

Senate Standing Committee on Rural Affairs and Transport: Animal welfare standards in Australia's live export markets.

Northern Territory Government Submission 4 August 2011

The below is a summary submission to augment NT Government contributions during the Committee's hearing in Darwin, including the bipartisan 15 June 2011 Motion of the Legislative Assembly in support of live cattle exports to Indonesia.

Summary Points:

The key conclusions are:

- Live export cattle is the major Northern Territory primary industry.
- Significant job losses occurred immediately the suspension occurred, in the order of 162 jobs, the ongoing impact is not known.
- Holding additional cattle is of concern to producers and appears to be their only option for this season.
- Following good seasonal conditions in parts of northern Australia, there may be opportunities in 2012 for sale of displaced Territory cattle to backgrounders at reduced prices. This will require holding and feeding on-property in the Territory during the 2011 dry season.
- Major changes have been forced on almost all export producers and the combination of this and higher input costs and lower returns is likely to cause unrecoverable financial losses for some business enterprises.
- The domestic Australian beef market is likely to be affected through 2012 by the flow-on effects of the ban and recovery actions being planned.
- The reliance of the Territory hay and fodder and transport industries and the role they need to play in the capacity of the export market to recover, should not be overlooked.
- The focus should be on how best to assist the recovery of the north Australian live cattle export industry as quickly as possible.
- The two proposed Bills will destroy this industry of vital importance to the NT economy and should be rejected.

Response to Term of Reference 1:

The Northern Territory (NT) contributes to the animal welfare of Territory cattle sent to live export markets by education and regulatory compliance action within the NT prior to the export of the animals. The Territory Government and the northern industry must continue their involvement in the development of national policy and technical standards related to the export cattle trade. The high level of inherent knowledge in the northern Australian cattle industry needs to be transferred and utilised to achieve the best outcomes.

The Australian Government via the Australian Quarantine and Inspection Service (AQIS) is responsible for ensuring compliance in accordance with the Australian Livestock Export Standards under the *Export Control Act*. Together with industry organisations, these bodies are responsible for ensuring compliance with new supply chain systems to export cattle to Indonesia and to any other markets these requirements might be extended to.

Response to Term of Reference 2(a):

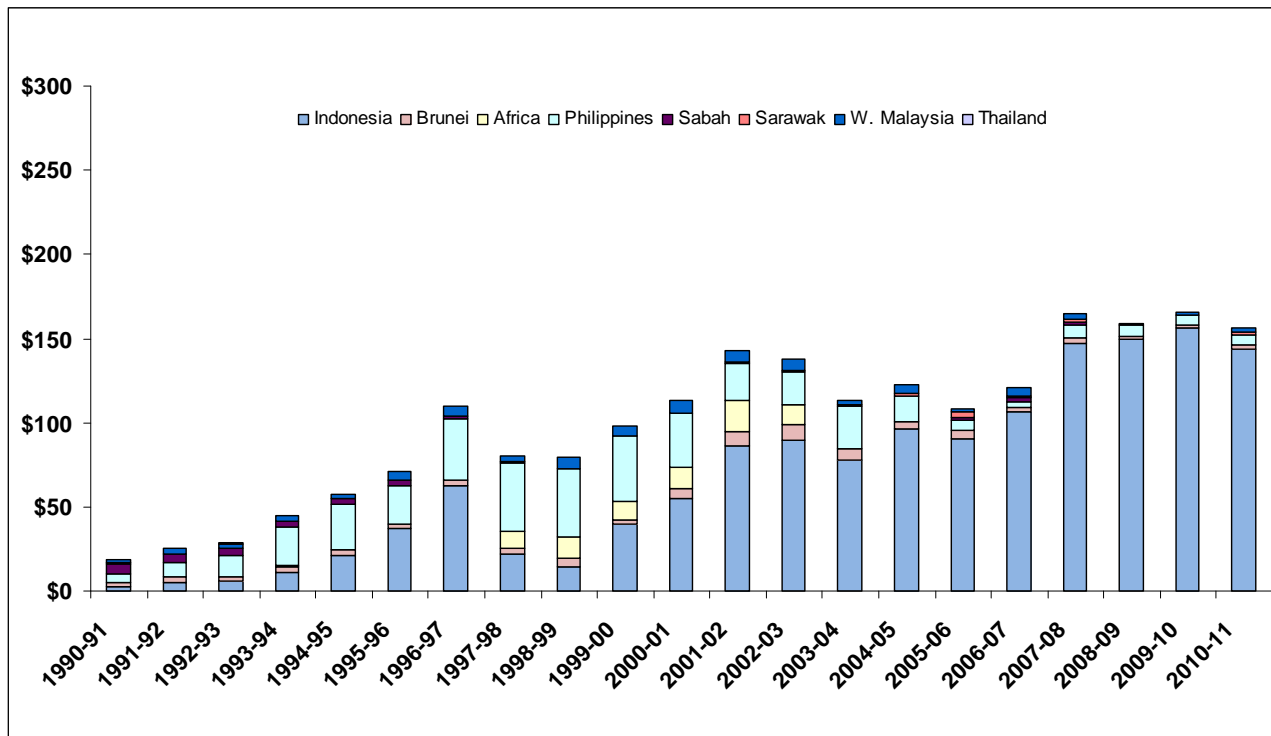
The trade suspension has affected all Territory cattle enterprises and ancillary industries and regional communities, particularly those north of the northern Barkly region. This includes holding yard operators, ship owners and agents, export ship stockmen, ship providores, stevedores, veterinary service providers, road transport operators, port authorities, stock and station agents,

contractors, consultants, fodder producers and feed manufacturers, industry associations, regional service businesses (saddlers, suppliers) and ancillary service providers (insurance agents, legal brokers, accountants).

As a result of the suspension, employment was impacted immediately with confirmed reports of staff in transport and ancillary industries being laid off. ABARES reported that at 1 July 2011, 162 Territory workers had been laid off or not hired¹. Both the anecdotal and survey information are consistent with Meat and Livestock Australia/LiveCorp's (2007)² prediction as to the effects on the regional economies of a trade cessation and a windback across the live export supply chain with resulting decreases in regional employment and skill sets.

Over a twenty-year period, the NT cattle industry has evolved to supply the growing market demand in Indonesia. This has resulted in new cattle production systems including development of new cattle types. The Territory hay and fodder industry, worth around \$15 million per year, has evolved in this timeframe in support of the live export industry and has a greater than a 95% reliance on that supply chain. In addition to no cashflow these industries are faced with additional costs associated with storing hay and/or transporting hay to storage. \$20 000 of Centrelink business assistance money has not gone very far in this situation. Hay producers are also cattle producers and finishers, so the trade suspension has impacted on all areas of these businesses.

NT Live Cattle Exports: All destinations, value of production 1990-91 to 2010-11



¹ ABARES survey of beef cattle producers in northern live cattle export regions: Results of survey undertaken 24 June to 1 July 2011 following the suspension of trade to Indonesia of cattle intended for slaughter. July 2011. ABARES report to client. Available from: <http://www.liveexports.gov.au/news/survey-of-beef-cattle-producers-in-northern-live-cattle-export-regions>

² Meat and Livestock Australia and LiveCorp (2007). *The Live Export Industry: Assessing the Value of the Livestock Export Industry to Regional Australia*. Prepared by: M. Clarke, J. Morison and W. Yates (July 2007). Available from: <http://www.mla.com.au/Research-and-development/Final-report-details?projectid=14917>. Page 64.

Response to Term of Reference 2(b):

The Territory turns off around 550 000 head of cattle annually from a herd of 2 million. There are no production impacts at this point in time as it is the turn-off period for cattle produced in the preceding season. There are around 800 cattle-producing properties in the Territory with 150 (pastoral leases, Crown leases and freehold) providing cattle to consolidators for live export³. 70% of cattle intended for exports are from family businesses⁴. Estimates from NT Government agencies and industry are that around 105 000 cattle will be displaced this year.

In 2009-10, the value of production for the Territory cattle industry was \$251.1 million (export and interstate) with 61% of turn-off (291 000 head) exported live from Darwin to Indonesia (95% or 276 000 head), the Philippines (3.2% or 9000 head) and Malaysia (1.8% or 5200 head). Interstate transfers (39%, 186 000 head) were to Queensland (64%, 118 000), South Australia (19%, 34 000), Western Australia (11%, 21 000).

Annual farm gate value or production for Territory live export cattle (290 000 head) is estimated at between \$166 million (\$1.67/kg live weight) and \$200 million (\$1.95/kg live weight). Landed in Indonesia, these cattle are worth \$250 to \$280 million. Shipping costs are about \$45 million of that and live export support businesses around \$40 million.

The major factor constraining the number of cattle that can now be exported from the Territory for 2011 will be Indonesian abattoir capacity under the new export control regulations. Estimates are that a maximum of 80 000 northern Australian cattle can be taken by Indonesia based on abattoir capacity alone. If exporters are allowed to take a commercial risk that suitable abattoirs will be available after the animals have been in a feedlot for a minimum of 100 days; an additional 60 000 animals could be exported. An early northern Australian wet season may stop access to export ports.

All indications are that in the short-term, the majority of Territory producers have had no choice but to retain cattle due to significant costs to move animals to southern markets eg. up to \$150 per animal to Queensland and a similar figure for carcass shrinkage losses. Due to the retention of animals on farm this year, the one-month trade suspension will have ongoing domestic market impacts, primarily in the 2012 dry season as these animals reach slaughter weights suitable for domestic markets.

Meat and Livestock Australia/LiveCorp (2007)⁵, estimated reduced farm gate revenues around \$38 million if cattle are not finished in the Territory. If cattle were turned off at lighter weights to reduce transport and loading cost factors, the loss would be in the order of \$73 million (figures are 2007 dollars).

The 2011 ABARES Survey indicated (disturbingly) that additional feed or agistment will be required for cattle in the Top End-Roper-Gulf area within 1.1 months of the survey (that is now) affecting 4000 displaced cattle. Of greater concern is the indication that 90 000 head in the other Top End districts⁶ will need feed within the next two months at a time when temperatures are rising and feed quality is declining.

A partial resumption of the trade may reduce some losses but full recovery cannot be expected at least until after the 2012 dry season. The fate of out-of-specification cattle and those sold into domestic and other markets for lower prices and with higher costs will be also add to the unrecoverable losses incurred by producers and related support businesses, when compared to the normal export trade.

³ DoR data collections.

⁴ 1. Page 1.

⁵ 2. Page 64.

⁶ 1. Page 13.

As data on actual national livestock prices can be sourced from Meat and Livestock Australia, no attempt has been made to reproduce that here, other than to comment that results to date have been mixed.

Response to Term of Reference 2(c):

Meat and Livestock Australia/LiveCorp (2007) also assessed the value of the live export industry to Regional Australia⁷. The impacts of a trade cessation on the Territory economy were modelled on the basis of a short, medium and long-term suspension. It was concluded that if cattle are sent to southern markets, the suspension would have a price depression impact. Taking into account that the likely impacts are for cattle heavier than the 350 kg weight class to be moved next dry season, domestic market impacts are unlikely to be felt until 2012. The modelling used an example of 230 000 head of live export cattle being diverted to the Queensland market, and resulted in an estimate of a \$150 million price depression (2007) over a four-month period.

NT Department of Resources preliminary modelling of the profitability impacts of different sale options for Katherine region live export weight (350 kg) cattle concluded that neither the Longreach saleyards nor a northern abattoir were viable options for Katherine region producers, with overhead costs in excess of returns. The Longreach saleyard option produced a slightly higher return at \$52 gross margin per animal equivalent compared to \$61 for a northern abattoir. Overhead costs are in the order of \$78 per animal equivalent. These early results have not been validated as input from local and interstate industry experts is required regarding assumptions and input costs.

Response to Term of Reference 3:

Both Bills should be rejected as they will destroy the live export cattle industry.

ATTACHMENT

EXTRACT FROM NORTHERN TERRITORY HANSARD 15 JUNE 2011

MOTION Export of Live Cattle to Indonesia

The Northern Territory Legislative Assembly (NT Parliament) unanimously resolved to:

1. acknowledges the value of the cattle industry to the economic, social, cultural and environmental fabric of the Northern Territory, its producers, employees, contractors, Indigenous communities, businesses and their families;
2. supports the Northern Territory cattle industry and live export within acceptable animal welfare standards;
3. acknowledges that the Commonwealth government's temporary suspension on the live export of cattle to Indonesia has created major financial and personal difficulties for those directly and indirectly associated with the industry;
4. resolves to work cooperatively to support the progressive and expeditious accreditation of supply chains into Indonesia that deliver supply chain assurance and the immediate resumption of cattle supply to these supply chains;
5. the Northern Territory Legislative Assembly:
 - strongly condemns all forms of animal cruelty.
 - acknowledges that the long-term sustainability of the live cattle export industry is dependent upon animal welfare issues being addressed.
 - will work with the Australian and Indonesian governments to ensure that Indonesian abattoir processes and the supply chain meet or exceed international welfare standards.
 - agree that once adherence to auditable acceptable welfare standards have been met live exports to Indonesia should resume to accredited supply chains.
 - will work together to ensure that the Northern Territory cattle industry has a sustainable long-term future including the investigation and promotion of expanded markets for Northern Territory cattle.
 - investigate opportunities for increased local processing of Northern Territory cattle to value add to the industry and increase local employment.
 - will immediately work together to manage the logistics of livestock currently in transit. The NT government undertake to engage resources, existing expertise and networks to assist a national effort, including engagement with Indonesian and Australian government authorities and industry.
 - request that this motion and debate be forwarded to the Hon Julia Gillard MP, Prime Minister of Australia and His Excellency Dr Susilo Bambang Yudhoyono, President of the Republic of Indonesia.

Mr HENDERSON (Chief Minister)(by leave):

Madam Speaker, I also acknowledge the attendance of the Acting Head of the Indonesian Consulate, Consul Pak Bambang Daranindra for this very important debate in the parliament this evening.

This issue is a crisis for the Northern Territory. It is a crisis for Territory families across the Northern Territory. It is a crisis which, as government, I absolutely resolve all my efforts in playing our part in ensuring that this trade is resumed as soon as possible.

I was advised late last Tuesday afternoon that the Prime Minister, with minister Warren Snowdon, was meeting with Luke Bowen from the Northern Territory Cattlemen's Association to announce that the federal minister was going to announce the following morning a ban on live exports to Indonesia. That came as a great shock to me, and a shock to everyone involved in that industry. From that day, not only have I and the minister for Primary Industry had conversations with the Prime Minister and the federal minister, but we have also been working every single day with the Northern Territory Cattlemen's Association to ensure that the trade is recommenced as quickly as possible.

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I acknowledge the opposition and the Leader of the Opposition. I will not go into everything that has happened in the last week, but, in the spirit of the debate tonight, we have had very firm requests to both sides of this House not to politicise this issue. This issue is beyond politics and I know that every member in this House is going to support this motion tonight because we are talking about the livelihood of Territorians that could be severely damaged if this ban continues for any significant length of time.

My commitment is not to play politics with this issue but to do everything I can, as the Chief Minister, to get this trade recommenced as soon as possible.

The Northern Territory Cattlemen's Association approached both the government and the opposition late last week with an idea of parliament being recalled to make a statement of consensus. My public comments were that I was very much open to that as long as we could agree on a motion, and not only agree on a motion with the opposition, but to have support for the motion that we are debating tonight with industry. There has been a fair bit of to-ing and fro-ing with industry to come to the words in this motion. It has been a collaborative effort with the Leader of the Opposition, and the member for Fong Lim, who has taken a very solid role in consensus around that. I thank the member for Fong Lim for the approach he has taken.

What we saw on *Four Corners* was horrifying and unacceptable. It shocked everyone who saw that footage. For the future of the trade, and to have a sustainable trade into the future, we have to ensure those images will never be repeated on Australian television screens with Australian cattle. They were absolutely horrifying. They offended every Australian, and can I say, in deference to our friends from Indonesia, the vast majority of Indonesians were absolutely appalled at those images. I will go to a media release issued by the Embassy of the Republic of Indonesia in Canberra last week which can speak for that.

Australians, Territorians and the cattle industry wanted action. The industry was appalled by those images as well. Our cattle producers do not raise cattle in the Northern Territory to see them end their lives in the way those images are portrayed. They wanted immediate action as well. They wanted an assurance that all necessary steps would immediately be taken to ensure this will not be repeated. I believe Territorians have a much better understanding of the live export industry than most Australians. Even the most urbanised of Darwinians live with the road trains that we see on our roads, the cattle trains, the images of cattle going over our wharves into the mass transport ships that we see leaving for Indonesia. People in Darwin see the ships in our harbour on a daily and weekly basis. I am convinced that most Territorians support this industry, but no Territorians supported what they saw on television on the *Four Corners* program.

The view, from the conversations that I have had with Luke Bowen and industry, is that no one wanted to see a permanent ban, or even a temporary ban lasting any length of time, but I believe a number of people in the cattle industry acknowledge we needed a circuit breaker in this. The temporary ban has provided for a circuit breaker to ensure we get processes in place, through the industry, with governments and with Indonesia, so when the trade resumes we can be guaranteed that Australian cattle will not end their lives as we saw those images on *Four Corners*.

We have a temporary ban. I will do everything in my power to ensure that ban is lifted as soon as we possibly can, once those assurances of the fate of the cattle are certain regarding the practices in Indonesian abattoirs.

A number of meetings have taken place since then. My colleague, the Primary Industry minister, who will speak second in the debate this evening, attended a phone hook-up with minister Ludwig and his counterparts from Western Australia and Queensland on Friday, which industry also attended, to map out a path to deliver the return to the live cattle trade and the threshold issues that had to be met before the federal minister would lift his ban.

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I table for honourable members the communiqué from that meeting. Without reading the entire communiqué, I will go to the salient points because this is what needs to be delivered by a task force that has now been established to see the resumption of this trade. I am quoting from the communiqué:

Issues considered at the meeting are detailed below.

The suspension of the export of livestock for slaughter to Indonesia

The meeting noted the government's decision to suspend the export of livestock for slaughter to Indonesia.

The meeting noted the core elements of the safeguards that the government will require to be implemented before trade can resume in full. These are:

- *adherence to auditable acceptable welfare standards right through the supply chain to the point of slaughter.*
 - *full traceability.*
 - *full monitoring, auditing, and compliance.*
 - *agreement with Indonesian authorities.*

The meeting agreed to work together to establish and implement these safeguards.

The meeting recognised that a sustainable live cattle export industry must be built on the ability to safeguard the welfare of animals.

So a task force has been established to put in place the processes, procedures, and transparency around those four dot points. We lobbied hard; my colleague, the Primary Industry minister and officers in his office lobbied very hard to ensure that the NTCA was represented on that task force and it now is. Luke Bowen has been in Canberra attending those meetings to ensure the interests of our industry are front and centre represented on that task force. We also have Northern Territory government officials from the minister's department working on that task force, with the other states and the Australian government, to put in place the practical measures to deliver those four dot points as quickly as possible so trade can recommence.

That task force is meeting virtually around the clock and we hope, towards the end of this week, to have a better understanding of the time frames and the issues that need to be put together to see this trade resume as quickly as possible. I have pledged to the Prime Minister that any resources needed by the Australian government from the Northern Territory will be provided to the task force. We are working together to deliver on those four dot points.

I also wanted to talk this evening about Indonesia, and the relationship between the Northern Territory and Indonesia, and Australia and Indonesia. I met with the temporary Consul on Friday, as is appropriate. Mr Daranindra, who is here this evening, is the official Indonesian government representative in the Northern Territory. As Chief Minister, it is my responsibility to convey messages to the Indonesian government in Jakarta and through to the Ambassador in Indonesia through the Office of the Consul in Darwin. I advised Mr Daranindra that this issue in no way should be seen as any reflection of the broader relationship the Northern Territory has with Indonesia. We have a wonderful relationship with Indonesia built over many years, not only a government-to-government level, but a people-to-people level, and a trade level. In a mature relationship with a good friend like Indonesia, this is an issue that has come along. It certainly surprised everyone and we, as leaders, have to work through this issue as a specific issue, not as a reflection of the broader friendships that we have.

Mr Daranindra agreed that was the Indonesian government's position and that he had been working hard with the Ambassador for Indonesia in Canberra regarding a statement that was issued by the Indonesian Ambassador in Canberra on behalf of the Indonesian government on 1 June.

I table this media release, because it has not received wide publication in the Australian media. The Australian media has been quick to find individual politicians and spokespeople in Indonesia who have reacted with almost – I will not say anti-Australian - a view that is not that friendly towards Australia as result of this issue.

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We all recognise Indonesia is a huge and complex country with freedom of speech allowed for all Indonesians. I am sure if you were to go you would find people who would not speak with Australian interests in mind.

The official view of the Indonesian government, as conveyed through the Ambassador in Australia, is as follows:

Indonesians themselves are appalled at these findings, especially considering that the widely-accepted convention in preparing Halal food stipulates the humane killing of livestock with proper Islamic prayers beforehand and applying one quick stroke in the jugular area to guarantee the least amount of pain to the animal. This principle underlies the expectations of the general public in Indonesia, almost 90% of which are Muslims who expect nothing less than a strict adherence to this Halal stipulation.

As recently as 2009, the Indonesian government updated its regulations on animal welfare through the Bill on Livestock and Animal Health (Bill No. 18 of 2009) which clearly states that preparing meat must fulfill the health requirements as outlined by the Veterinary and Animal Welfare Community, while also fulfilling the religious techniques upheld by society in general. Additionally, this Law also dictates that the killing of animals for their meat must be done in the best manner possible, specifically that the animal must be free from pain, fear, pressure, misuse and torture.

I was very heartened to see that official position of the Indonesian government. I congratulate Mr Daranindra, who advised me he had a strong part in working with the Ambassador in crafting that message on behalf of the Indonesian government to the Australian people.

This was followed up later in the week by the Indonesian President, Susilo Bambang Yudhoyono, ordering an investigation of abattoirs across the country. He has ordered his Health minister, and his Trade minister, into those abattoirs, and has also made public comments that those practices are illegal in Indonesia and have no place in the treatment of animals in Indonesia. He also says Indonesia must find a swift solution to this suspension of live cattle exports from Australia.

Our relationship with Indonesia has been built, strengthened and developed over many, many years at national and Territory level, and we are all working together to ensure the images we saw last Monday night on *Four Corners*, which shocked and horrified everyone, are never repeated and there are guarantees for Australian cattle.

We then had a response from the Australian government to apply a temporary ban - as much as it hurts everyone involved directly and indirectly in this trade in the Northern Territory, and across Northern Australia – a temporary ban so there is debate amongst the industry. Many people have said we need a circuit breaker.

We now have requirements in place that need to be met: auditable, acceptable welfare standards throughout the supply chain for full traceability for monitoring, auditing and compliance in agreement with the Indonesian authorities. We have the best people on a task force working to put those criteria in place. We have an official Indonesian government position condemning those practices and saying, from the President down, that that trade needs to be resumed as quickly as possible.

I am quietly confident, with the acknowledgement of the problem and the goodwill to get this issue resolved, that we will be able to get this trade moving again as quickly as possible. I am feeling better now than I was a few days ago about this particular issue.

I acknowledge, and as I said in the media conference I held yesterday, there are many families across the Northern Territory and northern Australia tonight who do not know where the next pay packet is coming from. That has to drive everyone on this task force to get this issue resolved as soon as possible. There are mums and dads, small, medium and large businesses, and the whole supply chain of that industry with everything that hangs off it, in great uncertainty tonight about when the next bill is going to be paid, when the next pay packet is going to arrive, and how they will pay suppliers. That status cannot continue for any significant length of time in the Northern Territory.

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I am pleased we have a bipartisan position on this. The support for the live export industry is bipartisan.

I have to say that Meat and Livestock Australia has some very big questions to answer as a result of what we saw on *Four Corners*. Meat and Livestock Australia has been charged, through the federal government, with a financial commitment from industry for every animal that goes across our wharves into those cattle boats to ensure a sustainable live export industry. It is pretty obvious to me and anyone else who is commenting on this that they have understood that there have been issues for quite some time in Indonesia and, with regard to their responsibilities towards a sustainable trade and to an ethical and humane trade with Indonesia, from where I stand, there are some very significant questions for Meat and Livestock Australia and their boards to answer as to how we have come to this particular point.

I also support the federal minister's observations that Meat and Livestock Australia has significant cash balances in its accounts. I read last night it is possibly up to \$60m. That is industry money. That is money that industry has paid to Meat and Livestock Australia to look after its interests, to develop trade and to ensure the sustainability of that trade. I believe it is totally appropriate at this time that some of those balances are returned to producers who are hurting as a result, in part, of Meat and Livestock Australia not doing what it was entrusted to do on behalf of industry.

LiveCorp and Meat and Livestock Australia, with the Centre for International Economics in 2011, undertook a study of the impact of a ban on live exports. It considered the nett impact of the ban, taking into consideration the potential sale of cattle into alternate markets. That is an issue that has not only concerned me but has concerned our minister for Primary Industry for some time. We have had too many of our eggs in the Indonesian basket and I know the minister has worked hard with the industry to try to diversify market access for Northern Territory cattle but we know that sourcing new markets is difficult and we have to redouble our efforts in that regard.

This study did take into consideration the potential sale of cattle into alternate markets. The report estimated an impact of \$128m nationally with \$79m attributed to the live export region of northern Australia. As the report did not estimate impact on the individual states that make up northern Australia, an estimate for the Territory has been extrapolated from the total northern Australia value. This is based on the Northern Territory's 40% share of the total north Australian export trade and is estimated at \$32m per annum.

That is the only study we are aware of that has taken place for a risk analysis on the cessation of that trade. Just looking at those numbers, I believe that would be a very conservative number. Given the export value of our cattle every year over the wharves is some \$350m a year, and over 90% of that market is into Indonesia, even if those cattle could be sold into other markets and more sold domestically, and we know that is not going to happen, I would have thought it is more than a \$32m annual income. However, that is the only study that we are aware of, and I place that on the *Parliamentary Record* tonight.

We have this task force working 24/7; the Australian government, the states, the Northern Territory and industry working together. I am advised by the Primary Industry minister, and I am sure he will make comment on his department and how it is participating on this task force, that the process being adopted as we move towards achieving those four requirements of the Australian government is it is a cumulative process ticking off, as various design points are made along the way, that this is acceptable, this is acceptable, and this is acceptable. We do not have to come up with a whole process and then go back to the Australian government for approval for them to find holes in the process. It appears to be a solid process to get to that point in meeting those four requirements that have been agreed to. He will be talking more about that particular task force.

I am very pleased that the federal minister, Joe Ludwig, has agreed to our request for the Northern Territory Cattlemen's Association to be on the task force. It would have been unconscionable to me as the Northern Territory Chief Minister for them not to be on that task force.

This is certainly a crisis for the Northern Territory. It has come out of left field and very, very quickly. I am acutely attuned, as the Chief Minister, to the pain, the hurt and the uncertainty that this is providing for many thousands of Territorians this evening, but the reality is that only the Australian government can lift this ban. As I said to the Leader of the Opposition yesterday when we were discussing and agreeing to the motion tonight, I have a responsibility on behalf of the people of the Northern Territory to do

everything I can to work with the Australian government to get this issue resolved and not to politically grandstand on this issue. I have been requested by the cattle industry in the Northern Territory not to politicise this issue. It would be very easy for me to rail against the Commonwealth government and say it is an appalling decision and it should never have been made.

Regardless of what my personal views are on this matter, the Australian government has made this decision and it is incumbent on me, and our government, to work with industry to get this ban lifted as quickly as possible, and that is working inside the tent, with the processes that have been put in place, with industry, to ensure that we get this trade resumed, and resumed as quickly as possible. That is the commitment I give to every single member of this parliament this evening.

Before I conclude my comments on this motion, I say to the Leader of the Opposition that I appreciated his telephone call from Indonesia the other night pledging not to politicise this issue. I am not going to get into semantics about some other people and the positions they have taken. I appreciate the telephone call I received from the member for Fong Lim in his commitment to work in a spirit of cooperation and bipartisanship to get this trade resumed. As a former federal member for the Northern Territory, he knows, as does everyone in this House, how important this industry is. It is beyond playing politics. This is about Territorians and ...

This is bigger than all of us in here; this is beyond politics. This is about Territorians across this wonderful Territory of ours who have, tonight, a very uncertain future. It is our responsibility as leaders in this community to work with industry, with the Australian government, and with our friends in Indonesia, to ensure that this trade is resumed, and resumed as quickly as possible.

Madam Speaker, I commend the motion to the House and I thank the opposition for working with me in coming up with the terms of the motion. I also thank Luke Bowen and the Northern Territory Cattlemen's Association for their active and committed participation in working with this parliament in regard to the motion we are debating this evening.

...

Mr VATSKALIS (Primary Industry, Fisheries and Resources): Madam Speaker, I also support the motion.

Like everyone in Australia, I was shocked by the footage showing inappropriate treatment of cattle in Indonesian abattoirs. I am probably the only person who has spent some time working in abattoirs. As part of my studies, I had to spend six months in Robb's Jetty Abattoir in Western Australia, and also in the Watsonia abattoirs. It was not the most pleasant time of my studies.

Abattoirs are not pretty places. Working there and watching the reaction of the animals when they enter the areas – you realise immediately that they are well aware of what is going to happen to them. Their eyes widen; you can see they can smell death. Not many people find it pleasant.

In all the time I spent in Australian abattoirs I never saw anything like I saw on the *Four Corners* report. I was shocked. I was really ashamed that human beings could treat an animal like that. What upset me more was not only the fact they did not meet Australian standards, but what they claimed it to be it was not. What they did was the exact opposite of Islamic law in relation to slaughter of animals.

The Chief Minister mentioned that Meat and Livestock Australia should answer some questions. Yes, they should. Apparently, the MLA had been to that abattoir. I cannot believe the MLA could miss an abattoir where the floor was made of tiles, putting hard-hoofed animals where it was inevitable they would slip and fall down and break legs. Even the box the media refers was not used for the purpose a holding box is used. A holding box is used to hold the animal steady while it is stunned. In that case, the box was used so the animal's legs would be tied and then pulled so the animal would fall on its side and then it would be killed.

It is not surprising Joe Ludwig, minister for Agriculture, reacted very quickly. The public outcry was too big for a minister not to react, for a human being not to react to that. On Tuesday, 7 June, Senator Ludwig implemented orders suspending export of all animals for slaughter. For the Northern Territory, the order covers export cattle and a small number of buffalo to Indonesia.

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The federal minister announced the decision was made to ensure there were no further incidents of poor animal welfare when it comes to livestock exported from Australia. The order applies to the Indonesian market; the other international livestock markets are not subject to this suspension notice. The order suspends the export of live cattle to Indonesia for six months.

This suspension of live cattle is a crisis for the Northern Territory cattle industry; it is a crisis for the north Australia cattle industry, and can become a crisis for the whole Australian cattle industry. It is not only that we have lost an export market; it is the impact on property values, on the everyday lives of people who depend on the live cattle export. It is also a crisis for Indonesia.

Indonesia is not self-sufficient in cattle. Indonesia relies heavily on the import of live cattle to supply the people of Indonesia. They do not have the same standards as us. Most of them have to go to the wet market every day to buy meat because they do not have a refrigerator. The Indonesian government provides, through the live cattle export, good quality, high protein meats to its citizens, especially from a country that is free from some of the diseases we have seen in Brazil or the United States.

Since the announcement of the suspension, I have been working very closely with the Northern Territory Cattlemen's Association, the Northern Territory Livestock Exporters Association, and also with my state and federal colleagues, especially the Western Australian minister and the Queensland minister.

On Thursday, 9 June, I attended the opening of the CDU Pharmacy Building in the presence of the Prime Minister, Julia Gillard. I took the opportunity to brief the Prime Minister on the Northern Territory pastoral industry and the possible impact of the cancellation of live cattle exports to Indonesia, or a delay in reopening export to Indonesia.

I also had a personal discussion with Terry Redman, the Western Australian minister for Agriculture. Many Western Australian cattle come through the Port of Darwin, and we both identified the issues with the northern Australian cattle industry and the possible threat to the industry.

In response to approaches made jointly by the Northern Territory, Western Australian and Queensland ministers, Senator Ludwig convened a national teleconference on Friday, 10 June. The teleconference involved northern Australian ministers, the federal government, and key industry groups. The federal government has indicated that controls will require that the exporters demonstrate they are supplying animals into a supply chain that has been third party independently audited, and subsequently verified by Australian government officials as meeting agreed international animal welfare standards. The Commonwealth is looking for a system from the point of arrival in Indonesia through to, and including, the point of slaughter, which safeguards the welfare of Australian animals.

All of our live export trading partners are members of the World Organisation of Animal Health and have already agreed to implement those standards. This arrangement will need to cover the supply chain from unloading, transporting, feedlots and processing at approved abattoirs. Simply accrediting abattoirs and not the entire supply chain will not provide the certainty we need to ensure appropriate animal welfare standards are met. The Commonwealth has indicated judgment about whether the standard has been met would be made based on specific and measurable criteria which would be set out in guidelines and standard operating procedures approved by the federal government which issues the export approvals.

An Industry and Government Working Group has been appointed to jointly develop the protocols to ensure traceability of all Australian livestock exports to Indonesia. The group includes Commonwealth, Queensland, Northern Territory, and Western Australian officials and livestock industry representatives together with industry representative groups. I lobbied for the inclusion of the Northern Territory Cattlemen's Association to be part of the working group rather than simply to be represented by the national body. I also lobbied that Indonesian government officials are included in this working group, together with businesses represented in Indonesia and certainly, at a later date, for the Islamic Council of Indonesia to be involved.

This group is working on a broad regulatory framework to manage livestock exports that will include rigorous third party external audit that includes guidelines for ensuring compliance against international animal welfare standards; the management of the domestic implications of the trade suspension; and a course of action for managing Australia's relationship with other international markets.

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The group recognises, as I do, the importance of an early restoration of the trade and they have noted the need for this to be done under robust supply chain assurances. The group will provide advice to government on how this can happen. Ahead of its next meeting on Friday, 17 June 2011, the group will look at the whole supply chain and identify the changes needed at each point to give assurance of animal welfare outcomes. When the supply chain has been approved and the exporter can provide evidence that they will supply into the approved system, the exporter would become eligible to gain an export licence.

Once the protocols are approved, industry will then implement the required on-ground arrangements for the traceability of Australian-sourced cattle throughout the entire supply chain. To ensure that appropriate animal welfare, an individual operator could lose their licence to export if animals were not being handled through the approved supply chain to which the exporter was granted permission to export.

As is the accepted protocol, the federal minister for Agriculture has been in discussion with his Indonesian counterparts. Senior federal government officials are also on the ground in Indonesia working with Indonesian officials. In a meeting held in Jakarta recently, Australian and Indonesian governments agreed to implement an immediate and long-term plan. This would involve both countries working together to identify abattoirs that adhere to good practice, and to identify those to be improved.

In my discussion with both the Prime Minister and Senator Ludwig I offered to travel to Indonesia to meet with Indonesian minister Suswono given our ongoing relationship.

I welcome that the Chief Minister has met with the Indonesian Consul in outlining the need to ensure adequate welfare standards to recommence trade. The Indonesian Embassy has also issued a media release confirming that both Indonesian and Australian governments will continue to work together to recommence the trade and ensure appropriate welfare standards.

Separately, Senator Ludwig, has appointed former Ambassador to Indonesia, Mr Bill Farmer, to lead a review across the live animal export industry. This review is separate to the work of the joint industry and government working groups.

We fully support the Northern Territory cattle industry and live export trade within acceptable animal welfare standards. The cattle industry makes such an important contribution to the economic, social, cultural and environmental fabric of the Northern Territory, its producers, employees, contractors, Indigenous communities, businesses and their families.

The cattle industry in the Northern Territory employs between 1600 and 1900 people and was worth \$251m in 2009-10. Some recent work done by the Department of Business and Employment indicates that live cattle export to all countries from the Northern Territory was valued at \$236m FOB in 2009-10 with significant contribution to private businesses including fodder and freight.

The Centre for International Economics published a report in June 2011. That report was commissioned by Meat and Livestock Australia. One finding of that report indicates that the cessation of the live cattle trade would reduce the income of the farm sector in northern Australia by \$128m per year, and it is so much more than large corporate businesses.

As the Primary Industry minister, I have been to properties throughout the Northern Territory meeting with the people and their families that make up the industry. It is not the corporate sector and boards and other companies. They are people like Roy and Janet Chisholm from Napperby; the Underwoods from Riveren and Rowan Sullivan from Cave Creek Station - people I meet with often - Keith Roxy, Henry Burke, the McBeans from Douglas Daly, the Hayes family, Kilgariffs, Tom Stockwell, Tony Searle and many more people in the Northern Territory, and because it is such a small community, we know them personally. We meet them nearly every week. It is not only about the corporate sector. It is about the small family holdings that are going to be affected.

To assist the Northern Territory Cattlemen's Association to maintain communication with its members, my department has out-posted an experienced officer well known to the industry. The role of this staff member is to assist with directing pastoralists to available services, and to identify emerging issues arising from the cessation of livestock exports, and to keep the industry informed.

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The ban has had an immediate impact on the live trade industry, and the flow-on to other pastoralists and broader regional businesses will continue. My colleague, the Business minister, will convene a meeting with key stakeholders to get their input on what industries are being affected indirectly by the cattle ban. This initially would be Luke Bowen, Cattlemen's Association of the Northern Territory; Adam Hill, Live Cattle Exporters Association; Louise Bilato from the Road Transport Association; Garry Hall from the Katherine Chamber of Commerce, Pam Dickinson from the Katherine Chamber of Commerce, Region Executive Officer; and the Chamber of Commerce in Tennant Creek.

The minister will meet individually with banks and agri-business managers to get a better understanding of the state of the pastoral industry and related businesses. The department of Business will distribute, through their client database, information to businesses directly and indirectly impacted, information on the various programs on offer by the Northern Territory government, and a point of contact with the department that will assist with easy access to government. It will remind businesses that the Department of Business and Employment has access to business planning, cash flow analysis, workshops, workforce planning, trade support, and research and innovation.

We are committed to work cooperatively to support the progression and expeditious accreditation of supply chains into Indonesia that deliver supply chain assurance and the needed resumption of cattle supply to those supply chains.

We strongly condemn all forms of animal cruelty. Everyone was shocked by the footage - pastoralists, exporters and the community. That is why we are committed to ensure appropriate welfare standards are implemented as a matter of urgency. I offered to the federal minister the assistance of my department to work with their federal officials, but also with Indonesian officials on the ground, in Indonesia, to train people in the humane handling of animals. We offer our expertise. Our links with Indonesia and the relationships have been built over the past 20 or 30 years. In the past, if we have had a problem like that, we work together cooperatively in order to resolve it.

The Chief Minister mentioned that in the past five or six years I have been minister for Primary Industry, I have been concerned that our major live cattle export was Indonesia. I always refer to putting all our eggs in one basket. I wondered what would happen if something happened in Indonesia - the economy collapses, there are some problems, or a change of direction in Indonesia. What are we going to do with these cattle? The cattle we produce are specifically for the live cattle export. They are specifically for the Indonesian market. They would be very difficult to sell down south. They will be sold, but only for the hamburger patty industry, which commands very low prices.

We have worked very well with other countries to identify potential markets. We have identified Vietnam. We worked very closely with companies in Vietnam. We have provided technical assistance and information, and we had the Khanh Hoa Trading and Investment Company constructing a feedlot and small processing facility to Australian standards with the assistance of my department's officials.

The Philippines used to be a big export market for the Northern Territory, but for various economic reasons that went downhill. Recently, we have seen the return of the Philippines to the Northern Territory to purchase our cattle. A ship loaded last week in the Port of Darwin was destined for the Philippines. Once again, staff from the Department of Primary Industry, Fisheries and Resources have provided assistance in relation to cattle and breeding projects in the Philippines. Prior to the arrival of the first shipment, which is scheduled for August 2011, we are providing on-ground assistance.

As I said before, Indonesia is not self-sufficient with their animals yet. There is a requirement by the people for good quality product, and many people rely on the wet markets. In addition to that, because of the customs and traditions, Indonesians prefer the live cattle for various reasons. Any changes in the supply chain will affect Indonesia's ability to become self-sufficient. If Australian cattle do not go to Indonesia, cattle have to come from somewhere else and most likely will come from the local herd, which will further reduce the number of cattle in Indonesia, putting back for many years the program for Indonesia to become self-sufficient.

I am also concerned that if we remove the live cattle export from Indonesia, remove the Australian animals, the suppliers will find animals from other countries; from India, Malaysia, and Brazil. The issue is how to treat the animals humanely. If we are not there to pressure, train, and guide, these people we saw

on *Four Corners* will do exactly the same thing with other animals. Not Australian, but Indian animals or Malaysian animals.

Our government is concerned about putting all our eggs in one basket, and we discussed this with industry. I am pleased to say that the Australian Agricultural Company has indicated it will build a new northern abattoir within the Darwin rural area. We have been providing information to AACo regarding government process and development approvals. The construction of a new abattoir will provide a necessary market, in addition to the livestock export trade. It is not going to resolve the issue. It is impossible for an abattoir in the Northern Territory to absorb 300 000 cattle a year, or even if you had more in Northern Australia. But, it will provide an alternative supply chain for abattoirs. The Batchelor abattoir has been leased by the Windy Hills Australian Game Meats and is currently being upgraded to meet licensing standards. We will see more abattoirs in the Northern Territory, but we have to make sure there is a continuous supply of animals for these abattoirs. Again, I point out the establishment of these abattoirs in the Northern Territory is not going to resolve the issue and will not absorb the entire number of animals we export to Indonesia.

Madam Speaker, in addition to senior staff in my Department of Resources participating in and providing advice to the national industry and government working group, there are a number of other processes that have been established to assist producers, other affected parties and inform and contribute to the expedient resumption of the trade.

A summary of these activities include:

- a senior officials group from across relevant Northern Territory government agencies has been established. The Department of Resources out-posted officer to NTCA is a member of this group. The group will share information and should form an effective network so producers and other affected parties can receive assistance and advice from the appropriate area of government.
- officers from my department are collaborating with colleagues in Western Australia and Queensland to share information and enable consistent quality advice to be provided to producers and the Australian government, as appropriate.
- to ensure negative animal welfare outcomes at the four registered export yards is avoided, my department's veterinarians, together with their AQIS colleagues, and with involvement of the Northern Territory government animal welfare inspectors, are conducting regular inspections. There are about 10 000 cattle in these yards. These yards are not built to keep the animals for long-term, but for short-term. It is fortunate that the yards were at approximately 25% capacity, so the animals were in good condition with plenty of food and water.
- will immediately work together to manage the logistics of livestock currently in transit. The Northern Territory government undertakes to engage resources, existing expertise, and networks to assist the national effort, including engagement with Indonesian and Australian government authorities and industry.
- significant resources are being dedicated to ensure, as early as possible, resumption of the trade between Australia and Indonesia.

In closing, Madam Speaker, everyone was appalled by the footage of animal cruelty; it was simply unacceptable. Pastoralists, livestock exporters in the community were united in their call for a response. We have worked hard with the industry, and state and federal counterparts, to ensure that acceptable animal welfare standards are implemented for the Northern Territory cattle industry and live cattle export to continue.

A joint industry and government working group is formulating protocols to ensure the welfare of animals throughout the supply chain, and will meet again on Friday. Once protocols are agreed and approved, industry will implement the necessary assistance throughout Indonesia to ensure traceability and accountability, and then livestock trade can recommence.

Madam Speaker, our purpose is to see live cattle export to Indonesia restarting as soon as practicably possible. I am very pleased that we have bipartisan support - this is not an issue for politicians to play politics - it is a vital issue for the future of the Northern Territory cattle industry.

...

Mr HENDERSON (Chief Minister): Madam Speaker, I thank the opposition, and the Independents – I know the member for Macdonnell supports this motion as well - for their support in the House this evening.

I would appreciate a copy of the letter read out by the member for Nelson. It sums up that if there is real effort and goodwill, given the contents of that letter, what the Leader of the Opposition saw when he was in Indonesia, we should be able to get this trade up and running in days, not weeks with the right amount of effort.

To the producers and people in the gallery this evening, and I know a couple of people up there, I will say 'G'day' at the conclusion of this debate. I believe you have heard on behalf of everyone in this House, our absolute determination to do whatever we can and to commit - I commit - within our government whatever resources are required to work with this task force to get this trade back up and running as quickly as possible.

For the Acting Consul here this evening, Mr Daranindra, you have heard, Sir, first hand in debate, the level of friendship and commitment by every person in this parliament to work with Indonesia to resolve these issues. Regarding the letter that was just read out, I spoke at length about the effect this ban was having on families across the Northern Territory, but also, understand better as a result of the debate tonight, the many thousands of families in Indonesia who are also tonight wondering where the next pay packet is coming from.

In my time in this House, and I have been here since 1999, I cannot recall another event that has brought us together as one as this particular issue has. I commend this motion. It will be sent to the Prime Minister and the President of Indonesia first thing tomorrow. I will do all I can as the Chief Minister of the Northern Territory on behalf of everyone who is affected by this to work with my colleague, the Minister for Primary Industry, Fisheries and Resources, and through our departments, to get this trade recommenced as quickly as possible.

Madam Speaker, I thank every member of the House for their support of the motion tonight, and thank the leadership that has been shown by the Northern Territory Cattlemen's Association in assisting us in crafting this motion.

Motion agreed to.