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Submission

“ Live Animal Export ”

Presented By ;

Mark A. Chambers
former owner / principal
of
MCA Advertising

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This submission is offered from a marketing point of view and through citing certain industry and economic realities seeks to bring an end to live animal exports by ;

- 1/ Recognising the issues , not denying or justifying their existence
- 2/ Supporting the animal producers , not excusing their current industry
- 3/ Understanding the outcomes , not just defending the incomes

It should be noted that this submission is fully supportive of those presented by Australia's recognised animal welfare groups and will therefore not seek to duplicate them . It does , however , call for support to our animal producers during a "transition away from" Live Animal Export , government assistance to help facilitate that transition , and , that recommendations made by RSPCA , Animals Australia , and Animals Angels be considered as *"minimum and enforceable standards for conduct within the current industry"* effective immediately .

Requirements ...

The purpose of the Live Animal Export debate needs to be both clarified and prioritised if there is to be any effective resolution . Without identifying the root of the problem and committing to overcome it , any action will , in truth , be a band aid measure reflecting the media driven fluctuation of public opinion , achieving the least amount of gain for the maximum amount of pain . Example : the month of June , 2011 .

It appears unlikely that Australia will come to a decision which is to the satisfaction of all parties concerned ;

- (1) those supporting an end to Live Animal Export require a complete ban on Live Animal Export
- (2) those in the animal producing industry require their assets and income to be protected
- (3) Australian federal , state and territorial governments require the industry contribution to the economy
- (4) Foreign governments require a practical , consistent and diplomatic approach from their trading partners
- (5) Import nations require the contribution that our exports make to their countries and communities
- (6) balance of trade requires consistency in export values to avoid inflation
- (7) Australian government requires public (voter) support to institute policy
- (8) businesses and employees in related industries require asset and income protection

Can all 8 objectives be achieved at the same time ?? Should Australia , and each of the above participants , view their individual requirements as a common goal and be unified in their efforts ... yes .

To successfully achieve the intent of not exporting live animals for slaughter , without economic disruption or individual hardship , Australia would need to take both a strategic , and transitional , approach adhering to a carefully planned schedule designed to instead achieve "the most gain ... for the least pain" with government , industry , and trading partners working in co-operation with each other . This goal , whilst certainly not without its challenges , is far from being unattainable .

Perspective ...

It would be unrealistic to suggest that a solution to this issue will not have a "cost factor" both in terms of government expenditure , and , a cost to the industry ultimately responsible for the problem . It would therefor defy all logic to suggest that compromising on animal welfare to overcome the costs arising from addressing animal welfare has any hope of leading to a solution of any issue , particularly that of animal welfare .

To gain perspective on "the issues" of the industry (which are vast) Australia will need to ;

- 1/ Identify the issues and accept the realities
- 2/ Find a solution or find an alternative

To gain perspective on the "value" of the industry (total nearly A\$1 Billion / export to Indonesia A\$320 Million) Australia will need to ;

- 1/ recognise how much A\$1 Billion really is
- 2/ recognise how much A\$1 Billion really isn't

the Live Animal Export industry to Indonesia was last year valued at A\$320 Million
 the Live Animal Export industry (in total) is valued at a little less than A\$1 Billion per annum
 compared to ;
 the meat processing industry is valued at nine times that amount at A\$9 Billion per annum
 the Australian retail sector is valued at somewhat more , estimated at A\$242 Billion per annum

If Australia would spend A\$90 Million to save the meat processing industry , or A\$24.2 Billion to save the retail industry , is partially academic , although , we do know that the first of Australia’s “stimulus packages” totalled A\$47 Billion and A\$12.7 Billion of that was sent directly to Australian taxpayers with the government publicly stating that they hoped it would be spent in the retail sector . Apparently 5% of an industries value is in fact justifiable if the circumstances meet an unspecified government criteria .

Similarly , assigning a budget to “achieve the solution” in this case can be given perspective by recognising how much Australia “spends” in other area’s compared to the Live Export industry ;

again , the Live Animal Export industry to Indonesia was last year valued at A\$320 Million
 again , the Live Animal Export industry (in total) is valued at a little less than A\$1 Billion per annum
 compared to ;
 2011-12 foreign aid commitment by Australia (12.5% of which is to Indonesia) is nearly A\$5 Billion
 the National Broadband Network (NBN) will cost Australia , on current estimates , about A\$52 Billion

Would Australia commit a budget of A\$50 Million per year for at least four (4) years toward transitioning or changing the Animal Export industry away from “live export” ?? It would most likely be insufficient funding , however , during June 2011 alone , and for the Indonesian export market alone , the government committed A\$33 Million in emergency aid to this sector of the industry which represents more than 10% of its total annual market . Perhaps the government *will* consider assistance of A\$100 Million per year for at least (4) years ??

Industry Transition or Development ...

Supposing a move to transition away from “live” export (or to develop a new industry) was to gain support from a reasonable majority of producers , and government was prepared to provide assistance in the attaining of that transition or development , there could be an extremely productive road ahead for both the producers involved and perhaps even more so for the Australian economy . The initial cost of this process would obviously be dependent on how great the variation may be between the industries current product and process , and , the transitioned or newly developed industry . The more suitable to current infrastructure and processes , the less requirement would exist for additional establishment costs .

There would almost certainly be a shortfall between the initial overall return of the new venture in comparison to that which may have been projected by continuing with Live Animal Export , and , this would be one of the three main areas where government assistance would be sought . Specifically , those area’s would be ;

- Part (A) assistance with funding to either transform the industry , or , establish an alternative one
- Part (B) assistance with funding part of the initial shortfall as discussed above
- Part (C) assistance with funding for any previously related industries which may be effected

It should be taken into consideration by both government and producers that additional expenses related to any new or transformed industry may well be offset by decreased costs in other area’s . Dependant on what the transitioned or developed industry may be , overall operational costs may even be reduced .

Essential Considerations ...

An immediate consideration would be our trading partners requirements , particularly those of Indonesia . There is also , however , another consideration of equal importance being that of Australian Imports . During times of economic uncertainty , exports often become unstable just as imports often become cheaper and more desirable , creating inflationary pressure . Replacing imports with Australian industry overcomes this .

1/ We need to immediately recognise that the issue is animal welfare with "consideration" to both the human and economic elements . It is not trade relations or industry economics with consideration to animal cruelty !! _____

Australias recent ban was the direct result of animal welfare issues in Indonesia and the public outcry which ensued . It was not to overcome trade relationship issues , not to support the Live Animal Export industry , these issues were subsequent to the event . However , the greatest expenses to date , and the only progress , have been in relation to those latter issues whilst animal welfare remains far from being satisfactorily addressed .

2/ Properly addressing Animal Welfare is the only way to guarantee an end to the Animal Cruelty which we , as a nation , are both condoning and facilitating by providing the animals which it is inflicted upon . At the same time , to ensure the future of Australian cattle producers , this issue must be finalized . _____

The evidence that animal welfare issues related to Live Animal Export are systemic is both overwhelming and undeniable . The five parts of the system ; production , road transport , export , feedlots and then abattoirs are impossible to side step and no amount of improvement to one or more parts of the chain prevents it from being systemic , nor can any improvement to it guarantee to overcome the associated welfare issues .

Addressing systemic issues requires the system to be addressed , not simply the parts which make it a system . The options are (a) add to the system (b) take from the system , or , (c) abort the system . Should the system be added to , it could do no more than draw out an already abhorrent process without in any way addressing the parts of the system . Two options remain . Taking from any part of the system would be impossible . Even if short cutting the system were possible , it would allow for even less protections and even greater welfare issues than those currently in question . One option remains , abort the system .

Aborting the Live Animal Export system equates to banning it in its entirety and therefor as an industry . It is the only option which guarantees animal welfare to Australian Standards "as a minimum" , and , takes Australian animals out of the hands of International animal handlers . It is the only viable option because it is impossible to change systemic issues without changing the system , and it is impossible to change this system without making the industry unviable .

Arguments opposing these facts are either directly , or indirectly , economic . The Australian Government , and prior to any assessment of the submissions presented , needs to answer two questions and preferably make the answers available to the Australian public in advance .

what price is Australia prepared to accept in return for allowing cruelty to our animals in overseas destinations and what price is Australia prepared to pay to overcome the issues arising from properly solving this problem ?

If Australia will accept a price , Australia has no chance of overcoming systemic , or , any other welfare issue and if Australia will not accept a price must be paid , Australia isn't really serious about animal welfare outcomes .

3/ Using Indonesia as an example , realistically , animal producers will require assistance to either modify their industry , or , assistance by both government and professional service providers to create a new industry . _____

Animal producers are in an unenviable position . While it is true that they have been the major beneficiaries of their industry , they will also be the most seriously affected by a ban to Live Animal Export . Regardless of their contribution , or otherwise , to the recently uncovered animal welfare issues they are a sector of our community who have contributed to many industries and businesses related to , but outside of , their own .

They have also invested in the future of their own industry in terms of expenditure and infrastructure . There is no future in pretending that denying them an industry will in any way accelerate the process of bringing an end to animal cruelty . For producers there is no future in pretending that Live Animal Export is an industry which , even given time , will gain enough public support to encourage growth . It would appear to be an industry with a shelf life , and unlikely to benefit from its now necessary , very public and political scrutiny . It's not as much a question as it is a headline ... what can their future be ??

Following the more recent revelations of animal abuse (which many producers maintain they were unaware of) furthered by an unprecedented public outcry, a temporary ban, industry bodies having done very little coupled by their refusing to support their own industry with their own industries funding, a trade partner reportedly and perhaps not surprisingly being offended, the world supposedly losing faith in Australian exports, the federal minister for agriculture having conflicting opinions from state and territory ministers for agriculture, political parties and independents alike each arguing a handful of different views and not one being prepared to listen to or compromise with another, along with a series of both controversial and destructive media headlines have left animal producers themselves with a question to answer;

4/ What is the security of the Live Animal Export Industry?? (Indonesia)

This is quite possibly also one of the most important questions for Australia to consider, and answer. It makes little difference which side of the debate you approach it from, if producers lack the confidence to invest in their own businesses, their own industry, or their own futures, they will not achieve their own requirements and the Live Animal Export Industry itself will create even more issues to overcome.

For an industry to go from having a vibrant outlook, with animal welfare issues, to it's now comparatively deflated outlook, with animal welfare issues, is one thing. From an industry point of view, it may even be considered as a "wake up call".

There is a significant difference, and ultimately worse outcome, should the industry be allowed to continue without majority public support, which it will not get. This, coupled with industry lack of confidence in its own future, poses a considerable threat the industry will become a dilapidated one ... and, still with animal welfare issues. The result of lower confidence is reflected by lower production, lower growth, and lower profit.

The effects of reduced production, growth, and profit are to some extent predictable, but there are long term and specific difficulties which will, aside from anything else, also lower animal welfare outcomes. The industry will not be capable of investing the funding for one band aid measure after another, they will not be capable of surviving any disruption to their trade, and, they will be forced to use lower quality, less expensive, and previously unacceptable processes to reduce expenditure. Each will result in lower animal welfare outcomes and these will be on "Australian soil".

5/ Industry Bodies / Marketing

MLA, Livecorp, and other industry bodies, could find themselves in a position which may never have occurred to them regarding the role they play in "Live Export". Not only will their funding continue to decrease, not only will they be representing a shrinking sector of the industry, but consider; "Why would industry bodies allocate marketing budgets to a shrinking and unreliable sector which may well not even be able to fulfil it's existing demand, and what incentive will industry bodies have to improve the conditions in or for that sector??"

From a marketing point of view, there are two ways to approach these questions. The simplest is to deny that the questions have merit and base projections of Live Export on historical data justified by future projections of a market demand, therein proving the answer. The answer will be incorrect, however, it will be some twenty or thirty pages of reasonable doubt.

The alternative approach is to evaluate current industry capacity and define market potential. A market where demand outstrips supply would usually point to growth and inevitably competition until such time as it became saturated, following which, pressure mounts on sale prices as supply meets demand.

If that was the consideration, the outlook may be positive. However, "competition" to the Australian export industry (by definition) can not come from Australia, it must be foreign. The only effect that any shift in supply can have, for the Australian industry, is therefor negative and can only deteriorate it further. During this time animal welfare outcomes certainly will not improve. The industry does have a shelf life.

Should twenty or thirty pages be presented from this view point, very little doubt would remain, although it would allow for certain contingencies. Most obviously, Australia's trade agreements with Indonesia and what they may in turn allow for, secondly, Indonesian policy, and thirdly, industry monopolisation.

Although it directly opposes the intent of this submission , and , nothing less than assisting the industry to transform or redevelop is completely acceptable , there is perhaps one option which would ensure both the future of the Indonesian export trade (regardless of self sufficiency) and significantly better animal outcomes .

Achieving this goal would be to use Australia's foreign aid to Indonesia . In 2011-12 it will be A\$558.1 Million . Live Animal Export to Indonesia is valued at A\$320 Million . It would be overly simplistic to argue that Australia actually gives Indonesia our livestock at no charge and pays them an extra A\$238.1 Million to take it . That would also suggest that , effectively , Australian tax payers are the Live Animal Export Industries only customer for the Indonesian market , which incidentally , they obviously no longer wish to be .

It does raise the prospect of an interesting "hypothetical" though , be it also somewhat simplistic , it is not impossible . In the absence of other relevant factors foreign aid to Indonesia could be redefined as follows ;

- 1/ Australian foreign aid to Indonesia , based on current 2011-12 figures , is A\$558.1 Million .
- 2/ The Australian government could pay Australian cattle exporters 100% of the value which they would have otherwise received from Indonesian importers , hypothetically , A\$320 Million .
- 3/ The Australian government then provides these cattle to the Indonesian government at no charge .
- 4/ Indonesian importers purchase the cattle from the Indonesian government at Australia's export price .
- 5/ Australia then reduces foreign aid to Indonesia by the value of the cattle , in this example , by A\$320 Million and pays the balance of A\$238.1 pro rata under the foreign aid terms currently in place .
- 6/ The Indonesian government (by trade agreement) applies the funds they receive from Indonesian importers directly (and proportionately to) those areas already identified in the foreign aid agreement .

Indonesia / Conditions ...

- 1/ livestock may only be processed at Australian inspected and accredited abattoirs
- 2/ Australian accreditation be given only to abattoirs which first meet and operate under Australian Standards
- 3/ on site Australian inspectors / welfare officers be in attendance at all times
- 4/ the supply chain (in Australia and Indonesia) operate to standards as submitted by major welfare groups
- 5/ the halal method of slaughter be unopposed providing abattoirs use (at minimum) reversible stunning
- 6/ should Indonesia not agree , they be welcome to source their free cattle from other countries

Keeping in mind that there is no taxation advantages to foreign aid , no fiscal disadvantage is encountered .

Indonesia / Benefits ...

- 1/ Indonesia maintains its right to practice the halal method of slaughter whilst Australia immediately places itself in a hands on position to assist their developing neighbor nation to ... develop !!
- 2/ Australian cattle producers would enjoy a more stable industry with a greatly reduced risk of disruption from either political influence or public condemnation .
- 3/ Cattle processed in Indonesia , although still suffering the necessity of the transport process itself , would be assured of massively improved welfare standards .
- 4/ Australians from both sides of the debate in Australia would become unified as welfare demands would not be tempered with economic concerns .
- 5/ The federal government would enjoy greatly enhanced influence over the outcomes of Live Animal Export and questions , be they based on either welfare or economy , would be argued only in parliament and decisions resulting from such would become effective immediately and without the current diplomatic requirements .
- 6/ There would never again be a ban , and even if there was , it would not disadvantage producers .
- 7/ In the unlikely event of a ban , producers could offer immediate agistment and be simply compensated per head of cattle , which would be accurate as they would be either purchased , or purchasable , by government .
- 8/ There would be little advantage to Indonesia becoming self sufficient in terms of Live Cattle as they would be receiving them at no charge from Australia annually .
- 9/ Should Indonesia decide that they require less cattle from Australia , foreign aid could increase by 70% per head of cattle no longer required which would serve to make the Australian industry a significantly more viable option than self sufficiency and all but guarantee the future of the industry under almost unquestionable welfare standards . The Australian Government would be responsible for drastically improving transport .

It is highly unlikely that the government would entertain even the suggestion of including Live Export as an option to work in conjunction with Australian foreign aid policy as Australia's foreign trade policies would become too difficult to implement, perhaps even more difficult to monitor, not to mention balance of trade.

Without reviewing detailed information on trade agreements there is little point in commenting on them here although there is in Indonesia's proclamation to become self sufficient by 2014. Regardless of their success in achieving self sufficiency by that specific date, their goal is no secret and they are certainly working toward it. In the event that this does not eventuate, neither of the earlier mentioned marketing approaches would have particular relevance. The fact would simply be that a major sector of the market will evaporate until such time as it either disappears, or, becomes unviable for the industry to service. This fact alone indicates the destiny of Live Export to Indonesia.

The compromise regardless of approach is sadly obvious. In the event that through either trade agreements, or, individual private enterprise arrangements, a reduced portion of the current market remained stable, a strong likelihood exists that only the largest suppliers will be able to service it efficiently enough to retain the level of profit required to make continuing a viable option.

Whilst the smallest producers would likely be forced out of the industry completely, mid range producers could find that the most viable manner for themselves to continue would be under contract to larger producers. There are currently two cattle producers very well placed to adopt such a role. This would clearly result in the creation of industry monopolisation somewhat along the lines of Coles and Woolworths. Consider the effect which that would have on the industry in its entirety, and, how much influence any government may then have over it. In this situation, the biggest losers will be the cattle producers themselves, and of course animal welfare will go from "all care, no responsibility" to "all promise, no care".

Conclusion...

Obviously, the only sensible way to achieve a ban on Live Animal Export is to remove the objection, and the only possible way for there to be no objection is to commit to assisting an alternative for our cattle producers. Should that alternative be chilled / boxed meat, the government needs to immediately commit funding for the facilitation of up to three new abattoirs. Should the alternative be something other than that, the road may be a little more difficult, but it is a long, long way from not being achievable.

This submission is unashamedly in support of a ban to all Live Animal Export, however, takes into account the realities associated with it. The current producers need an alternative income, the current market is recognised as being an inevitably shrinking one, the future of the industry is recognised as being unstable or monopolised and the fact that animal welfare outcomes can only be addressed successfully by banning the industry is not only recognised, but asserted, with both reason and consideration.

There is much that we can do. What we can't do is argue that the Live Animal Export Industry can continue in its current form. We can't pretend that those currently charged with the responsibility of animal welfare have achieved enough, and we can't, yet again, accept the claims that "this time" industry has the answer, or that "this time" industry will take the steps to prevent the problems, or that "this time" other cultures will even allow them to try.

The only difference between Australia allowing others to come into our country to mistreat animals, and Australia sending animals overseas knowing that they will be mistreated, is the transport. It would be more humane than that it happened here ... but Australia wouldn't allow that, would we ?? Ask yourselves why.

The question of how to remedy the industry has long passed, the question of how to ban it is now before you.

*Thank you for the opportunity
to comment on
this extremely important issue*

