

SUBMISSION TO THE SENATE IN RESPECT OF ANIMAL WELFARE STANDARDS IN AUSTRALIA'S LIVE EXPORT MARKETS

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

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

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

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

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

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

i) formal and informal monitoring and reporting structures;

ii) formal and informal processes for reporting and addressing poor animal welfare practices.

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

a) Impact on regional and remote employment especially in northern Australia;

b) Impact and role of the industry on local livestock production and prices;

c) Impact on the processing of live stock within Australia.

3. Other related matters

a) The accountability and transparency of MLA (and Livecorp) and its relationship with other government and export industry bodies including, inter alia:

i) The credibility of 'independent' reports commissioned by the MLA in support of the export trade and the business of the MLA and Livecorp

ii) The MLA constitution and voting rights

'it is reasonable to presume that pain and distress will be the experience of animals and form the 'content of consciousness' before consciousness is lost after throat cutting. Such experience can propagate negative emotional states where escape is not possible for the animal, leading to panic and terror'

Specifying the Risks to Animal Welfare Associated with Livestock Slaughter without Induced Sensibility

(David B Adams and Allan D Sheridan) Prepared for the Animal Welfare Working Group of the Animal Health Committee, Primary Industries Standing Committee of Australia. November 2008

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a.1 The very nature of the complex organizational structures combined with the ever growing number of affiliate partnerships makes identifying levels of expenditure extremely difficult to ascertain with any real certainty. The two main bodies involved in this are considered by this reviewer to be the Meat and Livestock Association (**MLA**) and Australian Livestock Corporation Ltd, better known as **LiveCorp** which is an off-shoot of MLA.

However, according to the Beef Levy Review 2009, page 46, between 2008 and 2009 only 9.7% of the budget was allocated to animal welfare. Clearly welfare is a low priority compared to market development which attracted a whopping 48.9% of the budget.

a.2 In the MLA Annual Reports 2008/2009 and 2009/2010, Live Animal Export Welfare barely gets a mention.

The Livecorp 2010 Annual Report States, page 2. " This year through the Livestock Trade Animal Welfare Partnership \$850,000 was invested in animal welfare improvements". However, this is NOT reflected in the audited accounts as presented in the 2010 Annual Report which identifies a sum of \$588,390 as costs associated with animal welfare.

a.3 In the 2008/2009 and 2009/2010 MLA Annual Reports **Our Values** are identified, one of which is :

"Never forget where the money comes from"

Not one of the core values relates to animal welfare or good animal husbandry.

a.4 Funding for the MLA comes via a Statutory Funding Agreement under the Australian Meat and Livestock Industry Act 1997, Primary Industries (Excise Act) and the Primary Industries (Customs Charges Act 1999). These legislative instruments identify

recognized 'peak bodies' and establish the structural arrangements underpinned by an MOU.

- a.5 Signatories to this MOU include amongst others the Australian Government, Cattle Council of Australia, Australian Lot Feeder's Association, Australian Meat Processor Corporation, Australian Livestock Exporters Council, Meat and Livestock Australia (MLA), Australian Livestock Export Corporation Ltd (Livecorp).
- a.6 MLA was established by the Cattle Council of Australia, Sheep Council of Australia, Australian Lot Feeder's Association and the Goat Industry Council of Australia. It is a company limited by Guarantee under the Corporations Act 2001 and is funded by statutory levies from producers, statutory charges from livestock exporters and statutory levies from processors for joint activities and independent participants.
- a.7 MLA operates in conjunction with the Australian Meat Processor Corporation and Livecorp. Both AMPC and Livecorp receive funding from levies or charges (AMPC from slaughter levies, Livecorp from customs charges on live animal exports)
- a.8 MLA is in a joint venture with AMPC, this organization is called AUS-MEAT Ltd.
- a.9 It is understood the Australian Government matches levies raised by MLA, Livecorp etc dollar for dollar. This is taxpayers money and therefore, despite being companies limited by guarantee under the Corporations Act 2001, we are of the view MLA, Livecorp etc are accountable to the Australian taxpayers.
- a.10 Under the MLA Constitution, member votes are calculated based on levies paid on a sliding scale. In other words, the bigger the producer, the greater the vote.

Levies paid	Votes
\$NIL - \$25,464	One vote for each \$1.00 received by MLA
\$25,465 - \$76,390	25,464 votes + 0.75 votes for each \$1.00 received in excess of \$25,464
\$76,391 or more	63,659 votes + 0.5 votes for each \$1.00 received in excess of \$76,390

In the years 2007 – 2009, the following votes were cast:

	2007	2008	2009
% MLA members registered for voting entitlements	23.8%	23.6%	21.5%
estimated % production covered by votes cast ¹	18%	19%	20%
¹ Estimate provided by MLA			

- a.11 The % MLA members registered for voting entitlements is a reflection of the apathy felt by members, particularly small producers, such as the writers of this submission, due to the way in which voting rights are structured. The feeling is that given that votes are based on turn-off, the larger producers will command larger block votes and therefore it is not even worth bothering. We are not even members of MLA, even though it is free to join, for this reason.

Going back to point a.3 – ‘Remember where the money comes from’ we feel the strategies of the MLA are clearly aimed at meeting objectives and KPI’s as set out under MOUs and are focused on achieving outcomes for the major cattle producers and Government stakeholders. Animal welfare is simply an afterthought.

- a.12 A report commissioned by MLA in 2010 by ARCHE consulting identified budgetary allocation as follows:

Table 2 Resource allocation

Strategic Imperative	2008/2009		2009/10	
	Actual expenditure (\$'000)	% total expenditure	Budgeted expenditure (\$'000)	% total expenditure
Increasing Market Access	22,791	15.5%	23,263	13.5%
Growing Demand	56,717	38.6%	66,552	38.7%
Enhancing Competitiveness and Sustainability	29,580	20.1%	38,684	22.5%
Increasing Industry Capability	8,683	5.9%	10,163	5.9%
Other areas of investment				
Communicating with Stakeholders	3,772	2.6%	3,858	2.2%
Corporate Services ²	9,416	6.4%	11,209	6.5%
Ausmeat	650	0.4%	575	0.3%
R&D partnerships	15,232	10.4%	17,800	10.3%
TOTAL	146,841	100.0%	172,104	100.0%

¹ 2009/10 figures are budget.

² Corporate Services includes an exchange rate net gain in the actual result for 2008/09. Exchange rate gains/losses are not included in budgets.

- a.13 The above table demonstrates that in 2008/2009 80% of total MLA expenditure was on the 4 strategic imperatives, none of which included animal welfare and similar proportions were being budget for in 2009/2010
- a.14 **Livecorp.** In 2009/2010 Livecorp reported that cattle exports increased by over 60,000 to 954,661 with almost 80% of this going to Indonesia. Livecorp also reported a cattle export shipboard survival rate of 99.89% i.e 0.11% fatalities en-route. However, 0.11% of 954,661 is still over 1,000 cattle. In other words, **over 1,000 cattle died en-route**, which is an average mortality rate from shipping conditions of approximately 20 head each week. This is simply not acceptable.
- a.15. According to the Livecorp's 2009/2010 Annual Report, in 2009 total revenue was \$5.312million, of this \$587,000 is identified as animal welfare expenditure, representing 11% of budget expenditure. In 2010, total revenue was \$4.898million with spending on animal welfare at \$588,000 at 12%. To put this in perspective, in 2009 the combined Director's and CEO compensation(including Super) was \$574,529 increasing in 2010 to \$579,247.

b) The extent of knowledge of animal welfare practices in Australia's live export markets including: *formal and informal monitoring and reporting structures; formal and informal processes for reporting and addressing poor animal welfare practices.*

- b.1 The LiveCorp Annual Report 2009/2010 sets out at page 34 its principle activities in respect of Animal Welfare under the Livestock Export Program (LEP). This includes partnership with the Australian Government in the Live Trade Animal Welfare Partnership (LTAWP). The overall impression one gets from an overview of this Committee is one focused on the business of the live export trade, not on animal welfare.

Members of the LTAWP Committee include:

Mr Michael Finucan (Manager, Livestock Exports, **MLA**),

Cameroon Hall (CEO, **LiveCorp**),

Lach Mackinnon (Exec Director Australian Livestock Exporters' Council, **ALEC**)

Jim Paradise (Live Exports Standards Advisory Group DAFF).

The remaining committee members are predominantly DAFF employees (Ms Jo Evans, for example is the Executive Manager, Trade and Market Access DAFF). Her role is unclear but the job title would indicate the role is designed to assist Australian companies gain access into international markets which seems far removed from Animal Welfare.

The Committee appears to be stacked with representatives with a vested interest in maintaining and growing the export industry and completely lacks independence.

- b.2 A report was submitted by LTAWP in 2009/2010 describing 'Indonesian Point of Slaughter Improvements'. The summary of the LTAWP details how over the past 3 years 96 restraining boxes have been installed and discusses a total of 109 boxes installed at the time of publishing the report.
- b.3 The operation of the boxes is described in this report thus "*The Mark 1 restraining box is a simple addition to abattoir infrastructure that improves animal welfare outcomes during the slaughter process. Constructed from durable galvanised steel, the boxes are an affordable and workable tool to improve welfare practices at slaughter. The restraint box is designed to enable casting of the animal, brought about by its exit through the side door, once the catch has been manually released by the stockman. Ropes are attached to two legs prior to door release. The length of the front rope arrests forward movement of the leg and the momentum of the animal initiates a roll out towards the slope of the plinth. The animal is restrained by a combination of its own weight on the sloping plinth and the tension on the casting rope. Following casting, a rope is usually placed around the head, neck and horns, or the head is manually restrained by the stockman. Downward pressure by the stockman prevents any attempt by the animal to regain posture*" In reality this simply does not happen.
- b.4 In the last 12 months 2 separate investigations have documented cruel treatment and slaughter of both Australian and Indonesian Cattle. An independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter (Capel, McGowan, Gregory and Cusack) documented poor slaughter methods with cattle attempting to rise an average of 3.5 times once they had been forcibly tripped into the slaughter position. They averaged 4 cuts to the throat before it was properly cut to bleed out. This is simply unacceptable.
- b.5 **In respect of stunning**, the LTAWP report says, the Indonesian processing sector is very fragmented and quite rudimentary. Issues that were highlighted in the report included :
- that the cost of stunning equipment to all but a few abattoirs was prohibitive due to the low processing throughput
 - that there is no legal avenue to import power loads into Indonesia. Power loads also add additional costs and are comparatively expensive for the small scale butchers. **Slaughter men**, it stated, **prefer** to save costs by using **traditional**

slaughter methods. There are a large number of facilities in Indonesia many of which have limited power.

- that the restraining boxes (tripping boxes) in use (and which this writer understands were installed either by the MLA, Livecorp or are a copy of those restraint boxes) are not suitable to stunning. This is supported by Animals Australia who say the mark 1 restraint box which has been widely installed in Indonesian facilities cannot be used for stunning as it does not hold the animals head or body in a fixed, stable position.

Dr Temple Grandin, a world recognized cattle expert, had this to say about MLA's boxes on Four Corners *"Well I think Meat & Livestock Australia needs to be building something down there that actually is gonna work, and what they've built there is absolutely not acceptable. The tilting box is an improvement, that still needs to have more improvements. You should be able to walk the animal in and then when he's calm tilt him over. Ah trip boxes absolutely not. I'm shocked that Meat & Livestock Australia would be building trip boxes. That really shocked me, and then when I saw the one where it was brand new and all galvanised, I knew darn well the locals didn't build that because they wouldn't have a galvanising vat")*

b.6 **The LTAWP report stated that due to the lack of interest in Indonesia in the stunning method, MLA/Livecorp were unable to implement a stunning trial in Indonesia in 2009/2010**

b.7 As part of this LTAWP report an 'independent' tour was conducted between 28 Feb and 9 March 2010. One of the 'independent experts' was Professor Ivan W Caple. Ivan Caple has been the Chair of the Industry Review and Technical Working Group of Livecorp since 2009. The report noted that

- Of the 26 acts of slaughter observed using restraining boxes, **17% of animals** went down and **regained their feet on release from the restraining box.**
- Of the 29 cattle slaughtered with and without restraining boxes. the severity of the fall during casting was scored in terms of the impact with the floor (0=none, 1=mild, 2=moderate, 3=marked). On average, the impact score for the 29 cattle was 1.6 (moderate).
- On average, there were **3.5 head lifts per animal once cast.** Head lifts were observed to pose a **significant risk to animal welfare.**

- Where the **severity of the fall was severe and head slapping occurred, significant animal welfare issues were identified** that should be addressed
- At an abattoir in Sumatra the neck was struck with a knife using a hard impact to sever the skin above the larynx and then **up to 18 cuts were made to sever the neck and both arteries**
- bleeding was significantly impaired in **10% of cattle** due to false aneurysm formation in both carotid arteries, possibly resulting in **extended consciousness**.
- Animal handler and slaughterman competency as well as the **ability to effectively restrain cattle** were **considered to be the greatest factors** potentially **impacting animal welfare** in the abattoir environment.
- Sensory stimulation, observed as **disturbed behaviour** in some animals, was apparent immediately prior to slaughter during the casting process and **while restrained with ropes** in recumbency. This was particularly apparent when **buckets of water were thrown over the animal before slaughter**. The process of washing the animal by hosing or bucketing water immediately ante mortem caused **unnecessary stimulation** and reaction in the cattle. This washing was reported to be a requirement of Halal slaughter; however, this claim was not verified.

b.8 Buried in the bowels of the report at page 45 was this sentence.....

“The OIE Code was not supported by a locally enforced code governing animal welfare practices”.

b.9 In spite of all this, the executive summary of this ‘independent’ tour concluded that conditions were ‘generally good’. Professor Ivan Capel was interviewed by Four Corners following the revelation of the horrific conditions faced by cattle in Indonesian abattoirs. He was asked by Sarah Ferguson, the ABC reporter, if he respected the work of the RSPCA, also pointing out that the RSPCA opposed the live export trade in the absence of stunning. Professor Capel’s response was *“They (RSPCA) have a policy against all exports of live animals for slaughter. Policy can sometimes cloud the objectivity of getting an outcome. The number one thing that’s happened with the live export, it’s been supported by both the major political parties for the last 20 years. Animal welfare is not a political issue.”* And Prof Caple would know all about objectivity being the Chair of the Industry Review and Technical Working Group of Livecorp (which is the body that commissioned this report). Professor Ivor Capel’s participation appears anything but independent.

This also raises 2 questions

- 1) is Professor Capel remunerated by LiveCorp as part of the Technical Working Group and
 - 2) was Professor Capel remunerated by MLA/Livecorp/LTAWP was his participation in the 'independent' tour?
- b.10 Australian Animals states that the installation of the Mark 1 restraint boxes in Indonesian abattoirs has simply created a culture of restraint and slaughter that is inherently cruel. These instruments of torture – for that is what they are – are designed for the forcible casting of animals on to their sides on a slippery concrete slab which causes the animals unnecessary distress, pain, suffering and injury. Dr Temple Grandin referred to the process on Four Corners saying *“The biggest problem here, slippery floors, open sides, can see everywhere. But the worst thing is they’re just deliberately tripping these animals down. Like our industry voluntary guideline in the US specifically prohibits any kind of a, of a restraining system that that’s designed to make an animal fall down. This with all the slippery concrete is designed to make an animal fall down. It’s absolutely horrible”*
- b.11 Following the expose on the conditions faced by cattle in Indonesia, MLA/Livecorp and other export industry bodies have cobbled together various action plans to address issues which it is simply unbelievable to think they have not had prior knowledge of for a significant length of time. Based on the LTWAP report they have known about this for at least 18 months at the very minimum. It is likely MLA and the export industry at large have known about these conditions for the best part of 10 – 15 years.
- b.12 Animals Australia identified in their response to the MLA and export industry action plan that *‘the introduction of an abattoir auditing system was recommended 6 years ago in an industry funded report (Beere G and Pettiford, S, 2005). This included a checklist based on Dr Temple Grandin’s abattoir audit critical control points which were also used in Australian abattoirs. If this auditing process had been implemented in 2005, then the industry would have been aware of the unacceptability of processing facilities at that time. None of the facilities visited in the 2011 Animals Australia investigation would have passed such an audit’.*
- b.13 In November 2007 an Animal Welfare Workshop was held at Siam City Hotel, Bangkok, Thailand. According to the notes of the Proceedings, Ms Kristy McPhillips, (DAFF), Cameroon Hall (LiveCorp), Dr Danielle Marotti (MLA) were amongst those present. According to the Workshop Group Report a key/issue problem on animal welfare in countries, regions and sub-regions identified that delegates (who were from countries including Indonesia, Pakistan, Thailand etc) *‘Must recognize the differences in religious,*

cultural, local conditions and that OIE guidelines must take note of these important considerations' Per point b.6, over 4 years later Indonesia are still no-where nearer accepting stunning. This tends to indicate that for all the time and funds (little in comparison that they are to the rest of their budget) Livecorp has made little impact changing cultural thinking or improving animal welfare conditions in Indonesia.

- b.14 In respect of the adequacy of the Australian Standards for the Export of Livestock (ASEL) as they apply to the preparation and export of all livestock with consideration of responsibilities for compliance and enforcement of the ASEL Firstly, the ASEL has no jurisdiction outside Australia, this only applies to Australian Exporters. There are also a number of issues with ASEL. As outlined by 'Australian Livestock Export Standards – a flawed process' (RSPCA) and highlighted below.
- b.14.1 This report stated that the majority of standards are unenforceable under current legislation – as a result the Federal Government lacks the ability to legislate. This falls under the remit of AQIS and even then much of the process can only be enforced under State and Territory legislation. Not one of these have yet recognized ASEL. This requires substantial jurisdictional harmonization.
- b.14.2 This report stated that many Standards require things that are not measurable or easily enforced by legislation. These include basic animal right issues such as access to water – the circumstances of the business make it almost impossible to ensure standards have been adhered to and this becomes even more difficult once the animals are on board ship as there are limited agencies who have the legal powers to board a ship to make the checks, and this is further complicated once the ship sails out of Australian waters.
- b.14.3 This report stated that there is an overall lack of transparency, reporting and feedback in the export process, that the Standards have no process for public feedback on animal welfare. The report commented that reporting on animal health and welfare issued was considered to be lacking and not a process of continuous improvement.
- b.14.4 **The report identified loopholes.** For example, animals that have travelled for 14 hours or less during the transport phase of the export process do not have to be held at a registered premises and therefore are not covered by any of the protections specified in Standard 3, including, importantly, the assessment against the specified criteria for rejection from export.

- b.14.5 The Report concluded *“There are substantial problems with the livestock export trade in general and specifically with the Australian Standards for the Export of Livestock in terms of both the quality of the standards and their inability to be properly enforced. While these problems remain unaddressed, there is little hope that the welfare of exported livestock can be adequately protected during their journey from farm to export port. There is clearly no basis to the claim, frequently made by both the livestock export industry and the Australian Government, that Australian standards which attempt to regulate this trade are effective in ensuring the welfare of exported livestock. Combined with the frequent mistreatment, poor handling and inhumane slaughter of many of these animals in importing countries, the export of livestock remains a significant and seemingly intractable animal welfare issue’*
- b.15 The OIE Code only sets out MINIMUM standards of animal welfare. This benchmark falls a long way short of Australian Animal Welfare Codes of practice and the welfare codes of other similar developed countries. OIE standards allow the slaughter of fully conscious animals which is NOT allowed under Australian standards. **Any strategy that sets OIE standards as the benchmark is a regression in animal welfare.** This is the minimum standard the Australian public would have assumed was in place in Indonesia when the Live Export Trade commenced approximately 20 years ago.
- b.16 There is no effective animal welfare legislation in place in Indonesia . The Indonesian Government have shown no inclination to enforce any form of welfare practices and do not have the framework to do so in any event.
- b.17 In researching this submission, the writers came across an excellent, well researched, submission made in 2003 to this same Senate committee in support of Senator Andrew Bartlett’s Animal Welfare Bill. The web link is at
- http://www.aph.gov.au/senate/committee/rrat_ctte/completed_inquiries/2004-07/animal_welfare05/submissions/sub03a.pdf
- The single most damning aspect to this whole appalling saga is that nothing has really changed.
- b.18 According to the Human Society International, WA has recently concluded 5 of the 6 Animal Welfare Unit (AWU) inspectors contracts. HIS has written to the WA Government asking them to reinstate the AWU unit to ensure the effective and adequate policing of the Animal Welfare Act. HIS claims that the WA Governments decision has resulted in a significant lack of monitoring and enforcement of the Act, and welfare standards at Western Australian saleyards and ports.

- b.19 Slaughter without stunning is unacceptable.

'it is reasonable to presume that pain and distress will be the experience of animals and form the 'content of consciousness' before consciousness is lost after throat cutting. Such experience can propagate negative emotional states where escape is not possible for the animal, leading to panic and terror'

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2. Investigate and report on the domestic economic impact of the live export trade within

Australia including: Impact on regional and remote employment especially in northern Australia; Impact and role of the industry on local livestock production and prices; Impact on the processing of live stock within Australia.

- c.1 In 2000, MLA/Livecorp commissioned a report on the Live Export Trade by an 'independent' agricultural consultancy, Hassall and Associates. This report stated that the export industry generated \$840m in direct export earnings in 2003 and that it provided 9,000 jobs in rural and regional Australia. It is understood that Peter Frawley, a director of Livecorp at the time, was also a Director of Hassall. In 2006, an updated report was commissioned from Hassall and Associates who stated this time that the live export industry created 12,900 jobs and \$1.8bn to gross domestic product per annum. (In June 2010, MLA commissioned ARCHE Consultancy to undertake a 3 year review of performance. Arche Consultancy was established by John Madden, who, prior to establishing Arche, managed Hassall and Associates Australian Division.)
- c.2 However, in contrast to the rosy outlook painted by Hassalls report, a research study commissioned by the Australian Meat Processor Corporation Ltd on the Impact of the Live Export Sector on the Australian Meat Processing Industry (Dr S G Heilbron) concluded "*The live export trade could be costing Australia around \$1.5bn in lost GDP, around \$270m in household income and around 12,000 jobs*" It identified issues such as distortions in tariffs and non-tariffs which favour live export over local processing and dispelled any claims that live export is complementary to the chilled meat trade: in fact it competes with it and government intervention means that the competition is not a level playing field. According to this report, frozen meat exports tripled when live export shipments were withdrawn from Saudi Arabia.

- c.3 Janelle Saffin MP is on record as saying that in the past 30 years, 40,000 meat processing jobs have been lost and 150 processing plants have been shut down, primarily due to the live export trade. Between Feb 2010 and August 2010, 960 full time Australian meatworker jobs were lost Australia-wide, an average of 150 jobs each month.
- c.4 In 2010 a report commissioned by Teys Bros, Swift Australia and Nippon Meat Packers Australia concluded that live cattle exports are cannibalising Queensland's beef-processing industry and threatens to destroy \$3.5bn in assets, \$5bn turnover and 36,000 jobs. The report stated the live industry competed directly with Australian beef and, more importantly, Australia's major meat processors have confirmed that Australia has the capacity to process all sheep and cattle currently going to live export.
- c.5 The April 2010 Edition of "Meatworker" reported that *'There have been a lot of lost days in 2009 and 2010 with lack of cattle being available due to live exports.....Meatworkers can accept the reason why cattle can't get to the meatworks because of floods and wet weather, but it is very difficult for meatworkers to accept that they are being stood down through lack of cattle numbers when boats are leaving our shores with thousands of head of cattle heading to Indonesia to their feedlots.'*
- c.6 In June 2010, the North-Western Australian Beef Abattoir Prefeasibility study was conducted in response to a request from the WA Dept Food and Agriculture and was partly funded by RIRIDC. The need for the study was in growing recognition that the dependence on live export as a market for rangeland cattle was a major source of risk to the viability of pastoral enterprises and the beef industry as a whole in the Kimberley, Pilbara and Gascoyne regions. The report dated September 2010 stated *'There is a strong need for a processing alternative or new live export market to protect northern producers against a deteriorating outlook for the Indonesian live trade. Some options involving re-commissioning of old abattoirs (e.g. Katherine, NT) or developing existing facilities for dual species processing are being explored at present, but a larger scale facility is most likely to be required to address the forecast regional problems.*
- The development and operation of such a facility, however, would not be commercially viable under current and foreseeable market circumstances'. (ie while the live export is directly competing).*
- c.7 It is no secret that Indonesia are working towards self-sufficiency and have identified 2014 as a target date to achieve this.
- c.8 AACo is planning to develop a substantial meat processing plant in Darwin at at cost of \$35m plus \$12.5 on costs to provide a platform for its boxed beef business. This supports the contention that meat processing plants are viable options in Northern Australia.

- c.9 It is a complete fallacy that export markets will not buy our boxed beef. Much has been made by the pro live export lobby that the market in Indonesia, for example, is not set up for chilled meat. This is a red herring as an argument. The fact boxed meat exports tripled during the suspension of the live trade to Saudi supports this. If need be, it is the writers suggestion that the MLA and Livecorp step in and use marketing funds to assist these countries to set up community chilling points.

3. Other related matters

a) The accountability and transparency of MLA (and Livecorp) and its relationship with other government and export industry bodies including, inter alia: the credibility of 'independent' reports commissioned by the MLA in support of the export trade and the business of the MLA and Livecorp, the transparency of Directorships and positions on working groups and committees etc.

- D1. In researching this submission, the writers have been struck by the inter-changing of personalities in the various organizations that comprise the live export industry. For example:

D1.2 The Live Trade Animal Welfare Partnership Project Advisory Committee recommends projects for funding under the LTAWP to the Minister for Agriculture, Fisheries and Food. Committee members include:

- Michael Finucan – Manager Livestock Exports MLA (who clearly has a vested interest in the continuation of the export business)
- Cameron Hall – CEO, Livecorp (who clearly has a vested interest in the continuation of the export business)
- Lach MacKinnon - CEO Australian Livestock Exporter's Council (ALEC) –this is the 'peak' body of exporters.(and obviously has a vested interest in the continuation of the export business) Lach McKinnon is also on the Trade Committee of the National Farmers Federation.

- D2 In 2009/2010 The LTAWP submitted their final report in respect of "Indonesia point of slaughter improvements" Part of the report included an 'independent tour' commissioned (presumably) by LTAWP to visit abattoirs. As previously discussed in this report Prof Ivor Capel was a member of the group. However, of concern in respect of impartiality and good governance is the fact that Prof Capel is also the Chair of the Industry Review and Technical Working Group of Livecorp. The Livecorp 2010 Annual Report States. " This year through the LTAWP \$850,000 was invested in animal welfare improvements". However, this is NOT reflected in the audited accounts as presented in the 2010 Annual Report which identifies a sum of \$588,390 as costs associated with animal welfare.

- D3 In 2000, MLA commissioned a report from Hassall Associates and it then transpired that one of the Directors of Hassall was also a Director of Livecorp. A recent report undertaken by Arche Consulting for MLA turns out to run by an ex-manager of Hassall.
- D5 Dr Raoul Nieper is the Chairman of Livecorp, a body whose reason for being is to develop the live export trade. One of the key emerging issues is the incompatibility of Australian high animal welfare expectations with the standards of the destination countries. Dr Nieper is also the Chairman of Animal Health Australia. AHA is a joint government and industry company that co-ordinates national health matters, developing presumably, animal welfare standards in Australia.
- D6 Ian McIvor is a Director of Livecorp. He is also the Chairman of the Australian Exporter's Council and was Chairman of the Red Meat Advisory Council until 2010.
- D7 Don Heatley is the Chairman of MLA. Don Heatley was a Committee member on the Beef Marketing Funding Committee which undertook an 'independent' beef levy review in 2009 which reviewed the performance of the MLA and Livecorp amongst other things. How can you be part of a Committee that undertakes a review of your own organization to report to a Minister?! Also on the Beef Review Levy Committee were Jim Cudmore (President of Australian Lot Feeders Association) Peter Hall (Cattle Council of Australia who also get a share of the levies as a 'peak body'), Michael Carroll (Director, MLA) and Gary Tapscott (Director, Australian Livestock Exporters). It was in all these bodies' interests that the levy was kept at \$5 and the recommendation was exactly that.

What was the process?

An independent committee was formed under the chairmanship of Queensland cattle producer Peter Hughes. The Committee sought submissions from the industry and MLA, and also commissioned independent analyses on the benefits to industry from previous marketing expenditure.

What does the Committee recommend?

1. That the current \$5 per head cattle transaction levy rate be retained.
2. That a minimum return on investment to producers be set at three times the overall marketing levy as the performance yardstick in future reviews.
3. That future reviews of the levy be undertaken as a result of industry need, triggered by the peak councils, and not according to a pre-determined timeframe.

- D8 Farmer industry bodies have been essentially been dominated by agenda driven industry representation from other bodies. The National Farmers Federation working Committees are littered with representatives from the Northern Territory Cattlemen's Association, AgForce, the Cattle Council, the NSW Farmers Association.

- D9 David Palmer MD MLA is also a Director of AUS-MEAT which is a joint venture with MLA. John Wyld is also a Director of MLA. He has been president of the Cattle Council of Australia and Chairman of the NLIS Executive Committee. He is also a Director of AUS-MEAT. Paul Troja is also a MLA Director and a Director of the NLIS Ltd.
- D10. No allegations of criminal activity are being made in these observations. It has to be said, however, that due to the nature of the government sponsored aspect to MLA, Livecorp etc., there does appear to be a lack of accountability and an unhealthy practice of inter-relationships amongst people in senior positions in the industry which is akin to crony capitalism. This cannot be good for the industry in the long term, not least due to growing public perceptions of a general lack of transparency which is considered a requirement given the vast co-contributions made by the Australian Government of taxpayer funds, to enable MLA and Livecorp, amongst others, to function.

In conclusion, it is the submission of the writers that there are major issues with the way in which the live export trade has been managed, from an animal welfare perspective where the export industry bodies appear to have known about horrific conditions endured by animals at the live export destination. Much of the focus on welfare appears to be driven by an attempt to appease the Australian public who are sickened by this whole affair, rather than a real effort and desire to make an impact on animal welfare in the destination countries. The LTAWP report stated quite clearly that there were a complete lack of interest in Indonesia in trialing stun guns. This is a cultural issue and has nothing to do with lack of money to purchase stun guns or lack of electricity. These are all red herrings designed to cloud the issue. Indonesian slaughtermen prefer the traditional method. The OIE standards are not anywhere near Australian standards and the Australian public will not accept our participation in a live export industry where the live export destinations do not implement equally high standards. This must include stunning. Until this occurs, the trade should not be resumed.

Reports commissioned recently demonstrate that even live export states are getting nervous about the reliance of their producers on a single consumer, the live export market. Reports have also shown that far from adding value to the Australian economy, the loss of meat processing jobs and the closure of processing plants makes the overall impact of the live export trade income neutral at best.

Meat processors have stated they have the capacity to handle all the live export cattle currently going abroad. More forward thinking organizations such as AACo are now looking to establish processing facilities in Darwin. Creating a Northern Meat Processing sector would create jobs in Australia and provide the ability to value add to the product prior to export which can only be good for the Australian economy. This is a model which has worked in New Zealand where live exports for slaughter have been banned.

In terms of the export industry bodies themselves, a cursory view of those involved, shows that there is a very close relationship between Government bodies, Government 'peak industry' bodies and the export industry where individuals from all these sectors are serving on each others' Board of Directors,

Working Groups, Advisory Groups and so on and so forth. This may in part be due to in the scheme of things as the live export trade is such a small industry compared (income \$600m/pa) to the domestic cattle market which generates \$6.6bn, however, we feel there are governance issues associated with this and these need addressing.

L & A BAILEY, NSW

Domestic Beef cattle producers.