

2011

**Stop
Tasmanian
Animal Cruelty**

Suzanne Cass

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Senate Standing Committees on
Rural and Regional Affairs and
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WELFARE OF LIVE ANIMALS EXPORTED TO OVERSEAS DESTINATIONS

Abstract: This document highlights the systemic and endemic cruelty suffered by animals sent to all overseas destinations and the ineffectiveness and unwillingness of the Australian Government, MLA/LiveCorp and 'Producers' to address animal welfare in any meaningful way

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STOP TASMANIAN ANIMAL CRUELTY

SUBMISSION TO SENATE ENQUIRY

Improvements in animal welfare for Australian live exports

TERMS OF REFERENCE

On 16 June 2011 the Senate referred the following matter to the Senate Standing Committees on Rural Affairs and Transport for inquiry and report.

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.

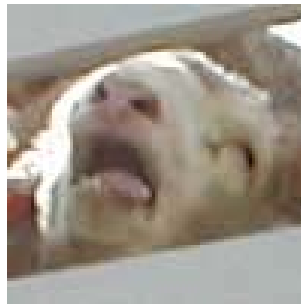
2. Investigate and report on the domestic economic impact of the live export trade within Australia including:

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.



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Preamble

Stop Tasmanian Animal Cruelty welcomes the opportunity to provide this submission to the Senate Standing Committee for Rural and Regional Affairs and Transport. In doing so, we stress that we oppose in the strongest possible terms the export of live animals from Australia for any purpose at all, including breeding, dairy, fattening and especially for slaughter. ***StopTAC also condemns in equally strong terms the Federal government for lifting the suspension in the cattle trade to Indonesia when absolutely no safeguards have been put in place for the protection of the animals.*** The reality is that **the only change** is that evidence of the systemic and brutal abuse will be kept from the public because no animal advocacy representative will be permitted entry to an Indonesian slaughterhouse again. The Government has ignored the views of hundreds of thousands of decent Australians demanding an end to this trade, and has in effect 'caved in' to the views of the noisy minority in the form of cattle farmers. These people clearly do not care what happens to their animals once they have sold them. Moreover, the Government has effectively handed back to this morally questionable industry complete self-regulation once again, which has been proven to be a manifest failure for decades. There is no proper monitoring or enforcement regime other than the lacklustre and sporadic efforts of AQIS (the Australian Quarantine and Inspection Service), whose most significant sanction has only ever been that animals 'may need more space (on ships)', or exporters must carry more antibiotics so that the animals may just be able to stand when they reach their destination.

StopTAC further notes that a shipload of cattle who would have been sent to Indonesia left Broome for Egypt last week, where it is claimed that the OIE (International Organisation for Animal Health) standards have been implemented, and that the situation in Egypt continues to lack any monitoring or enforcement regime; an issue typical throughout this trade.

We further submit that a Senate enquiry will be worthless in this instance, because the Australian government and Opposition clearly commit to the live animal export trade, and to the imposition of OIE (International Organisation for Animal Health) standards, which, even if they could be enforced in any way, fall far below Australian standards, most specifically in that they do not prescribe stunning of animals prior to slaughter. OIE standards also do not proscribe the hog-tying of the animals' legs, the heinous Mark 1 slaughterboxes (so bitterly condemned by cattle expert Professor Temple Grandin) which cause the conscious and terrified animals to crash to the concrete as we saw on 'Four Corners', and provide for the animals' throats to be hacked at in the way we saw in the television program. Moreover, historically such enquiries have achieved nothing to date and committees are usually populated with politicians with farming interests. In short, any enquiry at any parliamentary level is compromised and cannot remotely expect to meet the standards demanded by the Australian community. Furthermore, any number of members of the Australian Parliament have farming interests and are therefore compromised at all levels in this debate. Memoranda of Understanding with importing countries are similarly worthless, since they are wholly unenforceable and in almost all cases provide for nothing more than the unloading of the animals in the event of a dispute in an importing country.

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i) formal and informal monitoring and reporting structures;

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

StopTAC notes that it is difficult to comment on the expenditure on both marketing and animal welfare, since specifics of this are hidden from the Australian community under the disingenuous provisions of 'commercial in confidence'. However, we note that the expenditure is claimed to be substantial in terms of marketing, and reports indicate that less than a quarter of that funding has been expended on 'animal welfare'. The sad evidence of this has been presented to successive Australian governments on multiple occasions by Animals Australia

StopTAC draws the attention of the Committee to the following issues which are of relevance before animals even leave Australia:-

1. The Federal Government, via the Australian Quarantine Inspection Service (AQIS), has a regulatory role in the management of the live export trade which it rarely, if ever fulfils. Loading of livestock in the various ports from which the export of animals take place is largely only monitored by animal advocates. The monitoring and reporting of Animals Angels makes it absolutely clear that animals who are ill or unfit are often loaded regardless, and transport and loading conditions are disgraceful. It appears that AQIS MIGHT attend the ports if called, but does not regard this as a substantive part of its duties. As an example, the last voyage to leave Tasmania directly for the Middle East on the 30 year old former vehicle transporter 'Al Messilah' was the subject of a mortality investigation because of the number of sheep and cattle who died, largely as a result of AQIS failures, specifically that up to 50% of the sheep were only in the 'registered premises' (feedlot) for a matter of hours, and sheep with keratoconjunctivitis (pink eye) were presented at the feedlot and then loaded

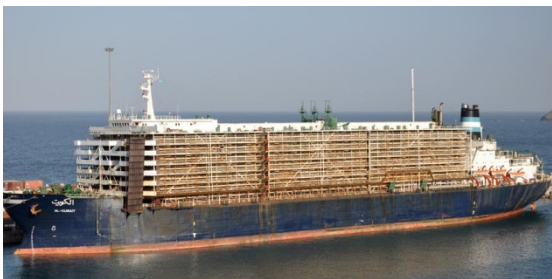
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onto the ship. It was further reported that insufficient feed was loaded on to the ship because the exporter, Roberts Limited, expected an even higher mortality rate than the 1,683 sheep who died, so a substantial number simply starved to death towards the end of the voyage, The sanctions imposed by AQIS were absolutely meaningless, as is always the case.

2. Meat and Livestock Australia and LiveCorp are entirely self regulating, and despite the findings and recommendations of the Keniry Review 6 years ago, remain almost totally free of public scrutiny. The narrow terms of reference of the Keniry Review notwithstanding, the recommendations included greater transparency and accountability, yet the Australian community sees little evidence of any serious intent to make exporters accountable for what happens to animals consigned to this trade. Mortality reports by AQIS, where available, are largely anonymous, with salient facts 'blacked out', making them all but meaningless. Even on voyages where mortalities are seriously significant, sanctions imposed upon exporters are minimal and simply token in real terms (for example, that the animals must be in the 'registered premises' (feedlots) for the mandated period (in fact, this means the exporters continually breach their OWN regulations), animals must be given 'more space' (more often than not, this is no further specified) and the ships must carry more antibiotics (so that the animals may just remain standing long enough to be unloaded to their cruel fate). Where the Australian Maritime Safety Authority (AMSA) used to provide mortality reports until about 2006, it now performs a somewhat sporadic role inspecting ships; its mortality reporting role is now performed, however inadequately, by AQIS.
3. The standard of the ships used in this trade is largely unacceptable (see attachment 1, 'Ships of Shame'). The vast majority are about 30 years old, former oil tankers such as the 'Al Kuwait, Al Shuwaikh', vehicle transporters 'Al Messilah', 'Ghena', container ships 'Ocean Shearer' and the like, simply renamed. It is our suspicion that the worst of these ships simply slip in and out of the lesser known ports where they largely escape scrutiny by AMSA or indeed anyone else. Whilst some of the worst of the ships have now been consigned to the South American trade (as reprehensible as this is), there remain some old, substandard ships plying the trade from Australia ('Hereford Express', 'Sahiwal Express', 'Torrens', just as examples). The three very old Kuwaiti ships, the 'Al Shuwaikh', 'Al Messilah' and 'Al Kuwait' were in fact barred briefly from Australian ports in 2009 for non-compliance with AMSA/MARPOL regulations, but were eventually allowed to return.



'Al Kuwait', built in 1967



'Al Shuwaikh', built in 1985



'Al Messilah' built in 1980



'Ghend', ex vehicle carrier *Merlion Ace*, built in 1984

StopTAC registers the concern of the Australian taxpayers that the Federal Government matches any contributions to LiveCorp/MLA for so called '*improved animal welfare outcomes*' when clearly, based on evidence provided by Animals Australia over a period of years, there has been no improvement at all. It is further noted that Meat and Livestock Australia receives a levy of \$4.20 per head of cattle sold (either domestically or for live export) and a lesser amount for sheep and goats, and is in possession of substantial funds which it could have used, and claims to have used, to address the terrible cruelty we see in importing countries, year after year, which is clearly systemic and unassailable. In fact, Meat and Livestock Australia's website indicates that it had prepared a 'media strategy' some years ago in the event that this animal abuse should become public knowledge. As earlier noted, it is reported that MLA spends four times as much on 'marketing' as it does on 'animal welfare' and the results of that are tragically clear. StopTAC notes that MLA refused to use its 'contingency fund' as requested by the Federal Government, to address the claimed issues of its members, and the taxpayers, who, largely against their will, have been forced to support this morally bankrupt industry for decades, have yet again been forced to **compensate** these people.

It is noted that, of the 'thousands' of people who it was claimed would be displaced by the suspension to Indonesia, only 20 have approached Centrelink for income support, and only 40 farmers (this could have to do with the fact that they would be required to produce receipts relating to lost income). In contrast, more than 40,000 jobs in the meat processing industry were lost as a direct result of this trade, and there were no significant 'bail-out' packages for them, or for the regional communities where meat processing was the only, or the major employer.

Animals Australia has visited the Middle East on multiple occasions, returning consistently with incontrovertible evidence of ongoing, systemic, egregious animal abuse in all these destinations. Now we see similar, and even worse, evidence of shocking cruelty from Indonesia. Meat and Livestock Australia/LiveCorp provided the iniquitous Mark 1 (and Mark 2) slaughter boxes which inflict horrendous suffering upon cattle once their legs are tied and they crash onto concrete. Professor Temple Grandin, the world authority on handling and slaughter, described these mechanisms as horrendous and was strident in her condemnation of Australia's role in installing these devices.

MLA, its supporting producers, and the Federal Government have all been aware of this terrible suffering for at the very least several months; more likely years and even more likely decades.

MLA/LiveCorp has been exporting animals to these countries for these decades, has known about the cruelty and indeed has been substantially instrumental in it, and the Australian community condemns without reservation the misrepresentation perpetuated by these organisations that it can, or will, ever make improvements. It is clear that stunning is not a priority for exported animals, and for the Federal Government not to insist upon it, and make it mandatory, horrifies and sickens us. Animal advocates are disseminating the distinction between OIE and Australian standards as widely as possible both within Australia and internationally, and for Australia to accept the OIE standards is shameful. Citing 'religious' conventions as an excuse is disgraceful (see attachment 2, the Halal Certification Authority media release).

In summary, this government needs to be aware of the enhanced awareness of the Australian and international community of the total and complete abandonment of any pretensions to '*improvements in animal welfare outcomes*' in any destination to which Australia exports live animals.

The Australian community has made it absolutely clear that it is deeply ashamed of this government, Australian farmers, and exporters, and MLA/LiveCorp and this was evidenced by the outpouring of grief and emotion expressed at rallies across the country on Saturday, June 18. Both before and since the National Day of Action, leaders of those rallies have received death threats and other threats of violence and have had private email accounts 'hacked'. We believe that this is a measure of how far the exporters and 'producers' are prepared to go to protect this cruel industry, since one of the menacing messages received by StopTAC indicated that the writer was 'being paid' more than \$35 per hour to send the messages. Other animal advocates are afraid to reveal their identities.

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.**

Three separate independent economic reports over the past two years have found that live exports are undermining Australia's meat processing industry.

Sheep

ACIL Tasman's reviews ¹into the live sheep trade found that phasing out live sheep exports would:

have a minimal impact on farmers and would in fact reap long-term benefits for farmers and the economy through increased processing in Australia.

¹ ACIL Tasman (2009) *The value of live sheep exports from Western Australia. A review of adjustments that would be required if live exports ceased from WA & Economic analysis of Australian live sheep and sheep meat trade.*

Cattle

In 2010, a report² commissioned by Australia's leading meat processors - Teys Bros, Swift Australia and Nippon Meat Packers Australia – reached damning conclusions as to the impact of live cattle exports on Queensland's beef industry.

The report found:

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

Australia's major meat processors have confirmed that Australia has the capacity to process all cattle and sheep currently going to live export. Contrary to industry claims, live export does not underpin 10,000 jobs in the rural sector. The majority of those jobs would remain if animals were processed in Australia. In fact thousands of jobs would be created by increased domestic processing.

Additional Notes

The live export industry cites two reports by Hassall and Associates, claiming up to 13,000 jobs would be lost if the live export trade were to end. Analysis of these reports reveals that the reports include jobs that would clearly continue without the live export factor, such as

² SG Heilbron Economic & Policy Consulting (2010) *The Future of the Queensland Beef Industry and the Impact of Live Cattle Exports*.

doctors, dentists, insurance and banking, and hospitality workers. Transporters, stock handling and veterinarian jobs would be minimally affected.

Conversely, 40,000 meat workers jobs have been lost, and at least 150 abattoirs closed down as a direct impact if the live export trade, with the diminution of regional centres and their communities where meat processing was the only, or the major employer. Dr Heilbron and Mr Larkins, in their report as far back as 2000, '**Impact of the Live Animal Export Sector on the Australian Meat Processing Industry**' found, *inter alia*,

- ◆ The live export trade could be costing Australia around \$1.5 billion in lost GDP, around \$270 million in household income and around 10,500 lost jobs.
- ◆ The primary factor driving the profitability of the live export trade is market distortions in favour of live animals. If it were not for these factors, the rising demand for meat in importing countries would have been met by exports of chilled and frozen meat.
- ◆ These distortions occur in both export markets (tariff and non tariff barriers) and the domestic market (incentives biased towards live trade rather than processing)
- ◆ Live animal export is not a complimentary trade to the chilled meat trade - but instead directly competes for the same export market. Government bias towards the live trade has ensured that the meat export trade is not competing on a level playing field.
- ◆ The report notes that when the live export trade to Saudi Arabia was first suspended (from 1991 - 2000) there was a 3-fold increase in exports of chilled and frozen mutton and lamb to that market - clear evidence of the substitutability of meat exports for live exports.
- ◆ The report cautions that live export "profits" are illusory in terms of economic benefits to the nation, as they are simply the consequence of market distortions, subsidies and interventions by governments abroad and in Australia.
- ◆ The traditional demand for live animals that in the past was fuelled by a lack of refrigeration, has been overtaken by the westernization of food consumption patterns and modernisation of food handling and distribution systems in many Middle East countries - thereby negating this industry claim that live animals are 'necessary'.
- ◆ The report concludes that New Zealand's strategic decision to severely curtail its live sheep trade to prevent animal welfare concerns affecting its more valuable, value added sheepmeat trade, points to important conclusions that are relevant to Australia:
- ◆ Improved processing productivity and efficiency can counteract and potentially more than offset the adverse impacts of ending live exports.
- ◆ The decision to end live exports can legitimately be made on strategic grounds.
- ◆ The decision can be made on the basis of potential cross-sectoral impacts of the live trade on a much larger and more economically significant processing sector.

- ◆ This report also states that the market incentives/distortions that support the profitability of live export at the expense of the chilled meat trade, are not intrinsic, but rather are created by governments or industry. The report concludes that the responsibility for correcting them or otherwise rests with governments or industry.

A significant aspect the Heilbron Report touches upon is the impact of the live export trade on the rural community. Whilst there may be benefits for the producers themselves as a result of live export – the negative aspect of animals being processed overseas has not ever fully been acknowledged in this debate. Abattoir closures and the associated departure of rural community members to seek employment elsewhere affect a range of local businesses and the very sustainability of rural townships.

Heilbron Report Consultants

SG Heilbron provides specialist economic and policy consulting services to major Australian and international corporations as well as Government and industry organisation. The firm focuses on providing economic and policy analysis, trade and investment strategies, and Government affairs advice.

Dr Selwyn G Heilbron is a senior business economist and corporate consultant with special expertise in Australian and international 1 agribusiness, food and beverages industries. He has served as Research Consultant with the World Bank, Washington DC, Senior Economist with the Department of Trade, Canberra, and as Manager (Planning) and Chief Economist of Elders Agribusiness, Melbourne.

Dr Heilbron is a Bachelor of Arts from Kent University, Master of Science in Agricultural Economics from the University of London and Doctor of Philosophy from Cambridge University, UK.

Terry Larkin is a Canberra-based consultant in economics and agribusiness where he has provided consulting services to agribusiness and food groups, corporations, and industry and government agencies. He has served as Chief Economist and Director, KPIVIG Peat Marwick and was previously a senior government official in Canberra servicing in numerous positions including Director, Australian Bureau of Agricultural and Resource Economics; First Assistant Secretary, Agricultural Trade Division, Department of Trade, and Assistant Secretary, Commonwealth Treasury.

Mr. Larkin is a Bachelor of Economics from the University of Sydney and Master of Economics from Harvard University. He is also a Master of Public Administration from the John F Kennedy School of Government, Harvard University.

Note:

At the same time as the Heilbron report was being prepared, a second report was being prepared by Hassall & Associates Pty Ltd, commissioned by Meat and Livestock Australia Ltd for Livecorp. The report 'Economic contribution of the livestock export industry', July 2000 is available at the Livecorp website.

The Chairman of Livecorp, Mr Peter Frawley, is, or was, a Director of Hassall & Associates Pty Ltd.

The key points often quoted from the Hassall report are:

'The livestock export industry contributes \$708 million to the national economy and creates 9,000 jobs annually, according to a commissioned study released today by industry.' Livecorp media release 24108100

The government, AFFA and the industry use the materially and factually deficient Hassall report publicly to indicate the 'value' of the trade.

The conclusions of the Hassall report are in direct contradiction to the Heilbron Report.

Conclusions

Even if it were true that there would be substantial job losses as a result of ending the live animal export trade, such concerns could be addressed by labour market program intervention (see attachment 3). In the 1990's, there were substantial losses in specific industries as a result of then government policy on tariffs and subsidies. These industries included Textile, Clothing and Footwear, Forestry, Passenger Motor Vehicles and Underground Coal Mining, and Office of Labour Market Adjustment (OLMA) programs provided substantial retraining for people affected by the then Government's policies.

Regardless of real or imagined job losses, however, this Committee cannot afford to ignore the horror and outrage of the Australian community, the moral and ethical issues at stake, and Australia's international reputation. Animals Australia has conducted multiple investigations in multiple overseas destinations, always returning with footage of absolute atrocity.

It is the unequivocal view of all animal advocacy groups and the wider Australian community that this morally bankrupt trade is unsustainable and wholly unacceptable, and our view is endorsed by the massive numbers who attended the Day of Action rallies, and who have signed the multiplicity of petitions calling for an end of this trade. The Australian Government, Meat and Livestock Australia/LiveCorp and 'producers; cannot ever be trusted

to contribute anything to safeguard the welfare of animals shipping to importing countries, and on that basis the trade should end forthwith. Further 'enquiries' will do little or nothing in terms of meaningful change in this industry, because the abuse is absolutely systemic and entrenched. **The fact that Meat and Livestock Australia, which has been principally responsible for this systemic animal abuse, is even being consulted in this process speaks for itself and totally undermines the legitimacy of any government enquiry**, as does the conflicts of interests of many parliamentary representatives who have farming interests or who have made their positions clear, to resume live exports to Indonesia and to continue this trade.

Legal issues

The animal welfare regime in Australia is at best fragmented and ad-hoc, primarily addressed on a state-by-state basis by Prevention of Cruelty to Animals statutes. These statutes are undermined by regulations and Codes of Practice which expressly exclude 'production' animals (animals used in farming) where conduct, if carried out upon 'companion' animals would be addressed by prosecution.

Meat and Livestock Australia has claimed, for decades, that it is '*improving animal welfare outcomes*' in importing countries, a claim that has been proven, time and time again, to be manifestly false. Such conduct should bring MLA/Livecorp into conflict with Trade Practices statutes to the point of outright fraud, and it is StopTAC's unqualified view that MLA has engaged in '*deceptive and misleading conduct*' within the meaning of those statutes, and should be prosecuted accordingly. Moreover, most state animal cruelty statutes contain provisions such as 'duty of care', and cruelty provisions relating to 'transporting animals in a manner that is likely to cause unreasonable and unjustifiable pain and suffering', and by virtue of the mortality rates in transport alone, these provisions are routinely breached with no meaningful sanction ever applied. The *Export Control Act 1982* provides:

*'This Act is not intended to exclude the operation of any other law of the Commonwealth or any law of a State or Territory insofar as that law is capable of operating concurrently with this Act'*ⁱ

There is a lack of clarity, however, on whether the provisions in the state statutes can be applied extra-territorially; however, it could be argued that the spirit of the legislation in the various states and territories intended for this application to be so.

Stop Tasmanian Animal Cruelty thanks the Committee for considering these submissions.

APPENDICES

1. 'Ships of Shame' Cass, Suzanne 2011
2. Halal Certification Authority Media Release 2011
3. 'LMP Proposal to End Live Exports' Cass, Suzanne, June 2011
4. 'The Truth about the Value of Live Exports', Live Export Shame
5. Australasian Meat Industry Employees' Union Fact Sheet, June 2011

(Text version, original forms separate attachment)

HALAL CERTIFICATION AUTHORITY AUSTRALIA

PRESS RELEASE

This Authority hereby condemns Majelis Ulama Indonesia (MUI) in the name of Islam for the heinous, disgusting and un-Islamic treatment meted to animals in slaughter houses under its watch.

This Authority has come to the conclusion that Handlers and Slaughtermen in Indonesia have no idea about Islamic rules on animal welfare and treatment. Also the Slaughtermen seen on the ABC report of 30/05/11 seem to either be oblivious about the rules of Halal slaughter or choose to ignore them.

This Authority would like to remind MUI that the following acts are forbidden in Islam:

- Hitting animals on the face or head
- Torturing animals with water or other means
- Dragging animals on concrete floors
- Slashing tendons or breaking tails while animals are alive
- Poking, gouging or kicking animals
- Letting one animal see another being slaughtered
- Letting animals see blood
- Slaughtering animals using sawing action
- Using a blunt or inadequate knife to slaughter animals

Animals in Australia are temporarily immobilised (stunned) prior to Halal slaughter with the knowledge and acceptance of all religious as well as governments in importing Muslim countries including Indonesia. Therefore Indonesia is strongly advised to stop the hypocrisy and copy Australia.

MUI Executives should stop gallivanting around the world to primarily enrich themselves and to extract funds from Western Halal Certifiers for their organisation. Instead they should stay home to put their own house in order.

For and on behalf of

Halal Certification Authority Australia

Mohamed El-Mouelhy

Chairman, Sydney 02/06/11

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(Text version, original forms separate attachment)

AMIEU Fact Sheet

1. Ability of the Australian meat processing industry to absorb excess livestock as a result of the suspension of the live export trade to Indonesia; and

2. Impact on cattle prices and farm gate returns

A number of claims and counter-claims have appeared in the public debate following the decision of the Australian Government to suspend the live export of cattle to Indonesia.

This fact sheet has been prepared to assist in that public debate; moreover, introduce a greater level of integrity and honesty into that debate.

“The suspension means 500 000 head of stock will come onto the market”

As a result of the July 2010 announcement by the Indonesian Government restricting imports of live cattle to 350kg or under, the total number of live cattle to Indonesia exported in 2010 was 520,987 head, a 33% decline on 2009.

MLA forecasts are that 500,000 head of cattle would be live exported to Indonesia in 2011.

Fact: Without being trite, even if the current suspension does last for the entire six months, it means that up to 250,000 head of stock may come onto the local market – not 500,000.

Source: “Australian Livestock Export Projections – 2011”, MLA/Livecorp, February 2011.

The other point is that these cattle are not slaughter weight and will take some time to find their way onto the market, between 6 to 18 months according to the MLA on 10 June 2011.

“The Australian meat processing industry doesn’t have the capacity to process these stock”

In 2007, the national slaughter of cattle was in excess of 8 million head of cattle.

In 2010, the national slaughter of cattle fell to 7.4 million.

Source: ABS “Livestock Products”, cat 7215.0

The period between 2009/10 has been characterized by widespread standdowns in the industry, with many plants working well below capacity.

It is also reasonable to suggest that the 2010 national slaughter included at least a large part of the 250,000 head of stock turned away from the Indonesian live export market as a result of the 350kg weight restriction enforced in June 2010.

Australian meat processors are unanimous in indicating that capacity exists in the local processing industry to slaughter this stock.

There is no contest about this proposition even from economic analysts engaged by MLA/LiveCorp. Recently, MLA/LiveCorp engaged the Centre for International Economics to provide a report on the contribution of the live export industry to the Australian red meat industry. Part of that work involved an assessment of what would occur if the entire live export industry of cattle were halted. One observation was as follows:

“Under current market conditions, sufficient capacity exists for their processing”

Source: Derek Quirke, Centre for International Economics – Presentation to the ABARE-BRS Outlook 2001, 2 March 2011.

Fact: There is no debate even from the live export industry that sufficient capacity exists in the Australian meat processing industry to process these excess stock.

“Cattle sale prices are plummeting as a result of the suspension announced”

The factors affecting sale prices of cattle are complex and multifarious. They are also notoriously volatile, making precise attribution to any one particular factor a rather unscientific and disingenuous practice.

It is not unreasonable to apprehend that downward pressure on cattle sale prices may occur as a result of the suspension of the live trade to Indonesia. If one takes the “worst case scenario” figures postulated by Mr. Derek Quirke on behalf of the live export industry (source referred to above) national sale prices for grass fed cattle would fall 7.8 cents liveweight if 520,000 head of stock came onto the market. As indicated above, the reality is that even if the current suspension remains in place for the full six months, only 250,000 head of stock will come onto the local market.

It is also important to bear in mind the impact, if any, will not be felt for some time, between 6 to 18 months time according to the MLA on 10 June 2011: “... .. the suspension of the live cattle trade to Indonesia will neither result in a rush of cattle into Australian processors, nor a surge of beef in coming weeks and months. Cattle placed on ships to Indonesia are typically Brahman of light weight (less than 350kg lwt). These cattle will require much longer periods on feed to reach suitable slaughter weights for either the Australian, or more particularly, export markets. Indeed, the very good season that has been experienced across much of northern Australia, especially western Queensland, will largely allow the additional cattle to be accommodated and gain weight. Cattle prices seasonally ease throughout May and June, as additional numbers enter the slaughter markets upon the completion of the wet season. In recent weeks, and in coming weeks, the main influence

upon export cattle prices will continue to be sluggish demand in Japan and the US, along with the near record high A\$. The EYCI finished Thursday at 385¢/kg cwt - 2.5¢ below last week and 4% above the corresponding period last year. Therefore, the most impact for the entire beef industry will be felt in the medium term if the situation is not resolved quickly, as heavier cattle move through to slaughter in 6-18 months time.”

Fact: the impact on cattle prices and farm gate returns will not be known for at least 6 months, even if that impact is able to be extracted from a market where precise attribution of the impact of one factor is an extremely speculative and unscientific process.

(Ends)

ⁱ McEwen G *Animal Law: Principles and Frontiers* 2011