's hearing.
Committee adjourned at 22:20