The Senate

Rural Affairs and Transport References Committee

Animal welfare standards in Australia's live export markets

Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2]

Live Animal Export Restriction and Prohibition Bill 2011 [No. 2]

November 2011

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Membership of the committee

Members

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Senator Kerry O'Brien (to 30 June 2011)	Tasmania, ALP
Senator Anne Urquhart (from 6 July 2011)	Tasmania, ALP

Substitute members for this inquiry

Senator Rachel Siewert to replace Senator Christine Milne	Western Australia, AG

Participating members participating in this inquiry

Senator Judith Adams	Western Australia, LP
Senator Chris Back	Western Australia, LP
Senator the Hon. Richard Colbeck	Tasmania, LP
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Senator Nick Xenophon	South Australia, IND

Secretariat

Ms Jeanette Radcliffe, Secretary
Ms Trish Carling, Senior Research Officer
Ms Cassimah Mackay, Research Officer
Ms Lauren McDougall, Executive Assistant

PO Box 6100
Parliament House
Canberra ACT 2600
Ph: 02 6277 3511
Fax: 02 6277 5811
E-mail: rat.sen@aph.gov.au
Internet: http://www.aph.gov.au/senate/committee/rat_ctte/index.htm

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LIST OF RECOMMENDATIONS

Recommendation 1

2.53 The committee recommends that the Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2] and the Live Animal Export Restriction and Prohibition Bill 2011 [No. 2] not be passed.

Recommendation 2

4.70 The committee recommends that Meat and Livestock Australia and LiveCorp ensure that performance standards, in accordance with Article 7.5.2.1.g of the World Organisation for Animal Health (OIE) Code, are developed and implemented for the Mark IV restraint box as a matter of priority.

Recommendation 3

4.71 The committee recommends that the Chief Veterinary Officer oversees the regular assessment of the performance standards for the Mark IV restraint box, the effectiveness of their implementation and the associated impact on animal welfare outcomes.

Recommendation 4

4.76 The committee recommends that the Australian Government, in consultation with the Australian live export industry and key peak animal welfare groups, clarifies the range of information relating to compliance with the supply chain assurance system that will be made public, the form in which this information will be published and the frequency with which it will be published.

Recommendation 5

4.79 The committee recommends that the Australian Government continues to work with the Australian livestock industry toward the implementation of a mandatory national permanent lifetime livestock traceability system.

Recommendation 6

6.17 The committee recommends that the Australian live export industry undertake a review of the responsibilities of peak bodies that act and speak on behalf of the industry with a view to clarifying the lines of authority and communication within the industry.

Recommendation 7

6.31 The committee recommends that the Australian government establishes an ongoing dialogue with the governments of each of our live export trading partners and ensures that agreements reached as a result of this dialogue are clearly communicated to Australian Government officials and Australian industry representatives.

Recommendation 8

6.45 The committee recommends that the Australian Government, in consultation with the live export industry and other ancillary businesses develops a package of further assistance or reallocates existing packages of assistance to address those identifiable and otherwise irrecoverable financial costs incurred as a result of the temporary suspension of live cattle exports to Indonesia.

Recommendation 9

6.47 The committee recommends that the Australian Government establishes a dialogue with financial institutions with regard to the financial difficulties faced by producers and businesses involved in the live export industry as a result of the temporary suspension of live cattle exports to Indonesia. The committee recommends that the Australian Government seeks to encourage financial institutions to adopt a supportive approach to the repayment of loans and the imposition of interest penalties in the event of default on such payments.

Chapter 1

Introduction

1.1 On 30 May 2011, the *Four Corners* program *A Bloody Business* was televised on the ABC. The program had a major and immediate impact on the general public, animal welfare groups and the live export industry. On 7 June 2011, in response to public concerns, the Australian Government announced the temporary suspension of the live cattle export trade to Indonesia.

1.2 The Senate referred a general reference in relation to live animal export to the Senate Rural Affairs and Transport References Committee (the committee) on 16 June 2011. On 15 June and 20 June 2011 respectively the two private Senator's bills, The Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2] and the Live Animal Export Restriction and Prohibition Bill 2011 [No. 2], were introduced into the Senate. The bills were both referred to the committee on 23 June 2011.

1.3 This report presents the committee's findings in relation to both of the bills and the general reference.

Terms of Reference

1.4 As noted above, on 16 June 2011, the Senate referred the following matter to the Senate Rural Affairs and Transport References Committee (the committee) 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 livestock within Australia.
3. Other related matters.

1.5 The initial reporting date for the reference inquiry was 25 August 2011. The reporting date was subsequently extended twice, with the final report date being 9 November 2011.

Related Private Senators' Bills

1.6 As noted above, on 23 June 2011, the Senate jointly referred the Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2] and the Live Animal Export Restriction and Prohibition Bill 2011 [No. 2] to the committee for inquiry and report.

1.7 The committee made the decision to conduct the reference inquiry and the bills' inquiry concurrently.

1.8 The initial reporting date for the bills' inquiry was 16 August 2011. The reporting date was subsequently extended twice, with the final report date being 9 November 2011.

1.9 Details of the committee's examination and findings in relation to the bills is contained in Chapter 2 of this report.

Conduct of the Inquiry

1.10 The inquiry was advertised in *The Australian* on the 22 June 2011, and in the *Alice Springs Centralian Advocate* and the *Northern Territory News* on 28 June 2011. It was also advertised in *The Land, The Country Life, The Stock and Land, The Stock Journal, The Farm Weekly, The North Queensland Register* and *The Countryman* on 30 June 2011 and *Tasmanian Country* on 1 July 2011. The inquiry was also advertised on the committee's website.

1.11 In addition, the committee wrote to a number of key stakeholder groups, state and Commonwealth government departments, authorities and individuals inviting submissions. The committee continued to accept submissions throughout the inquiry.

1.12 The committee received 426 public and 17 in-camera submissions. A list of individuals and organisations that made public submissions to the inquiry (together with other information authorised for publication) is at Appendix 1.

1.13 The committee held public hearings in Darwin on 4 August 2011, Broome on 1 September 2011, Katherine on 2 September 2011, and in Canberra on 10 August, 14 September and 20 September 2011. A list of the witnesses who gave evidence at public hearings is available at Appendix 2.

Acknowledgements

1.14 The committee acknowledges the contribution of all those individuals and organisations who prepared written submissions and those who appeared as witnesses. In particular, the committee acknowledges the significant distances that some witnesses travelled in order to assist the committee.

1.15 The committee regrets that it was unable to hear evidence from all those who wished to appear in person during hearings and appreciates the effort made by individuals and organisations in providing extensive information to assist the committee's consideration of this matter.

Chapter 2

The Bills

Private Senators' Bills

2.1 On 15 June 2011, the Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2] was introduced in the Senate by Senator Rachel Siewert. The Live Animal Export Restriction and Prohibition Bill 2011 [No. 2] was introduced in the Senate on 20 June 2011 by Senator Nick Xenophon.

2.2 On 23 June 2011, the Senate jointly referred the Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2] and the Live Animal Export Restriction and Prohibition Bill 2011 [No. 2] to the Senate Rural Affairs and Transport References Committee (the committee) for inquiry and report.

2.3 The committee conducted the reference inquiry and the bills' inquiry concurrently.

Live Animal Export Restriction and Prohibition Bill 2011 [No. 2]

Purpose of the bill

2.4 The Live Animal Export Restriction and Prohibition Bill [No. 2] (the Export Restriction Bill) would amend the *Australian Meat and Live-stock Industry Act 1997* (the Act) to prohibit the export of livestock for slaughter on or after 1 July 2014 and to provide that export licence holders must ensure all livestock are treated satisfactorily prior to slaughter.

2.5 The Export Restriction Bill would also amend the *Export Control Act 1982* to prohibit the export of livestock for slaughter unless the Secretary is satisfied that the livestock will be treated satisfactorily prior to slaughter; and to prohibit the export of livestock for slaughter on or after 1 July 2014.[1]

Provisions of the bill

Australian Meat and Live-stock Industry Act 1977

2.6 Item 1 inserts a definition of 'livestock for slaughter' into section 3 of the Act to ensure that the provisions of the bill apply only to livestock that are intended to be exported and slaughtered overseas. [2]

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1 Senate Bills List, 8 September 2011, p. 47.

2 Details regarding the provisions of the bill based on information contained in Live Animal Export Restriction and Prohibition Bill 2011, Explanatory Memorandum, p. 1.

2.7 Item 2 inserts a subsection in section 10 of the Act, which notes that export licenses granted under the Act do not allow for the export of livestock for slaughter after 1 July 2014. This item sets an end-date on the export of live animals for slaughter, as supported by Item 5 of this bill, which amends the *Export Control Act 1982* to prohibit the export of livestock for slaughter after 1 July 2014.

2.8 Item 3 inserts section 16A into the Act to set out additional conditions which apply in relation to a licence for export of live animals for slaughter. These conditions provide that an export licence holder must make all reasonable efforts to ensure that livestock are treated in accordance with the International Office of Epizootics (OIE) Guidelines from the relevant sections of the current edition of the *Terrestrial Animal Health Code,* as defined in Item 5 of this bill. This item also states that if a livestock export licence holder becomes aware that livestock exported under their licence have not been treated in accordance with these Guidelines, they must notify the Secretary within 14 days of becoming aware of the breaches.

2.9 Proposed subsection 16A(3) provides that paragraph (1)(a) does not apply to livestock exported under permission, consent or approval that was issued on the basis of the transitional arrangements outlined in Item 4 of the bill.

Export Control Act 1982

2.10 Item 4 inserts Part IIB into the Act to impose regulations on the export of livestock for slaughter between the commencement date and 1 July 2014; to provide for transitional exemptions to be granted in certain circumstances where livestock export contracts existed before the commencement date; and to ban the export of livestock for slaughter unconditionally after 1 July 2014.

Support for the Export Restriction Bill

2.11 The committee received a number of submissions from individuals and organisations expressing support for the phasing out of the live export industry over a period of years. Some individuals indicated that whilst their preference was for an outright ban, they were prepared to support a phasing out of the industry over a period of three years.[3]

2.12 The Commonwealth and Public Sector Union (CPSU) noted that its members support legislation to phase out exports of animals for slaughter. The CPSU argued that many of Australia's live animal export markets "lack enforceable standards for

3 See, for example, Ms Rochelle Downing, *Submission 25,* Ms Sarah Tilley, *Submission 29,* Ms Wendy Clarke, *Submission 55,* Dr Rachel Westcott, *Submission 124,* Ms Michelle Cushworth, *Submission 126,* Dr Susan Foster, *Submission 134,* Ms Kathryn Woolfe, *Submission 139,* Mr Mark Chambers, MCA Advertising, *Submission 178,* Ms Yvonne Darcy, *Submission 273,* Ms Shelley Male, *Submission 275,* RSPCA Australia, *Submission 333* and Ms Lorraine Fox, *Submission 341*.

animal welfare and hygienic production of meat as well as appropriate inspection systems to enforce the standards".[4]

2.13 A submission received from Pam Ahern, Founder and Director of Edgar's Mission Farm Sanctuary, expressed strong concerns about animal welfare and argued that the inherent problem with the live animal trade is that "Australia is unable to control how its animals are treated once they arrive in foreign countries".[5] Ms Ahern argued that the Australian Government should work toward an end date for all live animal exports within three years. Ms Ahern further argued that a three year phase out period would allow "farmers time to adjust to the changing market conditions".[6]

2.14 A submission from veterinarian Dr Linda Fleeman also argued for the phasing out of the live export trade, based on both animal welfare and economic grounds. Dr Fleeman believes that the live trade should be phased out and replaced with a refrigerated meat trade and local processing. She also suggested that while the industry is being phased out:

> ... strict regulations with independent Australian government monitoring, especially at the point of slaughter, need to be in place to minimise animal cruelty and stress as much as possible.[7]

2.15 Several major animal welfare lobby groups also indicated their support for this bill.

2.16 The World Society for the Protection of Animals (WSPA) told the committee that the Society is fundamentally opposed to live export for slaughter. The basis for the WSPA's opposition to live export is that Australia exports livestock to countries that do not meet OIE guidelines and which have inadequate animal welfare legislation. The WSPA's position is that animals being transported for slaughter should not be transported beyond the nearest suitable abattoir. They argue that live exports are inherently cruel due to the long distances and sheer scale of the industry and that animals are subjected to "unavoidable and unnecessary suffering during transport and handling".[8]

2.17 In evidence, WSPA made specific reference to the live sheep trade and noted that it is not calling for an overnight end to the trade. The group acknowledged that farmers would need time to make adjustments, and rather than calling for an

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4 Community and Public Sector Union, *Submission 179,* p. 10.

5 Edgar's Mission Farm Sanctuary, *Submission 298,* p. 1.

6 Edgar's Mission Farm Sanctuary, *Submission 298,* p. 3.

7 Dr Linda Fleeman, *Submission 114,* p. 4.

8 Mrs Jodie Jankevics, World Society for the Protection of Animals, *Committee Hansard,* 10 August 2011, p. 1.

immediate end to the trade, suggested a five year phase out period, which is slightly longer than the three-year period suggested by the bill.[9]

2.18 The Stop Live Exports Group expressed similar views to WSPA. The group noted that it does not endorse the live animal export trade in any way. It also stated its position that, in terms of animal welfare, best practice means slaughtering animals as close as possible to the place in which they were raised. The group argued that both Commonwealth and state governments must take a leadership role and, in partnership with industry and animal welfare agencies, "develop a road map to phase out live exports and substitute this with an alternative product".[10] The group suggested that if the live animal export trade continues:

- stunning must be a non-negotiable aspect of live trade; and
- the Australian Government (not industry) must be responsible for monitoring and enforcing animal welfare standards.[11]

2.19 In its submission to the committee, RSPCA Australia noted that it has a policy which opposes the live export of animals for slaughter. The policy is based on a belief that there are inherent risks associated with transporting animals over long distances, and the RSPCA argued strongly that animals should be slaughtered as close as possible to the point of production in Australia, under Australian conditions.[12]

2.20 RSPCA Australia indicated its support for the phasing out of the live export trade and noted that:

> ... a phase out of the live trade will provide producers and others directly or indirectly involved in the live trade with an opportunity to adjust their operations to a situation where they no longer have access to that market. At the same time, we believe that animals being exported in the interim should have their welfare protected. The *Live Animal Export Restriction and Prohibition Bill 2011* proposes such a way forward. RSPCA Australia gives the Bill our full support.[13]

2.21 Humane Society International (HSI) expressed disappointment with the decision by Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, on 6 July 2011 to repeal the ban on live export of Australian cattle to Indonesia. HSI also indicated its strong preference for Australia to work toward a specific end date for all live animal exports.[14]

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9 Mrs Jodie Jankevics, World Society for the Protection of Animals, *Committee Hansard,* 10 August 2011, p. 2.

10 Stop Live Exports, *Submission 121,* p. 2.

11 Stop Live Exports, *Submission 121,* p. 2.

12 RSPCA Australia, *Submission 333,* p. 1.

13 RSPCA Australia, *Submission 333,* p. 7.

14 Humane Society International, *Submission 279,* p. 1.

2.22 The disappointment regarding the Minister's decision to repeal the ban was echoed by Sentient: The Veterinary Institute for Animal Ethics. The group's submission expressed the view that the live trade is inherently fraught with serious animal welfare risks at every stage of the process and argued that animals should be slaughtered humanely, as close to the point of production as possible. Sentient noted its fundamental position is to call for a permanent end to Australia's involvement in the live export trade. However, the group also indicated its support for the bill – which would result in an end to all live animal exports by mid-2014.[15]

Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2]

Purpose of the bill

2.23 The Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2] (the Export Prohibition Bill) would amend the *Export Control Act 1982* to prohibit the export of livestock for slaughter. [16]

Provisions of the bill

2.24 Item 1 inserts a new section 7AA which provides in subsection (1) definitions of livestock and livestock for slaughter to limit the application of the section to livestock, as defined in section 3 of the Act as being cattle, calves, sheep, lambs, goats or other prescribed animals, that are intended to be exported and slaughtered overseas.[17]

2.25 Proposed subsection 7AA(2) provides that the regulations are taken to have declared livestock for slaughter as prescribed goods under the Export Control Act.

2.26 Proposed subsection 7AA(3) provides that the regulations are taken to have prohibited absolutely the export of livestock for slaughter.

Support for the Export Prohibition Bill

2.27 The committee received a considerable number of submissions from individuals calling for an immediate and complete ban on live exports.[18] A number of

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15 Sentient: The Veterinary Institute for Animal Ethics, *Submission 296*, p. 1.

16 Senate Bills List, 8 September 2011, p. 47.

17 Details regarding the provisions of the bill based on information contained in the Live Animal Export (Slaughter) Prohibition Bill 2011, Explanatory Memorandum, p. 1.

18 See, for example, Ms Julie Dolan, *Submission 15,* Ms Genevieve Jeffreys, *Submission 17,* Ms Ella McNamara, *Submission 30,* Mr Lian Staben, *Submission 43,* Barristers Animal Welfare Panel, *Submission 104,* Ms Adriana Wall, *Submission 111,* Ms Chantal Teague, *Submission 120,* Ms Naomi Oliver, *Submission 125,* Ms Renee Blight-Clark, *Submission 129,* Mrs Casey Johnson, *Submission 140,* Ms Linda Bogdanovs, *Submission 182,* Dr John Arlaud, *Submission 277,* Dr Patricia Petersen, *Submission 278,* Mr John Joyce, *Submission 288,* Ms Deborah Clift, *Submission 292* and Ms Cheryl Forrest-Smith, *Submission 400.*

these submissions expressed concerns regarding animal welfare issues and at the same time were critical of industry bodies such as MLA and LiveCorp.

2.28 The views expressed by Ms Suzanne Lawton-Clark were typical of the views expressed by a number of submitters:

> The industry bodies, Meat and Livestock Australia (MLA) and Livecorp, whom the farmers have been paying to ensure satisfactory welfare standards, have failed to provide any welfare standards at all. And furthermore, have received warnings on a number of occasions regarding concerns surrounding this. MLA and Livecorp have failed the farmers, the Australian community, and most of all the animals they are supposed to be 'managing' and caring for, while continuing to make enormous profits, part of which could have been re-invested into ensuring vastly improved welfare standards.[19]

2.29 Several animal rights and animal welfare organisations also supported an immediate ban on live animal exports.[20]

2.30 Animals Australia was one major lobby group which indicated support for the Export Prohibition Bill. The group oppose live animal export on animal welfare grounds and argued strongly that Australia should ban the practice outright.[21]

> Our concerns relate to the additional handling and transport of animals in Australia, the arduous shipboard journeys and the handling and slaughter issues in importing countries – countries where there are no adequate legal or other protection for our animals.[22]

2.31 Animal Liberation ACT also support a complete ban on live exports. The group argued that the suffering of animals begins before the animals even leave Australia and that the transportation of animals to live export markets overseas results in serious negative animal welfare outcomes. It was further argued that:

> ... the only way to ensure adequate animal welfare standards for Australian farm animals exported live from Australia is to stop exporting them. The trade must simply be banned – forever.[23]

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19 Ms Suzanne Lawton-Clark, *Submission 399*, p. 1.

20 For example, Voiceless, *Submission 175,* Animals Australia, *Submission 326* and Animal Liberation ACT, *Submission 107*.

21 Animals Australia, *Submission 326*, p. 13.

22 Animals Australia, *Submission 326*, p. 2.

23 Animal Liberation ACT, *Submission 107,* p. 5.

Opposition to the bills

Northern Australia – the importance of the live export trade

2.32 The committee received a large number of submissions from individuals, organisations and key stakeholders in support of the live export trade. In expressing their support, submitters stressed the importance of live export to cattle producers – particularly those in both the Northern Territory and Western Australia.[24] It was further argued by some that any negative impacts in these states will also have a negative impact on the Australian beef industry generally.[25]

2.33 Mr Rohan Sullivan, President of the Northern Territory Cattlemen's Association (NTCA) described the live export industry as vital to the future prospects of the cattle industry in northern Australia, particularly the Northern Territory. Mr Sullivan also told the committee that:

> Our industry manages around 44 per cent of the NT's land mass, turns off around 600,000 head of cattle per year that is worth over $300 million at the farm gate, employs around 2,000 people directly and underpins the rural economy of the Northern Territory. The cattle industry provides one of the few avenues for employment for Indigenous people in remote and rural NT.[26]

2.34 At the committee's hearing in Darwin, Mr Setter, AACo, also told the committee that northern Australia is reliant on live export. Mr Setter explained that the soil, rain and the grass systems in northern Australia are particularly suitable to the running of breeding cattle which are then finished on quality, higher energy feeds in Indonesia[27]. Mr Setter argued that Northern Territory cattle have been bred specifically for the live export trade and that:

> There are no other viable options for Northern Territory cattle, with generations of breeding high-content Brahman cattle with carcass weights that suit the Indonesian market. It would take at last 10 years to get a composite cross going through Northern Australia if we had to change our

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24 See, for example, Mr Murray Nixon, *Submission 94,* Mr Stuart Austin, *Submission 112,* Cattle Council of Australia, *Submission 118,* Mr Barry Hoare, *Submission 122,* Ms Annaliese Dowling, *Submission 137,* Shire of Derby/West Kimberley, *Submission 144,* Indigenous Land Corporation, *Submission 303,* Northern Territory Agricultural Association, *Submission 356,* Ms Clair O'Brien, *Submission 365* and Department of Agriculture and Food, Western Australia, *Submission 368.*

25 See, for example, Mr Barry Hoare, *Submission 122,* p. 1, Mrs Jennifer Hughes, *Submission 161,* p. 1 and The Australian Merino Society Inc, *Submission 199.*

26 Mr Rohan Sullivan, Northern Territory Cattlemen's Association, *Committee Hansard,* 4 August 2011, p. 10.

27 Mr Troy Setter, Australian Agricultural Company Pty Ltd, *Committee Hansard,* 4 August 2011, p. 29.

> breed. We would be looking at over 10 years to do that. The Australian producer does not have time.[28]

2.35 Mr Kelsey Nielson, from Two Rivers Station in Boulia, argued that the trade in live cattle between northern Australia and Indonesia is a "fine example of the optimum use of challenging landscapes which maximises economic, environmental and social outcomes".[29] Mr Neilson outlined the complementary nature of Australia's relationship with Indonesia in the following way:

- northern Australia's large areas of land are suitable for breeding large numbers of cattle, but not for finishing cattle to specifications for processing;
- northern cattle producers have adapted and developed their herds to maximise fertility and production, and minimise environmental impacts (by being able to turn off large numbers of young cattle in a season);
- the supply of young cattle perfectly meets Indonesia's requirements; and
- Indonesia has a plentiful supply of fodder and an abundance of low-cost labour which allows them to grow cattle out at a very low cost (meaning they benefit from having an industry, employment and a vital protein source).[30]

2.36 The committee received a number of submissions from both individuals and farming families, outlining the impact a permanent ban on live exports would have - not only on individuals and organisations, but also on families, businesses and communities. [31]

2.37 In his submission, Mr Tom Stockwell, a cattle producer from Katherine noted that the beef industry in north-western Australia developed as a direct result of the live export industry. Mr Stockwell also argued that:

> The massive investment in beef production in NW Australia, the improvements in communities, land management and development are inextricably linked and due almost entirely to the special relationship of production potential, geographical location and demographics that the Top End of Australia and Indonesia share.
>
> For us there is no going back. The alternatives are not sustainable. Unless the recovery from the Live Export Suspension is managed efficiently and quickly, the suspension of trade will have changed our district community

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28 Mr Troy Setter, Australian Agricultural Company Pty Ltd, *Committee Hansard*, 4 August 2011, p. 30.

29 Mr Kelsey Neilson, *Submission 269*, p. 5.

30 Mr Kelsey Neilson, *Submission 269*, p. 5.

31 See, for example, Ms Leonie McLeod, *Submission 63*, Mr David and Ms Jenny James, *Submission 75*, Mr John Pugh, *Submission 102*, Mr Grant Brooks, Mr Eric Britton, *Submission 135*, *Submission 352* and Dr Joanna Maguire, *Submission 364*.

> from vibrant to unviable in a matter of months. There are no happy endings in that for people, for cattle or for country.[32]

2.38 Mrs Moira Lanzarin, a cattle producer from Mataranka indicated that her family business leases Numul Numul Station from the local Aboriginal Corporation. Mrs Lanzarin argued that if the live export market is not resumed it would also put the Corporation's future at risk:

> The Numul Numul Aboriginal Corporation is again a family unit, doing their utmost to stay connected and in touch with their land and keep healthy and strong. Without their annual lease payments from the station it is possible that these good people, (4 generations – 3 elders, 6 daughters, 5 son-in-laws, lots of grandchildren, great grandchildren plus nephew and nieces) will need to move into the larger communities or towns. Putting additional pressure on those services and being at the mercy of ready access to alcohol and other potential abuses.[33]

2.39 The impact of a ban on Indigenous employment and training opportunities was also raised by the Indigenous Land Corporation (ILC). The ILC's submission concluded that:

> Any proposal to close the trade completely in coming years would have a catastrophic effect on Indigenous employment and training numbers in the pastoral industry. Income to pay wages, statutory fees and bills and to buy food and fuel etc will also be severely impacted. The cumulative effect of all of the above factors in this submission leads the ILC to conclude that this would make all Indigenous-operated live export cattle properties economically unsustainable.[34]

2.40 Mr Larry Graham, a former member of the Western Australian Legislative Assembly, summarised his position on the bills by telling the committee that legislation should only be passed when there is a pressing need for it and when it is in the national interest. Mr Graham argued that in the case of live export:

> ... there is no justifiable reason for the Australian Parliament to continue the knee jerk reaction and pass these bills. To do so is to punish the producers, transporters and abattoirs that operate at or above set standards; and to disadvantage all those who depend on this industry for their financial welfare and food.[35]

Does banning live exports address animal welfare concerns?

2.41 The committee received evidence from individuals, farming families, key stakeholder groups and organisations associated with the live export industry

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32 Mr Tom Stockwell, *Submission 348,* p. 2.

33 Mrs Moira Lanzarin, Coodardie Brahmans, *Submission 351,* p. 2.

34 Indigenous Land Corporation, *Submission 303,* p. 7.

35 Mr Larry Graham, *Submission 128,* p. 7.

expressing concern about animal welfare issues, particularly the mistreatment of the animals shown in the *Four Corners* footage.[36] However, many of these individuals and organisations questioned whether banning the live export trade would address animal welfare concerns.

2.42 In evidence, Mr Rohan Sullivan, told the committee that the images of cruelty and mistreatment shown [on *Four Corners*] were as unacceptable to the NTCA as they were to the general public. Mr Sullivan also argued that:

> ... the response to this should be to fix up the problems, not shut the industry down, undoing all the good work that has been done in shipping, road transport and feedlots, penalising those who have made investments in developing slaughter facilities and animal handling which is world standard, and throwing an entire industry, including the people, families and businesses that serve and depend on it, to the wolves.[37]

2.43 In addition to outlining their family's reliance on the live export trade, Mr Ron and Ms Jeneve Barnicoat expressed concerns about the cruelty shown in the *Four Corners* program:

> My husband and I, with the help of our son and his family, run a small property that relies on the live export market for 75% of our income. Our eldest daughter is married to a Grazier whose family also rely to a large extent on the export market. Our youngest daughter is married to a Livestock Agent whom relies on the export trade for about 70% of his business. Most of our grandchildren have expectations of entering the workforce in some way related to the beef industry. If the live export doesn't continue, three generations of this family and their extended families will be affected.
>
> None of us condone the cruelty that was shown on the Four Corners program, however I believe that the majority of the abattoirs in Indonesia that process Australian cattle are of a higher standard than those shown in this program. The Australian Government should have continued to allow export to those abattoirs owned by Australian companies or others that were up to the standards of abattoirs in Australia.[38]

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36 See, for example, The Hon. Paul Henderson, Chief Minister, Northern Territory Legislative Assembly, *Committee Hansard,* 4 August 2011, p. 47, Mr Gregory Brown, Cattle Council of Australia, *Committee Hansard,* 4 August 2011, p. 57, Ms Helen Kozicka, *Submission 44,* Mr Stuart Austin, *Submission 112,* Mr Michael Trant, *Submission 152,* Ms Rosaria Hughes, *Submission 190,* Ms Jenny Deveraux, *Submission 225,* Ms Jo-Anne Bloomfield, *Submission 226,* Mr Gary Veri, Mr Norm Eather, *Submission 241, Submission 330,* National Farmers' Federation, *Submission 345,* Ms Marie Muldoon, *Submission 336* and Mrs Moira Lanzarin, Coodardie Brahmans, *Submission 351.*

37 Mr Rohan Sullivan, Northern Territory Cattlemen's Association, *Committee Hansard,* 4 August 2011, p. 10.

38 Mr Ron and Ms Jeneve Barnicoat, *Submission 110,* p.1.

2.44 Dr Tony Hayne, a Northern Territory veterinarian and cattle producer, expressed frustration with what he sees as a lack of leadership from MLA, and suggests that producers have been let down by an organisation to which they have been contributing a substantial amount in levies.[39] As a veterinarian, Dr Hayne also expressed concerns about what would happen if Australia were to step out of the Indonesian live export trade:

> ... our place will be taken by countries that do not have the checks and balances currently involved in Australia. These cattle will also be forced to undertake a much longer and more treacherous sea voyage under far less stringent welfare conditions than we impose on our much shorter voyage. This will surely lead to a lowering of welfare standards, and increased suffering for animals from those countries that take our place. The countries that are preparing to take our place also have much lower animal health standards than we maintain, including the presence of "Foot and Mouth disease". At the moment by exporting our animals to Indonesia we are effectively maintaining a "Foot and Mouth disease" buffer, for all of Australia.[40]

2.45 Professor Ivan Caple provided a submission on behalf of the Independent Panel which conducted an assessment of the welfare of Australian cattle in Indonesia in March 2010.[41] The submission noted the Panel's view that:

> ... banning the export of cattle as proposed in the two draft bills would not lead to improvements in the welfare of cattle in Indonesia, or in any other country which imports Australian livestock.[42]

Impact on Indonesia

2.46 A submission to the inquiry by Mr David Michael asked the committee to consider the impact of a permanent ban on consumers in target markets such as Indonesia:

> The impact of the Australian ban and any plan to process cattle in Australia will be felt most by the poorest of the poor. These people will be unlikely to buy processed meat from Australia which will require refrigeration and be much more expensive. They may be able to source meat protein from other live cattle imported into Indonesia but costs are again likely to be higher with extra transport and quarantine restrictions constraining access. Against this background it's likely that supply based interventions in the trade of live cattle from Australia to Indonesia will have an adverse impact on living

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39 Dr Tony Hayne, *Submission 117,* p. 2.

40 Dr Tony Hayne, *Submission 117,* p. 4.

41 The Independent Panel was made up of Professor Ivan Caple, Dr Penelope McGown, Professor Neville Gregory and Dr Paul Cusack. The Panel's final report was titled *Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010.

42 Professor Emeritus Ivan Caple, *Submission 282,* p. 2.

> standards of the poor in Indonesia and increase malnutrition and death rates. Australia needs to be aware of this impact.[43]

Committee view

2.47 The committee acknowledges the concerns raised by submitters and witnesses in relation to the issue of animal welfare in the live export industry. The committee also notes the evidence provided by individuals, farming families and organisations associated with the live export industry. A number of these submitters also raise specific concerns about the treatment of animals shown in the *Four Corners* footage.

2.48 The committee notes that there has been some criticism levelled at the live export industry – particularly what is seen as a lack of leadership from MLA and LiveCorp. At the same time, the committee was provided with evidence from industry representatives who made it clear that the practices shown were unacceptable and in no way condoned by the industry.

2.49 The committee recognises that more work is needed in overseas markets to continue to work toward improved animal welfare outcomes. Whilst the Australian Government should have an increased role in the oversight of the industry, federal and state governments need to work with the industry itself, which is best placed to continue to work toward the more practical improvements that are required to ensure animal welfare standards are met and maintained.

2.50 A number of industry representatives told the committee that they in fact had been working with their trading partners in a number of countries and that there had been significant improvements in animal welfare over the past decade.

2.51 The committee acknowledges that the live export trade is an industry of vital importance to cattle producers and small businesses and provides much needed employment – particularly in some of the more remote areas of the Northern Territory and Western Australia. In addition, evidence to the committee demonstrated that producers have been encouraged to breed animals specifically for the live export trade.

2.52 The committee also acknowledges evidence which outlined the time, effort and financial outlay of producers to establish profitable enterprises – which fit perfectly with the conditions in the Northern Territory, Western Australia and Queensland and which meet the needs of Indonesia in very specific ways. In particular, by providing a "value-adding" opportunity in Indonesian feedlots and by providing Indonesia with access to a low-cost source of protein.

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43 Mr David Michael, *Submission 22*, p. 1.

Recommendation 1

2.53 The committee recommends that the Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2] and the Live Animal Export Restriction and Prohibition Bill 2011 [No. 2] not be passed.

Chapter 3

Overview of regulation of animal welfare prior to suspension of exports of live cattle to Indonesia in June 2011

Introduction

3.1 In examining the role and effectiveness of initiatives implemented by the Australian Government and relevant industry bodies in improving animal welfare standards in Australia's live export markets, the committee was mindful that initiatives to improve animal welfare standards span over a decade of government and industry activities. The committee was also mindful that the live export trade has been the subject of a number of major reviews, frequently in response to specific incidents which have highlighted animal welfare concerns.

Independent Reference Group reports on the livestock export industry

3.2 In 2002, following a spate of livestock export incidents involving unacceptably high mortalities, the then Minister for Agriculture, Fisheries and Forestry requested the Independent Reference Group (IRG) to reconvene[1] to develop advice on future initiatives to improve animal welfare outcomes for the livestock export trade for consideration by the Government and industry.

3.3 The IRG identified evidence of systemic failures within the live animal export program (and associated framework) and highlighted the risk to Australia's reputation if these incidents were not addressed in a transparent and comprehensive manner.

3.4 The IRG found the following factors as critical to improving the performance of the trade:

- adoption of risk assessment from paddock to customer for the wider trade and individual voyages covering sourcing of livestock, preparation, on-board management, climatic conditions, market and trade dynamics;
- a contemporary, outcomes-focussed program and regulatory framework;
- review of the Livestock Environmental Assurance Program (LEAP) to re-orientate it to an outcomes approach;
- a comprehensive and ongoing research and development program;
- a joint industry/government emergency management plan; and

1 The Independent Reference Group (IRG) was originally formed in July 1999 to review all aspects of the live export trade. The IRG's initial review was completed in February 2000.

- overall government coordination and leadership to be driven by the Department of Agriculture, Fisheries and Forestry (DAFF).[2]

3.5 The IRG made specific recommendations in relation to the following key areas:

- development of an action plan jointly by industry and government;
- implementation of risk assessment for the trade and individual voyages;
- improved approach to the investigation of incidents; and
- better risk communication to improve transparency.[3]

2003 Livestock Export Review (Keniry Review)

3.6 In 2003, the then Minister for Agriculture Fisheries and Forestry, the Hon Warren Truss MP, announced a review into the livestock export industry in response to concerns about animal welfare in relation to live exports to the Middle East. The review was undertaken by a panel chaired by Dr John Keniry.[4]

3.7 The Keniry Review identified the following five principles to inform its conclusions and recommendations:

- The welfare of the animals in the livestock export trade is a primary consideration in all areas of the industry.
- The Australian Government is responsible for protecting the broader interests of the Australian community in the export process by setting clear standards for the export of livestock, administering them firmly and consistently, and for ensuring governance and reporting arrangements in relation to animal welfare during export are transparent.
- The Australian livestock industry is responsible for development of the livestock export industry by establishing and managing systems that support the adoption of best practice animal husbandry and commercial practices along the export chain.
- The livestock export industry is part of the wider Australian meat and livestock industry and the way it operates has implications for the industry as a whole.

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2 http://www.daff.gov.au/animal-plant-health/welfare/reports/livestock (accessed 10 September 2011).

3 http://www.daff.gov.au/animal-plant-health/welfare/reports/livestock (accessed 10 September 2011).

4 The review panel comprised: Dr John Keniry, Mr W Murray Rogers AM, Professor Ivan Caple, Dr Michael Bond and Mr Lachlan Gosse.

- The livestock export industry is uniquely and inherently risky because it deals with sentient animals along an extended production chain, from farm to discharge into the market.[5]

3.8 The Keniry Review recommended a range of initiatives to improve animal welfare conditions in the livestock export trade including:

- implementation of a national standard for livestock exports;
- regulation of export licences and export permits;
- the role and accountability of 'third party' veterinarians;
- the need for research and development programs on the suitability of different types of livestock for export;
- establishment of an operational quarantine holding facility in the Middle East and improvements in approving the health status of animals; and
- establishment of a national response system to manage any future livestock export emergency.[6]

Regulatory arrangements for the export of livestock from Australia

3.9 The export of livestock is regulated through a range of Commonwealth, state and local government legislation and regulations.

3.10 The roles and responsibilities of key players under this legislation, including Australian animal health and welfare requirements, are explained in the Australian Position Statement on the Export of Livestock (APSEL). The APSEL was developed in 2006 as part of the Australian Government's response to the Keniry Review to provide a framework for the development of standards for the export of livestock.[7] A revised position statement was released in April 2011.

Australian Position Statement on the Export of Livestock

3.11 The position statement stipulates that a whole-of-chain risk-based approach must be adopted to minimise the chance of adverse animal health and welfare outcomes during the live export process. The position statement observes that:

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5 *Livestock Export Review, Final Report: a Report to the Minister for Agriculture, Fisheries and Forestry*, 23 December 2003, pp 4-5.

6 *Livestock Export Review, Final Report: a Report to the Minister for Agriculture, Fisheries and Forestry*, 23 December 2003, pp 5-7.

7 The Primary Industries Ministerial Council first endorsed the Australian Position Statement on the Export of Livestock in November 2006. A revised position statement was released in April 2011.

> The export of animals obliges all participants in the trade to ensure that the animals' health and welfare is protected to the greatest extent possible and reflects Australian community expectations. [8]

3.12 The position statement also outlines the following responsibilities of the key participants in the live export industry in Australia:

(a) Exporters are responsible for ensuring compliance with the Australian animal health and welfare system and all applicable Australian Government and state, territory and local government laws. They must also ensure importing country requirements are met and verification systems established to meet audit scrutiny throughout the export chain. Exporters must source suitable livestock to meet consignment specifications and ensure adequate on-board care and management of livestock throughout the voyage. To this end the Australian Standards for the Export of Livestock (ASEL) prescribe that the exporter must engage an accredited stockperson and veterinarian, where required. The exporter must also ensure appropriate stocking densities and provisioning on board the vessel prior to departure and demonstrate that preparation and loading of livestock is in accordance with an approved loading plan.[9]

(b) The Australian Government is responsible for export policy, regulation of the live export industry, including licensing livestock exporters, inspection and health and welfare certification of livestock for export, and issuing export permits and health certificates. This includes ensuring exporters, operators of registered premises and accredited veterinarians comply with the standards, and ensuring the effectiveness of the standards in achieving their aims of acceptable animal health and welfare outcomes by regular review that involves stakeholders.[10]

(c) State and territory governments have responsibility for ensuring that livestock producers and exporters comply with relevant state and territory legislation, including animal welfare Acts. In some jurisdictions local governments have responsibility for some areas of animal health

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8 Australian Position Statement on the Export of Livestock, April 2011, p. 7, http://www.daff.gov.au/__data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

9 Australian Position Statement on the Export of Livestock, April 2011, p. 13, http://www.daff.gov.au/__data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

10 Australian Position Statement on the Export of Livestock, April 2011, p. 14, http://www.daff.gov.au/__data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

and welfare. There are formal consultative processes to ensure appropriate communication between the three tiers of government.[11]

(d) Livestock organisations are responsible for assisting their members meet the standards and other relevant legislation through the development and management of quality assurance systems, the provision of training and the accreditation of stockpersons travelling on live export vessels. They are also responsible for identifying research and development initiatives and promoting a culture of sustainable improvement in animal health and welfare outcomes.[12]

3.13 The position statement also sets out the responsibilities of accredited stockpersons, AQIS-accredited veterinarians and live export chain service providers; such as producers, transport operators, feed suppliers, stockpersons, stevedores, and the Master of the Vessel.[13]

3.14 The committee notes that the obligations outlined in the position statement extend from the point at which planning of a live export consignment begins to the completion of disembarkation. The position statement is clear that:

> After disembarkation, the health and welfare of the livestock is the responsibility of the importer, under the authority of the importing country.[14]

3.15 However, the committee notes the statement goes on to say that:

> The Australian Government and the Australian livestock export industry are committed to furthering the health and welfare of livestock in importing countries. Improvements at all stages of the livestock handling chain are being achieved by the fostering of cooperation and goodwill, the sharing of Australian technical expertise, the provision of educational and training opportunities, and support for infrastructure.[15]

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11 Australian Position Statement on the Export of Livestock, April 2011, p. 14, http://www.daff.gov.au/__data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

12 Australian Position Statement on the Export of Livestock, April 2011, p. 14, http://www.daff.gov.au/__data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

13 Australian Position Statement on the Export of Livestock, April 2011, p. 15, http://www.daff.gov.au/__data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

14 Australian Position Statement on the Export of Livestock, April 2011, p. 10, http://www.daff.gov.au/__data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

15 Australian Position Statement on the Export of Livestock, April 2011, p. 10, http://www.daff.gov.au/__data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

Australian Standards for the Export of Livestock

3.16 In addition to the position statement, the ASEL set the basic standards for the conduct of the livestock export trade and were developed in response to recommendations in the Keniry Review. The ASEL aim to provide a nationally consistent whole-of-chain risk-based framework from the selection of livestock on farm through to the point of discharge at the overseas port. Compliance with the ASEL is overseen by AQIS.[16]

3.17 The ASEL impose conditions and standards on companies and organisations within Australia that export livestock. The ASEL are developed by the Livestock Export Standards Advisory Group which comprises representatives of the livestock industry and exporters, state governments, the animal welfare sector, an eminent animal welfare research scientist and AQIS as the regulator. The most recent version of the ASEL came into force on 27 April 2011.[17]

3.18 In their joint submission, Meat and Livestock Australia (MLA) and LiveCorp told the committee that the current Australian regulatory arrangements have served the industry well to the point of destination and that the ASEL is delivering against its stated objectives. They noted that declining vessel mortalities demonstrate the continuous improvement in animal welfare outcomes on board vessels.[18]

3.19 However, to ensure continuous improvement in the ASEL and animal welfare outcomes throughout the export process, MLA and LiveCorp acknowledged that there is a need for ongoing refinement to better meet changing producer, exporter, importer, community and government expectations.[19] They advised the committee that with support from the Australian Government, the two organisations have undertaken a range of research and training over the last decade, much of which they consider has contributed to improved standards and management practices related to the ASEL.[20]

Memoranda of Understanding

3.20 In addition to the establishment of standards around the preparation and shipping of livestock, DAFF manages the negotiation of Memoranda of Understanding (MOU) with a number of importing countries.

3.21 Australia has entered into MOUs with a number of countries in the Middle East.[21] MOUs aim to protect the health and welfare of livestock by setting out the

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16 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 28-29.

17 Rural Affairs and Transport Budget Estimates 24 May 2011, *Committee Hansard*, p. 72.

18 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 29.

19 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 29.

20 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 30.

21 These countries include: United Arab Emirates, Kuwait, Saudi Arabia, Jordan, Libya, Lebanon, Eritrea, Egypt, Oman, Qatar and Bahrain.

conditions under which trade can be undertaken. Key provisions in the MOUs include the assurance that live animals are offloaded on arrival, to guarantee that animals will not be left on vessels for long periods, beyond the normal shipping time for the journey.

Expenditure and efforts to promote or improve animal welfare standards with respect to all Australian live export market countries

3.22 As noted above, responsibility for animal welfare throughout the live export chain is shared between the three tiers of government and the red meat industry. Beyond the point of disembarkation, neither the Australian Government nor industry representatives have any formal authority to enforce Australian animal welfare standards. However, both the Australian Government and the industry accept responsibility for working cooperatively with importing countries to further animal health and welfare in each of these countries.

3.23 Initiatives to improve animal welfare standards in Australia's live export markets are developed and funded through a partnership between MLA, LiveCorp and the Australian Government. Primary responsibility for implementation of initiatives falls to MLA and LiveCorp. However, neither MLA nor LiveCorp have any regulatory powers in relation to Australia's red meat industry.[22]

3.24 In evidence to the committee, MLA Chairman, Mr Don Heatley stressed that:

> MLA has no regulatory role within the live export trade, neither here in Australia or in transit, nor in destination markets. Let me also state that MLA does not sell animals into the live export trade and hence has no commercial influence in the live export supply chain. What MLA does is invest levies paid by Australian livestock producers to deliver R&D and market support activities designed to improve the wellbeing and performance of Australian livestock throughout the export process.[23]

3.25 MLA is a producer-owned public company funded by levies paid on sales of sheep, goats and cattle. The Australian Government matches funds for investment in research and development on a dollar-for-dollar basis and MLA also receives co-operative contributions from individual processors, wholesalers, food service operators, and processor and livestock export industry bodies.[24]

3.26 Similarly, LiveCorp is a public non-listed company, limited by guarantee, funded by levies paid by exporters on the export of live sheep, goats and cattle and a voluntary levy on the export of dairy cattle. All licensed Australian livestock exporters are eligible to become members of LiveCorp.[25]

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22 Mr Don Heatley, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 18.

23 Mr Don Heatley, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 18.

24 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 3.

25 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 8.

3.27 Peak bodies within the red meat industry also play a role in setting priorities and the strategic direction for the red meat industry. In its submission, the Cattle Council of Australia (CCA) outlined its involvement, through the red meat industry MOU, in advising on strategic direction for, and assessing the performance of, services delivered by MLA.[26]

3.28 CCA told the committee that investments by MLA and LiveCorp on behalf of the industry have focused on activities that are intended to deliver improvements both to productivity and animal welfare. CCA said:

> If a practice improves productivity, it is more likely to be taken up by supply chain partners and deliver benefits to animal welfare. Examples of this include projects to deliver improved animal handling at facilities receiving Australian livestock and improve ration formulation in Indonesian feedlots.
>
> Improved animal handling delivers animal welfare benefits from reducing stress from handling and productivity benefits from increased live weight gain and minimizing setbacks to the animal's growth path. Improved nutrition has obvious productivity benefits but also delivers animal welfare benefits through reduced nutrition disease and improved rumen function and gut health.[27]

3.29 In addition to financial investments in animal welfare projects, the Australian Government makes representations to its trading partners and seeks to provide international leadership with regard to the promotion, adoption and implementation of OIE animal welfare standards.

> The Australian Government is committed to working with trading partners and the live export industry to improve animal welfare in countries that import Australian livestock. The government makes representations to the Indonesian Government on a range of issues, including animal welfare, as part of its bilateral activities. The department also has a permanent Counsellor (Agriculture) based in Jakarta whose work includes liaising with Indonesian authorities on all agriculture matters, including animal welfare.
>
> In addition, the government has provided international leadership on the development of a Regional Animal Welfare Strategy for Asia, the Far East and Oceania (RAWS) since 2007. The RAWS supports World Organisation for Animal Health (OIE) member countries in the Asia Pacific, including Indonesia, to promote, adopt and implement OIE animal welfare standards through activities including education, legislation, regulation, research and development.[28]

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26 Cattle Council of Australia, *Submission 118*, pp 2-3.

27 Cattle Council of Australia, *Submission 118*, p. 6.

28 Rural Affairs and Transport Legislation Committee, Budget Estimates, May 2011, Answer to Question on Notice, Question 276, Trade and Market Access Division.

3.30 MLA and LiveCorp told the committee that they consider they have taken a proactive and responsive approach to animal welfare issues. Specifically, they pointed to funds invested through the Live Export Program (LEP) and the Live Trade Animal Welfare Partnership (LTAWP).[29]

Livestock Export Program

3.31 MLA and LiveCorp undertake the investment of industry levies through the LEP. The aim of this joint initiative is to invest in activities and tools to improve the trade in Australia, on board livestock vessels and overseas. The LEP supports a range of activities in the Middle East and Africa and in the Asia Pacific. The LEP also dedicates resources to:

- assisting industry to meet regulatory requirements and improve efficiencies;
- research and development; and
- educating and building relationships with both the Australian community and industry stakeholders.[30]

3.32 In their joint submission MLA and LiveCorp advised the committee that the Australian government contributes 50 per cent of the cost of MLA and LiveCorp LEP research and development projects, up to a cap.

3.33 MLA and LiveCorp said that the level of resources committed to animal welfare has increased both physically and financially. The committee notes that animal welfare is the largest expenditure component of the LEP and that 40 per cent of total program expenditure over the last five years has been devoted to animal welfare. In the Asia Pacific, 75 per cent of expenditure on animal welfare has been devoted to Indonesia.[31]

3.34 The following table was included in the MLA and LiveCorp submission:

29 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 36.

30 Meat and Livestock Australia Website, http://www.mla.com.au/About-the-red-meat-industry/Livestock-exports, (accessed 5 October 2011).

31 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 38.

Table 6.1: investment in animal welfare related to livestock exports

	05/06	06/07	07/08	08/09	09/10
ANIMAL WELFARE					
R&D	819	744	676	1,129	1,038
Support					
- Asia Pacific	218	338	397	121	323
- Middle East	545	290	761	650	851
LTAWP/LATP					
-Asia Pacific	54	284	199	332	253
-Middle East		246	589	356	359
-Other					
Total Animal Welfare	**1,636**	**1,902**	**2,622**	**2,588**	**2,824**

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Live Trade Animal Welfare Partnership

3.35 In addition, the government has fully or partially funded the Live Animal Trade Program (LATP) and the LTAWP. Much of the funding delivered through these programs has been used to expand and accelerate work by MLA and LiveCorp on improving animal handling and welfare.[33]

3.36 In the 2009-2010 Budget, the government announced the LTAWP. The Partnership builds on the previous LATP, which funded a range of initiatives, including improved infrastructure to reduce livestock stress or injury, and training for feedlot, abattoir and transport staff in overseas markets.

3.37 The aim of the partnership with industry is to support cooperative activities with a range of countries that receive Australian live animals and to support animal welfare outcomes associated with that trade. The stated objectives of the LTAWP are to:

- support projects which enable better animal welfare outcomes in the handling, transport and processing of live animals in importing countries;
- support importing countries to adopt and implement World Organisation for Animal Health (OIE) animal welfare standards; and
- provide other assistance as appropriate to advance the bilateral agricultural relationship with importing countries with regard to the trade in livestock.

3.38 The committee notes that through the LTAWP, the Australian Government and the Australian live export industry are investing a total of $3.2 million on a 50:50 co-contribution basis in projects which enable better animal welfare outcomes in the

32 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 38.

33 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 37-38.

handling, transport and processing of livestock in importing countries.[34] In response to questions taken on notice during Budget Estimates hearings in May 2011, DAFF advised that:

> In 2010-11, the government approved $125,000 under the Live Trade Animal Welfare Partnership for a project to improve post-arrival animal welfare conditions for Australian cattle in Indonesia. This funding is matched by industry. In accordance with the funding agreement, the department has made one payment of $50,000 to date.[35]

Initiatives by region

3.39 In their submission, MLA and LiveCorp provided a detailed summary of actions taken to improve animal welfare outcomes in each of the three key livestock export countries/regions: Middle East/North Africa, Indonesia and Malaysia.[36] In each case, MLA and LiveCorp outlined the manner in which the effectiveness of these initiatives has been assessed.

3.40 The range of initiatives are listed as:

- training in animal handling, transport and processing practices;
- infrastructure improvements, including:
  - assessment of existing animal handling practices and processing infrastructure;
  - repair and replacement of existing infrastructure;
  - design and construction of new equipment and facilities; and
  - better utilisation of improved infrastructure through provision of animal handling training.
- technical support in the areas of abattoir design, livestock nutrition and training; and
- research and development.[37]

Middle East/North Africa

3.41 The Middle East and North Africa (MENA) program is run from MLA's office in Bahrain, where the Middle East Manager Livestock Services is based. This role has responsibility for ten countries and is supported by a team of animal welfare

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34 Rural Affairs and Transport Legislation Committee, Budget Estimates, May 2011, Answer to Question on Notice 275, Trade and Market Access Division.

35 Rural Affairs and Transport Legislation Committee, Budget Estimates, May 2011, Answer to Question on Notice 275, Trade and Market Access Division.

36 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 40 - 51.

37 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 38 -39.

and technical support specialists employed as consultants and contractors working in individual countries within the region.

3.42 MLA and LiveCorp activities in MENA are tailored to the specific requirements of each market and have taken a supply chain approach, focussing initially on ports and then moving through the chain to point of slaughter.[38]

3.43 Since 2008, an annual independent assessment has been commissioned of the 14 feedlots in eight countries across the MENA region where Australian livestock are fed, and MLA and LiveCorp have actively delivered training. The assessment is of areas covered by both the OIE Guidelines and the Terrestrial Animal Health Code (2010). The committee notes that the average assessment score results provided in the MLA and LiveCorp submission, indicate continuous improvement since 2008.[39]

3.44 Over the past two years, assessments of abattoirs in the MENA region have been undertaken based on guides and assessment protocols defined by Dr Temple Grandin,[40] and include areas covered by both the OIE Guidelines and the Terrestrial Animal Health Code. MLA and LiveCorp stated that assessments in 2010 and 2011 show a small increase in the average score. MLA and LiveCorp also stated that they provide technical assistance and support to processing facilities to address areas of weakness.[41]

Indonesia

3.45 MLA and LiveCorp stated that Indonesia has been the most important market for Australian live cattle over the past decade and, as a result, has attracted the majority of expenditure under the LEP program. The need to improve animal welfare in Indonesian abattoirs was identified in the late 1990s, stemming from the widespread use of traditional slaughter practices.[42] However, in evidence to the committee, MLA and LiveCorp stressed that prior to the temporary cessation of the live cattle trade with Indonesia, the agreed strategy between industry and government with regard to animal welfare has been one of incremental and progressive change based on an understanding of animal welfare gathered through the organisation's on the ground presence in each of the markets.[43]

3.46 MLA opened an office in Indonesia in February 2010. Prior to this, the Asia region was serviced out of MLA's Sydney office through a livestock services position,

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38 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 40.

39 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 42-43.

40 Dr Temple Grandin is a Colorado State University Professor and is a consultant to the livestock industry on animal behaviour.

41 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 43.

42 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 43.

43 Mr Scott Hansen, Meat and Livestock Australia, *Committee Hansard*, 20 September 2011, p. 6.

using a team of contractors with expertise in areas such as animal handling, livestock nutrition, yard design and point of slaughter. For two years prior to the office opening, a contractor specialising in point of slaughter was engaged on a full time basis to deliver the restraining box program. A full time assistant was also contracted and supplemented with animal welfare training contractors. Since opening its office in Indonesia, MLA has employed six local employees, of whom three are focused on animal welfare and two expatriates, of whom one is responsible for animal welfare.[44]

3.47 The effectiveness of LEP projects in Indonesia have been measured by reporting against Annual Operating Plan Key Performance Indicators and against delivery milestones detailed in the Australian Government funding deeds. In 2010, MLA and LiveCorp commissioned an independent assessment of animal welfare in the Indonesian market place, based on OIE codes and standards.[45]

3.48 The committee notes the unfettered access given to the independent study panel, who commented:

> The trade in Australian cattle in Indonesia was found to be transparent and the tour group received unfettered access to facilities and staff. Abattoir operators and workers were generally welcoming, cooperative and unperturbed by the panel's presence. This was found to be the case at facilities where the visit was prearranged as well as at those facilities where the visit was impromptu.[46]

3.49 The welfare of Australian cattle was found to be generally good, though some incidents of non-compliance with OIE standards were observed and improvements were recommended in a number of areas to address this.[47] Of the recommendations made, the review panel commented that the two of most importance were:

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44 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 14.

45 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, http://www.daff.gov.au/__data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011). The review panel comprised: Professor Ivan Caple, University of Melbourne; Dr Penelope McGown, Beef Cattle Veterinarian, Brisbane; Professor Neville Gregory, Royal Veterinary College, University of London and Dr Paul Cusack, Australian Livestock Production Services.

46 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. 28, http://www.daff.gov.au/__data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011).

47 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. 44, http://www.daff.gov.au/__data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011).

- encouraging the use of non-lethal stunning during slaughter, and
- developing an increased appreciation of the animal welfare and production benefits gained by importing cattle suited to the conditions.[48]

3.50 The review panel found that the point of slaughter posed the greatest risk to the welfare of Australian cattle in Indonesia. The panel noted the fragmented nature of the Indonesian processing sector and the typically rudimentary nature of processing infrastructure.[49] The panel examined 29 cattle during slaughter in 11 abattoirs. Stunning was used in several 'advanced facilities' as were restraining boxes and copy boxes.[50]

3.51 In their submission, MLA and LiveCorp advised the committee that the review panel's recommendations have been fully accepted by the industry and actions to address the recommendations have been included in plans.[51]

3.52 Key initiatives in the Indonesian market have been the commencement of the restraining box program in 2000 and a range of initiatives to assist port, transport and feedlot operators to improve animal welfare outcomes.[52]

Restraining boxes

3.53 The restraining box program commenced in 2000 as a means of addressing animal welfare concerns in relation to traditional slaughter methods employed in Indonesian abattoirs. The restraining boxes were designed by MLA and LiveCorp, cognisant of capital and infrastructure limitations within the Indonesian market.

3.54 The program commenced with installation of Mark I restraining boxes. The Mark I box is manually operated. MLA/LiveCorp provide the following explanation of the operation of the Mark I box:

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48 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. i, http://www.daff.gov.au/__data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011).

49 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. 42, http://www.daff.gov.au/__data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011) and Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 49-50.

50 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. 30, http://www.daff.gov.au/__data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011), May 2010.

51 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 50.

52 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 44-45.

> An animal is walked up the race into the box and a front and back leg is roped and tied off. The door of the box is then opened allowing the animal to fall on its side down the slope of the cement plinth. A butcher ropes and/or holds down the head of the animal to prevent an animal from regaining its feet. Slaughter and butchering then takes place.[53]

3.55 MLA and LiveCorp stated that "the Mark I box has always been considered a significant improvement on traditional slaughter practices", but they have continued to improve the design.[54] In 2010, the Mark IV box was designed with the intention of providing greater control of the animal and removing the need to rope the animal's legs. The Mark IV box has been designed to use hydraulics powered by an electric motor or to be manually operated using a hand pump. Once the animal has entered the box, the hydraulics restrain it and tilt the box to present the animal appropriately for slaughter.[55]

3.56 The committee notes that during 2010-11, specific projects have been undertaken in Indonesia focussing on the construction and maintenance of restraining boxes and also on training animal handlers to use the boxes. During the 2011 Budget Estimates, the Rural Affairs and Transport Legislation Committee (the Legislation Committee) was told:

> In 2010-11 the project was actually building on an earlier project which [we] had run the previous year. The first year of the project was predominantly construction and maintenance of restraining boxes. Under the program they also provided animal handlers with training in standard operating procedures, and there was an independent assessment of past projects that had been delivered in South-East Asia. The more recent one, in 2010-11, worked to improve post-arrival animal welfare by maintaining or upgrading the infrastructure. That was the restraining boxes and other elements of the abattoirs. Further training programs for the local staff on handling and slaughter techniques was also involved.[56]

3.57 During 2009-10, $150,000 was allocated to Indonesian point of slaughter improvements under the LTAWP. These included the installation of slaughter boxes and other equipment of the type used in the Middle East.[57] In answers to questions taken on notice during Budget Estimates in 2011, the Legislation Committee was told that as at 30 June 2010, there were 109 Mark I restraining boxes in Indonesia and that these 109 boxes had been installed in 91 abattoirs. The Legislation Committee was also informed that four Mark IV boxes had been delivered to Indonesia; that two of

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53 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 46.

54 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 46-47.

55 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 48.

56 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 77.

57 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 25 May 2010, p. 30.

these boxes had been installed in the first half of 2011 (and were operating) and the remaining two were yet to be installed.[58]

3.58 DAFF also advised the Legislation Committee that as part of the 2010-11 LTAWP funding, MLA proposed to deliver training in 70 per cent of facilities in Indonesia with industry installed retraining boxes. As at January 2011, MLA had completed training at 18 per cent of Indonesian facilities under this project. On 17 June 2011, MLA announced that it would increase training for Indonesian abattoir workers as part of its $9 million animal welfare plan for Indonesia.[59]

3.59 In addition to restraining boxes manufactured and installed under the LTWAP, there are a number of locally manufactured copy boxes in use.

3.60 During 2011 Budget Estimates, the Legislation Committee sought clarification of the extent to which the effectiveness of restraint boxes was being monitored. DAFF advised that:

> Industry advises that they have conducted animal welfare assessments at 91 abattoirs in Indonesia, covering 109 restraining boxes. The abattoirs are in the Indonesian provinces of Jakarta, Riau, Lampung, East Java, West Java, Banten, Nangroe Aceh Darussalam, South Sumatera, North Sumatera, West Sumatera, Bengkulu and Jogjakarta.[60]

3.61 The committee is aware that the greater sophistication of the Mark IV box has played a role in limiting its deployment to date. During 2011 Budget Estimates, DAFF also advised that:

> The Mark 1 box is a straightforward design. It does not require much in the way of electricity and so on to operate it. The Mark 4 box is an improvement in the sense that it holds the animal ... it cradles the animal as it tips the animal onto its side into the position in which it can be slaughtered. But that system requires a series of hydraulic and other powered mechanisms which ... are not appropriate or are unable to be installed in many of the locations where the Mark 1 boxes are currently installed. I think that gives you a sense of the difference between the two boxes, but a correctly used Mark 1 box delivers substantial animal welfare improvements over the traditional slaughter techniques that are used in Indonesia for example.[61]

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58 Rural Affairs and Transport, Budget Estimates, May 2011, Answer to Question on Notice, Question 43 (received by Secretariat, 26 July 2011).

59 Rural Affairs and Transport, Budget Estimates, May 2011, Answer to Question on Notice, Question 50 (received by Secretariat, 26 July 2011).

60 Rural Affairs and Transport Committee, Budget Estimates, May 2011, Answer to Question on Notice, Question 288, Trade and Market Access.

61 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 76.

3.62 However, during this inquiry the committee was pleased to hear that the roll out of Mark IV boxes appears to have accelerated in recent months. Dr Barnard, MLA, told the committee:

> There will be a reasonably rapid rollout of the mark IV boxes, I believe, by commercial players over the next couple of months. I could not give you a percentage figure on that second area, but that would give you an order of magnitude for the numbers that we are currently dealing with.[62]

3.63 There are mixed views regarding the use of Mark I boxes and the extent to which they can be said to contribute to improved animal welfare at the point of slaughter.

3.64 The committee notes that the independent assessment of animal welfare in Indonesia found that restraining boxes deliver significant animal welfare benefits. However, the review panel noted that there was "an appreciable observed difference in the handling and obvious animal welfare benefits where training in standard operating procedures had been delivered".[63]

3.65 Professor Ivan Caple, Chair of the independent review panel, was asked about examples cited in the panel's report "of Mark I boxes where cattle fell, hit their heads and tried to get up a number of times". Professor Caple indicated that this problem could also occur in copy boxes and argued that:

> ... The real problem they have is restraint of the animals. The critical thing for slaughter of animals without stunning is adequate restraint before and after the throat is cut. If they are not adequately restrained, that is a real issue. The problems with casting animals from these control boxes or copy boxes that the people need to be very skilled to do it correctly. We made a recommendation for stunning. Stunning is an excellent way to restrain an animal.[64]

3.66 During the 2011 Budget Estimates, DAFF stated that it was aware of concerns in relation to the use of restraint boxes and that, as a result, the department had asked industry to place greater emphasis on training. DAFF advised that it is:

> ... not the box per se but the way in which it is used and the appropriate training for the individuals who are involved. In discussions with industry about what we should be doing as we roll the program forward in the

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62 Dr Peter Barnard, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 23.

63 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, pp 30-31, http://www.daff.gov.au/__data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011).

64 Professor Ivan Caple, *Committee Hansard*, 14 September 2011, p. 35.

> coming year, we have asked to have a greater focus on the training and handling side of the equation rather than additional physical boxes.[65]

3.67 DAFF also suggested that despite the advancements in restraining box technology, there were still opportunities for further deployment of Mark I boxes in Indonesia in the right circumstances.

> There is another round of the Live Trade Animal Welfare Partnership program for the coming year where we have not yet finalised the projects themselves. But it is fair to say that there are still opportunities to put in Mark 1 boxes where that would have a substantial animal welfare improvement. They are still in the mix of the kind of activities that could be considered under the program.[66]

3.68 However, at the direction of the Minister, DAFF implemented a moratorium on the installation of any new Mark I restraint boxes using Commonwealth funds on 31 May 2011. DAFF then asked MLA to provide a proposal for alternative use of the funds that would result in demonstrable improvements in animal welfare.[67] After the moratorium was implemented, DAFF advised that the Australian Chief Veterinary Officer (CVO) would coordinate an independent, scientific assessment of the on-going appropriateness of both Mark I and Mark IV restraint boxes and that this review would inform any changes to the current system.[68]

3.69 The CVO's assessment found that the use of Mark I boxes cannot comply with several elements of OIE standards for the slaughter of animals, but found that the proper use of Mark IV restraint boxes is compliant. The CVO also noted that the development of the Mark I box had occurred prior to the development of OIE standards.[69]

3.70 The CVO also found that poor animal welfare outcomes associated with the use of restraint boxes were further exacerbated by a lack of competency in animal

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65 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 78.

66 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 76.

67 Rural Affairs and Transport Legislation Committee, Budget Estimates, May 2011, Answer to Question on Notice, Question 275, Trade and Market Access Division.

68 Rural Affairs and Transport, Budget Estimates, May 2011, Answer to Question on Notice, Question 281, Trade and Market Access Division.

69 Chief Veterinary Officer, An assessment of the ongoing appropriateness of Mark I and IV restraint boxes, p. 7, accessed at http://liveexports.gov.au/__data/assets/pdf_file/0010/1999099/acvo-assessment-of-restraint-boxes.pdf on 6 October 2011.

handling and deficiencies in infrastructure, operational procedures, equipment and training.[70]

3.71 The CVO observed a number of practices associated with the use of Mark IV boxes that were inconsistent with the OIE Code. In his report, the CVO stated that:

> Even with suitable equipment, poor animal welfare outcomes can result from lack of slaughterman competency in animal slaughtering and inadequate operational procedures. These types of deficiency can be addressed through proper procedures and training.[71]

3.72 The CVO also noted that the OIE Code calls for the development of performance standards to assess operational outcomes from use of facilities and equipment used in association with the slaughter of animals. The CVO's report stated that he was unaware if such standards were developed as part of the training for operation of either the Mark I or Mark IV box.[72]

3.73 In response to the CVO's assessment, the Minister announced that the Australian Government will no longer fund the installation of any further Mark I boxes and that the previously announced moratorium is now a permanent ban. The Minister also announced that any future funding for restraint boxes will only be provided where it can be verified that the box is capable of meeting all relevant OIE standards.[73]

Stunning

3.74 The Rural Affairs and Transport Committees have been very interested in initiatives to encourage the use of stunning technology in Australia's live export markets. The committee notes that during the 2011 Budget Estimates, the Legislation Committee sought further information regarding facilities in Indonesia using pre-slaughter stunning and was advised by DAFF:

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70 Chief Veterinary Officer, An assessment of the ongoing appropriateness of Mark I and IV restraint boxes, p. 13, accessed at http://liveexports.gov.au/__data/assets/pdf_file/0010/1999099/acvo-assessment-of-restraint-boxes.pdf on 6 October 2011.

71 Chief Veterinary Officer, An assessment of the ongoing appropriateness of Mark I and IV restraint boxes, p. 1, accessed at http://liveexports.gov.au/__data/assets/pdf_file/0010/1999099/acvo-assessment-of-restraint-boxes.pdf on 6 October 2011.

72 Chief Veterinary Officer, An assessment of the ongoing appropriateness of Mark I and IV restraint boxes, p. 6 and p. 8, accessed at http://liveexports.gov.au/__data/assets/pdf_file/0010/1999099/acvo-assessment-of-restraint-boxes.pdf on 6 October 2011.

73 Minister for Agriculture, Fisheries and Forestry, Media Release, *Minister Welcomes Chief Vet's Report*, 24 August 2011, DAFF11/211L.

> While we are aware that a number of abattoirs use stunning in Indonesia we are not aware of any official numbers available on how many facilities routinely use stunning.[74]

3.75 DAFF subsequently advised the Legislation Committee that MLA had contracted a consultant in January 2011 to deliver a stunning pilot project in Indonesia and that as of 27 June 2011, two abattoirs had implemented stunning as a result of that project.[75] A further three sites were being sought to participate in the project.[76]

3.76 However, the stunning trial did not proceed under the LTAWP as the industry advised it was not feasible to implement a stunning trial at that time.[77]

3.77 The independent study of animal welfare in Indonesia concluded that stunning delivered the single biggest animal welfare benefit, and recommended that the general adoption of stunning in the slaughter of Australian cattle in Indonesia. However, the review panel also observed that most facilities were unsophisticated and the adoption of stunning technology at these facilities was not feasible.[78]

3.78 During 2011 Budget Estimates, officers from DAFF advised that there are a number of cultural and practical limitations on the introduction of stunning. They stated that:

> ... in a number of our export markets it simply is not possible at this point to introduce stunning because it is not allowed. Certainly in Indonesia we know that the industry is working on introducing some further facilities were stunning can be used, and under the Live Trade Animal Welfare Partnership we have a project in Jordan where we are looking at introducing stunning. So it is certainly a part of the approach that we are taking. But, again, while there are clearly animal welfare benefits involved in using stunning, it is not the only way to improve animal welfare in these countries.[79]
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> ...

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74 Rural Affairs and Transport Legislation Committee, Budget Estimates May 2011, Answer to Question on Notice, Question 296, Trade and Market Access Division.

75 These facilities are located in the provinces of Banten and West Java.

76 Rural Affairs and Transport Legislation Committee, Budget Estimates May 2011, Answer to Question on Notice, Question 275, Trade and Market Access Division.

77 Rural Affairs and Transport Legislation Committee, Budget Estimates May 2011, Answer to Question on Notice, Question 296, Trade and Market Access Division.

78 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. 30, http://www.daff.gov.au/__data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011).

79 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 74.

> My understanding from the advice we have received from industry is that for the most part there are some difficulties in introducing stunning just due to the practical arrangements of what it is like on the ground in Indonesia, so access to electricity and so on that can enable the stunning equipment to operate effectively. It is the industry's project in Indonesia at the moment; the Australian government is not directly funding this project. They did have some difficulty in importing the stunning equipment into Indonesia because the equipment itself was regarded as some kind of a weapon and it was difficult to have the equipment arrive in Indonesia. That was one difficulty.[80]

3.79 During this inquiry, MLA told the committee that it has been actively promoting the use of stunning over the past 18 months as part of an incremental process of improving animal welfare.[81] The MLA and LiveCorp submission stated that "five relatively large modern, privately run, abattoirs in Indonesia (that account for approximately 8% of Australian cattle imports) have been stunning for some years".[82]

3.80 MLA confirmed that since the start of the year a further two abattoirs had commenced using stunning. Mr Heatley told the committee that there were now approximately seven abattoirs using stunning and that this represents about 80,000 cattle.[83] He said:

> Of the first eight supply chains that we think will get up and running to Indonesia I think seven are going to stun. So, yes, there is rollout of the mark IV boxes—and we have talked about that before and their plans to roll more out—but there is also rollout of stunning programs in Indonesia.[84]

3.81 Mr Finucan told the committee that the eighth supply chain would be conducting a ritual slaughter operation using the Mark IV box.[85]

3.82 MLA also advised the committee that commercial operators are:

> ... working down a path of promoting stunning and supporting people who want to increase stunning. Commercial operators that do not see that fitting with their business are progressing with mark IVs and they are producing them themselves.[86]

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80 Rural Affairs and Transport Budget Estimates, *Committee Hansard,* 24 May 2011, p. 75.

81 Mr Don Heatley, Meat and Livestock Australia, *Committee Hansard,* 4 August 2011, p. 19.

82 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 45.

83 See also, Dr Peter Barnard, Meat and Livestock Australia, *Committee Hansard,* 4 August 2011, p. 22.

84 Mr Michael Finucan, Meat and Livestock Australia, *Committee Hansard,* 4 August 2011, p. 22.

85 Mr Michael Finucan, Meat and Livestock Australia, *Committee Hansard,* 4 August 2011, p. 22.

86 Mr Michael Finucan, Meat and Livestock Australia, *Committee Hansard,* 4 August 2011, p. 22.

3.83 MLA and LiveCorp advised that stunning equipment that is reliant on explosive charges rather than a pneumatic device is cheaper, less complicated and easier to use than other stunning equipment. However, there are some difficulties associated with importing and using such equipment in Indonesia. MLA and LiveCorp called on the Australian Government to assist in working to overcome these difficulties with the Indonesian Government.[87]

3.84 In its response to the Independent Review of Australia's Livestock Export Trade (the Farmer Review), the Government indicated that it would further its commitment to increasing the use of stunning in live export markets by:

- raising the inclusion of stunning in the OIE guidelines through the formal OIE process;
- promoting the use of stunning through work instructions and improved processes and stunning training through regional OIE forums;
- pursuing, where possible, bilateral agreements which include stunning with our training partners;
- supporting industry efforts to develop and implement voluntary codes of conduct that raise standards above OIE and which include stunning; and
- funding animal welfare improvements in importing countries with support from Australian industry.[88]

Malaysia

3.85 Initiatives in the Malaysian market have focussed on the live goat trade and have included a range of training for goat breeders, farmers and importers. A series of infrastructure investments have also been made at key facilities.[89]

3.86 DAFF undertook a review of the welfare of goats en-route to Malaysia and in-market, based on OIE standards. MLA and LiveCorp advised that while the animal welfare conditions encountered during the study were observed to be approaching compliance with OIE standards, several infrastructure and training improvements were recommended. Following the study, significant infrastructure upgrades have been undertaken at Kuala Lumpur International Airport and at the Government abattoir. Animal handler training is also occurring.[90]

87 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 65.

88 Media Release, Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, *Gillard Government reforms live export trade*, DAFF11/240L, 21 October 2011, pp 3-4.

89 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 50.

90 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 51.

Supply chain assurance system

3.87 In late 2010, the Australian Government began working with industry to develop a new framework for the livestock export industry. [91] In response to a story on the *7:30 Report* on live sheep exports to the Middle East, the Minister sought advice from the industry as to how matters might be improved. The industry held two forums on animal welfare and live exports and which led to the consideration of a supply chain assurance system.

3.88 In January 2011, the Minister wrote to the live export industry seeking advice on ways to improve animal welfare outcomes for the live animal trade and alternative approaches to managing livestock exports, including the possibility of extending a closed loop system to other markets. The industry responded with a plan to address animal welfare concerns, which was publicly released on 22 May 2011.[92]

91 Mr Peter Kane, Australian Livestock Exporters' Council, *Committee Hansard*, 4 August 2011, p. 4.

92 Media Release, Meat and Livestock Australia, *Livestock industry launches ambitious plan for animal welfare improvements*, 22 May 2011, p. 1.

Chapter 4

Effectiveness of Government, Meat and Livestock Australia, LiveCorp and relevant industry bodies in improving animal welfare standards in Australia's live export markets

Introduction

4.1 The telecast of the ABC Four Corners program *A Bloody Business* on 30 May 2011, raised serious questions about the effectiveness of previous Government and industry initiatives and the extent to which initiatives to address animal welfare concerns were being monitored.

Extent of knowledge of animal welfare practices in Australia's live export markets

4.2 A number of representatives from the livestock industry advised the committee that they had never before seen animal welfare practices of the type portrayed in the ABC's *Four Corners* program.[1] Mr Lach Mackinnon, Chief Executive Officer, Livestock Exporter's Council, advised the committee that he has visited Indonesian abattoirs, including abattoirs filmed by *Four Corners* on a number of occasions, both announced and unannounced, and has never witnessed the treatment of animals shown in the program. He was unable to explain why this would be the case. He told the committee that on a visit to one of the abattoirs filmed by *Four Corners*, he had witnessed the Mark I box being used correctly.[2]

4.3 Mr Troy Setter, Chief Operating Officer, Australian Agricultural Company Pty Ltd also told the committee that he had been to Indonesia over 40 times in the last five years and had visited many of the abattoirs filmed by *Four Corners*. He said that he had never seen anything like the footage in the *Four Corners* program.[3]

4.4 However, Mr Stephen Meerwald, Managing Director, Wellard Rural Exports Pty Ltd told the committee that while his company was not aware of the type animal

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1 See, for example, Mr Lach MacKinnon, Australian Livestock Exporters' Council, *Committee Hansard,* 4 August 2011, p. 3, Mr Don Heatley, Meat and Livestock Australia, *Committee Hansard,* 4 August 2011, p. 21 and Mr Troy Setter, Australian Agricultural Company Pty Ltd, *Committee Hansard,* 4 August 2011, p. 29.

2 Mr Lach MacKinnon, Australian Livestock Exporters' Council, *Committee Hansard,* 4 August 2011, p. 4.

3 Mr Troy Setter, Australian Agricultural Company Pty Ltd, *Committee Hansard,* 4 August 2011, p. 29.

cruelty filmed by Animals Australia and the *Four Corners* program, they were aware of poor training and incompetence at the point of slaughter:

> ... we were aware of not abhorrent cruelty but of complacency, poor training and incompetence ... mainly at the point of slaughter. I think it is unquestionable that the process through the feedlots is world standard and we have no issues with that. We had engaged significantly with that. The point of slaughter is different because it happens mainly in the dead of night. For example, I have been to Indonesia many times and I have not been to an abattoir in Indonesia that is operating during the night. I have been to an abattoir that is operating during the day which is a modern state-of-the-art abattoir. The difficulty is getting there at the times that they slaughter. But we have a permanent Australian resident in Indonesia and he has been to point of slaughter and his advice to me is that he has seen thousands of animals at point of slaughter. He has witnessed incompetence, he has witnessed poor slaughter practices, but he has not witnessed abhorrent cruelty as was evidenced in that footage.[4]

4.5 In their joint submission to the inquiry MLA and LiveCorp told the committee that through their on-the-ground presence and through numerous reports and other information, they were aware of animal handling practices in Indonesia. MLA and LiveCorp had used this information and understanding to identify where to invest and the types of programs to invest in. In their submission, MLA and LiveCorp stated that they:

> ... have never claimed that animal welfare practices in overseas markets are sufficient or that OIE standards are consistently met. Through the industry's on-the-ground presence in livestock export markets it has witnessed many examples of poor handling practices. Numerous reports and other information by MLA and LiveCorp have pointed to deficiencies in animal welfare practices serviced by Australia's livestock export trade. MLA and LiveCorp's on-the-ground presence in these markets has been in recognition of these deficiencies. Knowledge of these deficiencies allows MLA and LiveCorp to identify where investment, resourcing and vital programs – including animal handling training; infrastructure improvements; technical support and research and development – need to be focused. Our aim has been to continually and incrementally improve animal welfare practices so that over time the practices would reach acceptable levels and that OIE standards would be met.[5]

4.6 MLA and LiveCorp also emphasised that once livestock are landed in destination markets, the ability to influence change stems from the industry's on-the-ground presence in Australia's export markets, developing relationships over time and working with operators, animal handlers and government officers stationed in the various regions on actions to improve animal welfare.

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4 Mr Stephen Meerwald, Wellard Rural Exports Pty Ltd, *Committee Hansard*, 1 September 2011, p. 4.

5 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. vii.

Adequacy of monitoring of animal welfare practices

4.7 Not surprisingly, a number of submitters to the inquiry have questioned the extent to which MLA and LiveCorp and other peak bodies were monitoring animal welfare practices in Indonesia and the extent to which they were providing the Australian live export industry with an accurate picture of these practices. Some submitters have questioned the responsiveness of MLA and LiveCorp to evidence of poor animal welfare practices and whether the policy of incremental change was appropriate in the circumstances.[6]

4.8 The Chief Minister of the Northern Territory Legislative Assembly, the Hon Paul Henderson expressed concern that MLA appeared not to have placed as high a priority on initiatives to raise animal welfare standards in Indonesian facilities as it has to improve facilities in the Middle East.[7] The Northern Territory Minister for Resources, Mr Con Vatskalis, expressed the view that MLA's program to facilitate the upgrade of facilities in Indonesia was too slow. Mr Vatskalis said:

> There are about 660 abattoirs throughout the Indonesian archipelago. In 134 of them they are using Australian animals and of those about six or seven comply with what we call Australian standards.
>
> ...
>
> Out of the 134 abattoirs in Indonesia now, MLA has started a program to upgrade some of them-I believe there are about 20 now – but it is too slow. Again, I believe MLA saw their role as expanding the market in Indonesia. They did really well, but they missed the elephant in the room: if this happening in the Middle East then we need to make sure it does not happen here. The last thing you need is to get another documentary coming to Australia about inhumane treatment of animals-not because of bad publicity but because it is unacceptable to treat animals like that. I think MLA has a lot to answer for. Their role was, first of all, to expand business but also to make sure that business is done properly. They missed the second bit.[8]

4.9 Other witnesses expressed concern at what they perceive as conflicts of interest and a lack of commitment within MLA to achieving the LEP's objective of best practice and improved wellbeing and performance of Australian livestock.[9] Ms Heather Neil, Chief Executive Officer, RSPCA Australia, told the committee:

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6 See, for example, Ms Amanda O'Neill, *Submission 16,* Ms Judi Storer, *Submission 47,* Barristers Animal Welfare Panel, *Submission 104,* Animal Liberation ACT, *Submission 107,* Northern Rivers Community Legal Centre, *Submission 276,* Australasian Meat Industry Employees Union (Queensland Branch), *Submission 290,* Ms Emilianne Krause, *Submission 312,* RSPCA Australia, *Submission 333* and Mrs Pamela Gillot, *Submission 388.*

7 The Hon. Paul Henderson, Chief Minister, Northern Territory Legislative Assembly, *Committee Hansard,* 4 August 2011, p. 51.

8 The Hon. Kon Vatskalis, Minister for Resources, Northern Territory Legislative Assembly, *Committee Hansard,* 4 August 2011, p. 51.

9 Ms Heather Neil, RSPCA Australia, C*ommittee Hansard,* 10 August 2011, p. 10.

> MLA reports in 2004, 2005, 2007, 2008, 2009, and 2010 have consistently highlighted significant welfare problems at the point of slaughter, from head slapping to abattoir workers deliberately hurting animals to incapacitate them, to ineffective throat cutting and restraint. Indeed, the 2005 MLA report warned of the PR nightmare that would ensue if the Australian public was made aware of the animal slaughter practices in Indonesia. MLA's latest report, dated May last year but not released until January 2011, detailed problems with head slapping, eye gauging, tail twisting and multiple throat cuts. In essence, it describes much of the cruel treatment that was documented by Animals Australia and then Four Corners in their own independent investigation.[10]

4.10 The Australian Beef Association (ABA) told the committee that MLA, peak councils and the Red Meat Advisory Council were all aware of unacceptable treatment of Australian livestock and failed to act.[11] ABA stated that the reason for this failure is that the industry structure is a "closed loop". The ABA also stated that these peak bodies had misled producers, the public and the Government. ABA argued that "instead of addressing the cruelty issue directly and admitting their initiatives had failed, they collectively chose to bury the issue with public relations and pretend it was not happening."[12]

4.11 The Australian Meat Producers Group (AMPG) echoed these concerns, stating that "the public outcry about the animal welfare abuses of slaughter of Australian cattle in Indonesia and the consequent temporary ban of live cattle exports to Indonesia was foreseeable and preventable."[13] Like the ABA, the AMPG's concerns lie with what they describe as structural flaws in the operations of MLA, LiveCorp and other relevant industry bodies.[14] AMPG expressed the view that MLA and LiveCorp have not responded appropriately or effectively and have failed in their duty to the industry.[15]

4.12 AMPG told the committee that MLA had adopted a 'marketing' approach to animal welfare:

> The perfect example of the “marketing” approach to functional activities such as improving animal welfare standards can be found in the final report of the Beef Marketing Funding Committee as part of the MLA 2009 Beef Levy Review which identifies animal welfare issues as a major threat to the live cattle trade and responds by budgeting for:

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10 Ms Heather Neil, RSPCA Australia, *Committee Hansard*, 10 August 2011, p. 9.

11 Australian Beef Association, *Submission 197*, pp 2-3.

12 Australian Beef Association, *Submission 197*, p. 5.

13 Australian Meat Producers Group, *Submission 426*, p. i.

14 Australian Meat Producers Group, *Submission 426*, p. i.

15 Australian Meat Producers Group, *Submission 426*, p. 2.

- a $186,000.00 annual expenditure on animal welfare issues and $725,000.00 on expenditure for the media management of any public outcry with respect of animal welfare issues in the live export trade;
- an increased annual expenditure of 137% (from $.8 million to $1.9 million a year) for "increased defence activities against welfare and environmental claims".[16]

4.13 The committee notes that during the 2011 Budget Estimates, the Minister expressed concern at the slow pace at which industry had moved to address animal welfare concerns. He said:

> One of the important things we need to be able to do is to identify that the industry is starting to address it. They have been slow to date. They need to accelerate the animal welfare outcomes for the live animal export to continue. One of those things I think they recognised was by bringing forward the plan, which addresses both the pre-stunning issue and some of the other issues. But to date it is not a plan that I would endorse. It is a plan that the industry has to develop and implement, and demonstrate that they are on a continuous improvement in this area because to date, as I have indicated, my view is that it has been very slow.[17]

4.14 The committee notes that many witnesses appear to welcome the Australian Government's more active role in the regulation of the live export trade in recent months and the cooperative and energetic manner in which the industry has moved to address animal welfare issues in Indonesia since the temporary suspension of trade.[18]

4.15 However, for some witnesses this swift response only serves to underscore their scepticism about the commitment of MLA to facilitate better animal welfare outcomes. Ms Heather Neil, RSPCA, told the committee:

> Earlier this year MLA said widespread stunning was an aspirational goal only and it abandoned a stunning trial. In the last two months six more facilities with stunning equipment have come online, bringing the total to 11—but I must say that is a total out of about 700 facilities—and a lot of creative thought by the industry is being put into overcoming the legal barriers to importing and increasing the use of stunning equipment. It really is amazing what can be achieved when there is incentive enough to do it.[19]

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16 Australian Meat Producers Group, *Submission 426*, p. 6.

17 Rural Affairs and Transport Budget Estimates 24 May 2011, *Committee Hansard*, p. 76.

18 See, for example, Mr Peter Kane Australian Livestock Exporters' Council, *Committee Hansard*, 4 August 2011, pp 1-3, p. 3 and p. 8, The Hon. Terry Redman, MP, Minister for Agriculture and Food, Forestry and Corrective Services, *Committee Hansard*, 1 September 2011, p. 13, and Ms Kate Joseph, Sheepmeat Council of Australia, *Committee Hansard*, 14 September 2011, p. 2.

19 Ms Heather Neil, RSPCA Australia, *Committee Hansard*, 10 August 2011, p. 10.

4.16 The committee also received a number of submissions from those who, rather than being critical of MLA and LiveCorp, argued that the work done by these organisations over a period of years has had a positive impact on animal welfare conditions generally.[20] In his submission, Mr Stuart Austin told the committee:

> I do not believe for one minute that MLA or Livecorp are responsible or to blame for any of the footage aired. The level of investment made by the Australian red meat producers, through their MLA levies, into animal welfare and best practice in Indonesia is to be applauded and is a credit to them. No other country in the world invests in an overseas market to this level. I would also recommend seeking information, pictures, video footage, and other evidence from Indonesia from 10 years ago and comparing it to the industry there today.[21]

4.17 Ms Jo-Anne Bloomfield, a cattle producer from Katherine, told the committee that she had come to the conclusion that MLA had been actively involved in assisting with animal welfare issues, not only in Indonesia, but other countries, such as Egypt. Ms Bloomfield also noted that Australia is the only country in the world which invests in, and makes efforts to improve the animal welfare practices of other countries. Ms Bloomfield further argued that:

> The accusation by many 'ban live export' supporters that MLA did know but did nothing is a silly comment. If MLA representatives weren't aware of some of the animal welfare standards needing improvement [Then] ... no monetary investment would have been offered or made available to the Indonesians to improve the standards. It is obvious that improvements have been made over the years and this I feel hasn't been given credit for. If this wasn't the case then the slaughter houses that meet Australian standards and OIE wouldn't exist at all. Improvements to pre-handling, shipping and feedlots located in Indonesia wouldn't have been completed, improved or even considered.[22]

Supply chain assurance system

4.18 On 6 July 2011, new orders were signed by the Australian Government regulating the export of livestock to Indonesia. The Australian Government announced that the new framework had been developed in partnership with industry and with advice from the Australian Veterinary Association. The supply chain assurance system will require exporters to show that animals will be treated in accordance with international animal welfare standards at all points along the supply chain, right to the point of slaughter.

4.19 Previously, exporters were only required to track animals from the property of origin to the port of export and report on the outcome of the voyage. Under the new

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20 See, for example, Ms Raelene Hall, *Submission 188.*

21 Mr Stuart Austin, *Submission 112,* p. 2.

22 Ms Jo-Anne Bloomfield, *Submission 226,* p. 8.

framework, the issue of an approval to export livestock to Indonesia will depend upon the existence of a supply chain assurance system that demonstrates:

- international welfare standards are being met;
- control in the supply chain;
- traceability of animals;
- transparency; and
- independent audit.

Compliance with international welfare standards

4.20 Exporters will need to demonstrate that all elements of the supply chain meet OIE standards right through to point of slaughter. DAFF and industry have developed an 'animal welfare checklist' to assist exporters to meet their responsibilities.

Supply chain control

4.21 Exporters must demonstrate controls in the supply chain to enable traceability, welfare standards, reporting and auditing to be successfully managed. Where ownership of a consignment of animals transfers from the exporter to another agent in the supply chain, the exporter must demonstrate through its commercial relationship with those agents that the animals remain in the controlled supply chain at all times.[23]

4.22 MLA and LiveCorp told the committee that they have been building a team of Australian animal welfare support staff that will perform training, monitoring and review activities. They observed that under the new requirements, Indonesian lot-feeders would be expected to take a greater role in Indonesian abattoirs. To this end, Indonesian lot-feeders were beginning to employ increased numbers of Indonesian animal welfare personnel or Animal Welfare Officers (AWOs).

4.23 MLA and LiveCorp have already delivered training to these AWOs and will provide ongoing training programs. They told the committee that the training program covers animal handling, Halal slaughter practices, standard operating procedures, hygiene, stunning and butchering skills and has involved regional provincial livestock department and MUI representatives.[24]

Traceability of animals

4.24 All animals in an export consignment must be individually identifiable and able to be located at any point along the export supply chain. The system of identification is at the discretion of the exporter, but must be auditable with the

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23 Supply chain assurance and welfare standards 2011, p. 1, accessed at http://www.liveexports.gov.au/__data/assets/pdf_file/0005/1955624/supply-chain-assurance-and-welfare-standards-080711.pdf, 6 October 2011.

24 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 64-65.

physical location of individual animals reconcilable against movement records. The committee notes that industry preference is said to be for individual, electronic, animal identification.[25]

4.25 The supply chain assurance and welfare standards identify a number of risks throughout the supply chain which may affect the integrity of the system and suggest mitigation plans for each of these. These potential risks include: segregation of animals, lost tags, the ability of staff to meet system requirements, equipment failure and the need for technical support.[26]

4.26 MLA and LiveCorp told the committee that currently 70 per cent of cattle destined for Indonesia are fitted with a National Livestock Identification System Radio Frequency Identification (NLIS RFID) tag and exporters have committed to placing an NLIS RFID tag on all cattle exported from 1 July 2011. MLA and LiveCorp stated that:

> Given this, it makes sense for supply chains to use this device in tracing animals. Under the [Industry/Government Working Group Process] plan, however, use of the NLIS device is not required and supply chains may choose to implement other traceability systems.[27]

4.27 MLA and LiveCorp also stated that they will assist in the implementation of any traceability system and are making required database changes, redesigning web interfaces into Bahasa to assist those supply chains who choose that system.[28]

Transparency

4.28 Exporters are required to be able to locate individual animals in a consignment at any point in time and be able to provide reports on individual animals and whole consignments. The standards state that reports will be required against each consignment to provide assurance of the effectiveness throughout the supply chain, animal traceability and that animals have been handled in accordance with the DAFF animal welfare checklist.[29]

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25 Supply chain assurance and welfare standards 2011, p. 2, accessed at http://www.liveexports.gov.au/__data/assets/pdf_file/0005/1955624/supply-chain-assurance-and-welfare-standards-080711.pdf, 6 October 2011.

26 Supply chain assurance and welfare standards 2011, p. 2, accessed at http://www.liveexports.gov.au/__data/assets/pdf_file/0005/1955624/supply-chain-assurance-and-welfare-standards-080711.pdf, 6 October 2011.

27 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 65.

28 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 65.

29 Supply chain assurance and welfare standards 2011, p. 8, accessed at http://www.liveexports.gov.au/__data/assets/pdf_file/0005/1955624/supply-chain-assurance-and-welfare-standards-080711.pdf, 6 October 2011.

Independent audit

4.29 The Government requires that the supply chain is assessed by independent third party auditors on an ongoing basis to determine if the supply chain meets the DAFF animal welfare checklist and that appropriate control and traceability of animals exists. Auditors will be required to use the Guidelines on meeting OIE standards developed by DAFF to verify that the supply chain complies with OIE standards of animal welfare.[30]

4.30 The supply chain assurance and welfare standards stipulate that:

> The auditor selected should be independent, have no conflicts of interest, and possess an appropriate level of competence and expertise (through qualifications and experience). The audit conducted should be consistent with international auditing standards and guidelines, be transparent, be evidence based and be conducted in an impartial, ethical and professional manner. Results from audits will be provided to Government and will be made publicly available[31]

4.31 Under the supply chain assurance program, export permits will only be issued when an exporter can provide evidence and assurance to the government that it has an appropriate supply chain assurance system. Failure to comply with the supply chain assurance system could result in a range of sanctions, including failure to receive approval for future consignments or an exporter losing their license.[32]

4.32 The committee notes that the proposed approach does not contemplate accreditation or approval of offshore facilities such as feedlots and abattoirs. The Australian Government will maintain its regulatory relationship with Australian exporters. Mr Paul Morris, DAFF, told the committee:

> The new regulatory framework that has been put in place does not require Australian government inspection of facilities in Indonesia. The new regime is very much based around the regulation of exporters and the requirements placed on exporters in terms of providing evidence of performance with the new regulation. That evidence relates to information about the supply chain they are supplying animals into and that that supply chain meets the minimum standards of the World Organisation for Animal Health. It requires them to provide information that they can provide assurance that animals will remain within the supply chain, and that relates to issues of

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30 Supply chain assurance and welfare standards 2011, p. 8, accessed at http://www.liveexports.gov.au/__data/assets/pdf_file/0005/1955624/supply-chain-assurance-and-welfare-standards-080711.pdf, 6 October 2011.

31 Supply chain assurance and welfare standards 2011, p. 8, accessed at http://www.liveexports.gov.au/__data/assets/pdf_file/0005/1955624/supply-chain-assurance-and-welfare-standards-080711.pdf, 6 October 2011.

32 Supply chain assurance and welfare standards 2011, p. 1, accessed at http://www.liveexports.gov.au/__data/assets/pdf_file/0005/1955624/supply-chain-assurance-and-welfare-standards-080711.pdf, 6 October 2011.

> contracts that they might have or ownership of elements of the supply chain, if that happens to be the case. It relates to the traceability of animals through that supply chain and to the provision of an independent audit report. It is on the basis of that independent audit report that the chain meets the OIE minimum standards that we are issuing the approval for export.[33]

Extension of the supply chain assurance system to other markets

4.33 The Australian Government initiated investigations into how similar arrangements might be extended to all export markets for Australian livestock. Two Industry Working Groups were established to investigate the export of cattle to markets other than Indonesia and sheep and goats to all markets. These investigations were guided by the following principles:

- application of OIE standards through the supply chain up to and including the point of slaughter;
- traceability or accounting of animals through the supply chain;
- independent auditing to ensure conformity with requirements; and
- accountability of exporters and public transparency.

4.34 Both Industry Working Groups submitted reports to the Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig (the Minister) on 26 August 2011.[34] In addition to the work of these groups, the Farmer Review reported to the Minister on 31 August 2011.[35]

4.35 In announcing the Government's response to the Farmer Review, the Minister indicated that, in addition to accepting all the recommendations made by the Review, the Government had also accepted the recommendations provided by the Cattle and Sheep Industry-Government Working Groups. [36]

4.36 The Minister noted that the reports recommended adapting and implementing a supply chain assurance framework to all markets for the export of Australian livestock, as well as addressing a number of domestic welfare issues. The Minister stated that the recommended reforms would be implemented to both domestic and

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33 Mr Paul Morris, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, 10 August 2011, p. 61.

34 Australian Government, Action on live exports, new welfare assurances for livestock exports, p. 2, accessed at http://www.liveexports.gov.au/news, 5 October 2011.

35 Australian Government, Action on live exports, new welfare assurances for livestock exports, p. 2, accessed at http://www.liveexports.gov.au/__data/assets/pdf_file/0005/1957316/factsheet-lae-210711.pdf, 6 October 2011.

36 Media Release, Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, *Gillard Government reforms live export trade*, DAFF11/240L, 21 October 2011, p. 2.

international supply chains "to ensure Australian livestock exported for slaughter are treated at or about internationally accepted animal welfare standards".[37]

4.37 It is proposed that the new framework will be phased in over a period of time, and implemented in stages. It is anticipated that 75 per cent of trade will be covered by the new framework by February 2012 and for all trade to be covered by the end of 2012.

4.38 Under the new framework, all Australian exporters will be required to ensure:

- animals will be handled and processed at or better than the internationally accepted standards for animal welfare established by the OIE;
- they have control of the movement of animals within their supply chain;
- they can trace or account for animals through the supply chain; and
- they can conduct independent verification and performance audits of their supply chains again these new requirements.[38]

Response to the supply chain assurance system

4.39 Animals Australia and RSPCA have expressed qualified support for the supply chain assurance system, stating that three years ago the two organisations had proposed a similar approach. Ms Neil, RSPCA Australia, told the committee that:

> The assured supply chain that the industry is now working on is giving traceability, it is ensuring animals are only going to facilities that meet particular standards and requirements, and it provides some accountability and monitoring. The RSPCA has also been talking about this: if animals are going to be exported to overseas countries, we have a responsibility to ensure their welfare is protected. We believe that an assured supply chain, a closed loop system—whatever kind of control system—is really the only way to do it. We wrote to members of parliament at the beginning of December following The 7.30 Report, where Lyn highlighted the most recent issues in Kuwait. We wrote to every senator and MP in this House urging them to support and advocate for the rapid adoption of closed systems across our importing countries.[39]

37 Media Release, Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, *Gillard Government reforms live export trade,* DAFF11/240L, 21 October 2011, p. 2.

38 Media Release, Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, *Gillard Government reforms live export trade,* DAFF11/240L, 21 October 2011, pp 2-3.

39 Ms Heather Neil, RSPCA Australia, *Committee Hansard*, 10 August 2011, p. 15.

4.40 Ms Neil also stressed that "the proof of the new system and whether it works will be measured not in these first few consignments going to facilities supplying the cold supply chain but indeed in those consignments in 6 to 12 months time".[40]

4.41 However, Animals Australia and RSPCA expressed some concerns about the implementation of the system. First, they noted that it is not clear what range of information will be made publicly available about the performance of the system. Second, they expressed concern about the use of third-party auditors to assess compliance with the standards. Ms Neil said:

> We are a little bit concerned at the moment that the auditors being used in Indonesia may or may not know an awful lot about animal handling and slaughter. For them to in fact do things like count animal vocalisations or other issues that are highlighted in the regulatory framework that is now available, does take some training.[41]

4.42 Finally, they expressed disappointment that the new system still permits slaughter of fully conscious animals and does not mandate pre-slaughter stunning.[42]

4.43 However, MLA told the committee that there are global auditing firms currently already operating in Indonesia with the necessary expertise to undertake the required audits. Dr Barnard told the committee:

> There are global auditing firms currently in operation in Indonesia—firms like SAI Global and SGS or affiliates of SGS. The supply chains that have been audited so far have used those local firms with some independent expertise in the veterinary area. In answer to your question there are audit firms currently with operations in Indonesia that can undertake the tasks specified by the new regulations.[43]

Industry-government cooperation to develop supply chain assurance program

4.44 The committee notes that the supply chain assurance system appears to address many of the concerns raised by some submitters to the inquiry. For example, the WA Beef Council (WABC) commented that "it is critical that Government finalises a considered set of live export standards that include animal welfare requirements both pre-embarkation and post-embarkation and that these are, transparent and effectively communicated to all sectors of the livestock industries". WABC argued for reviewed standards that incorporate the application of quality

40 Ms Heather Neil, RSPCA Australia, *Committee Hansard*, 10 August 2011, p. 10.

41 Ms Heather Neil, RSPCA Australia, *Committee Hansard*, 10 August 2011, p. 15.

42 Ms Heather Neil, RSPCA Australia, *Committee Hansard*, 10 August 2011, pp 10 and 15.

43 Dr Peter Barnard, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 25.

system principle, processes that are verifiable, and a requirement for third party assurance and traceability. [44]

4.45 Similarly, in its submission to the inquiry, the Australian Veterinary Association (AVA) stressed the importance of regulating compliance and enforcement though auditing, independent oversight and the possibility of suspension and withholding of export permits. The AVA also supported a requirement for exporters to demonstrate that there is no 'leakage' of animals from the chain. The AVA also supported the electronic traceability of animals from preparation on-farm to immediately post-slaughter.[45]

Progress in establishing supply chain assurance

4.46 The committee also notes the high level of cooperation between industry and government in developing the supply chain assurance program and widespread support for it. MLA described for the committee the pace at which the industry was responding to the new requirements:

> The commercial sector is investing significant amounts of their own money to bring their own supply chains through different layers of standards, as you have just described, to put themselves in a commercial position to maintain business with Australia. Because of that, and because of the rapid rate at which those commercial operators are investing their own funds, it is difficult to give you an answer about who, right here and now, sits in what category or in what band and hence what percentage of animals fall within those bands and what socialised funding is required over and above the commercial funding that is being invested at the moment.[46]

4.47 The committee heard that MLA has had a team of officers working within the Indonesian abattoir system since 30 May 2011. The team will help prepare for the new regulatory arrangements and provide support in the implementation of appropriate welfare standards through training, inspections, infrastructure upgrades and technical support in slaughter techniques. The CCA told the committee that "the highly ambitious supply chain assurance program that is being implemented would be extremely difficult to achieve if it was to commence from day one without established relationships in place."[47]

4.48 MLA and LiveCorp told the committee that they, together with Australian exporters and the CCA, have met with Asosiasi Produsen Daging and Feedlot Indonesia [the Indonesian beef producer and lotfeeders association] (APFINDO) to discuss a priority list of 34 abattoirs that will be upgraded to meet OIE standards.

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44 Western Australian Beef Council, *Submission 299*, pp 1-2.

45 Australian Veterinary Association *Submission 281*, p. 3.

46 Mr Scott Hansen, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 23.

47 Cattle Council of Australia, *Submission 118*, p. 6.

They stated that consultation between the Australian and Indonesian Governments and the Australian and Indonesian industries will be essential to finalise this list.[48]

Impact on relationship with Indonesian Government and industry

4.49 The Australian Livestock Exporters' Council (ALEC) told the committee that since the introduction of the new regulatory framework, the number of abattoirs meeting OIE guidelines in Indonesia was growing rapidly as exporters, Indonesian feedlotters and abattoirs worked together to develop OIE compliant supply chains. ALEC advised the committee that since the reopening of the trade, new cattle arriving in Indonesia were required to be processed through "agreed third party audited supply chains".[49] While ALEC said that it was not publicly known how many abattoirs had been audited and are part of the approved supply chain, it estimated the number would be in excess of 20.[50]

4.50 Dr Barnard told the committee that as a result of the introduction of the supply chain assurance system, about 80,000 cattle are now going to move through facilities that use stunning. He told the committee:

> That is as of today. That is 80 [000] over 500 [000]. I cannot do the maths, but those are the sorts of percentages that we are looking at in terms of stunning. There will be a reasonably rapid rollout of the mark IV boxes, I believe, by commercial players over the next couple of months. I could not give you a percentage figure on that second area, but that would give you an order of magnitude for the numbers that we are currently dealing with.[51]

4.51 He went on to state:

> There is a new playing field that is being set out there. The playing field that everybody was operating on until early May was one of continual improvements in animal welfare standards. Now it is about meeting OIE standards, and commercial players understand that and they are rapidly moving to meet the new regulations.[52]

4.52 MLA told the committee that its working relationship with the Indonesian government and the Indonesian commercial supply chains had not suffered as a result of the temporary suspension of the trade to Indonesia. Mr Hansen stated that:

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48 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 65.

49 Australian Livestock Exporters' Council, *Answers to Questions taken on Notice* at 4 August 2011 hearing.

50 Australian Livestock Exporters' Council, *Answers to Questions taken on Notice* at 4 August 2011 hearing.

51 Dr Peter Barnard, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, pp 23-24.

52 Dr Peter Barnard, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, pp 23-24.

> The Indonesian government and the Indonesian commercial supply chains continue to see the benefits of having our contractors work with them on making the improvements necessary in animal welfare.[53]

4.53 Similarly, Mr Finucan explained that:

> There were a few nights when—because of the sensitivities here in Australia with the market closure and some of the confusion in the market—we kept our teams out of the field, just for safety, but we were quickly welcomed back with open arms to come back and help. It was not an issue. We took a precautionary measure just to hold people out of some of the abattoirs some nights ...[54]

4.54 MLA and LiveCorp told the committee that an important task in the implementation of the new system was the ongoing liaison and consultation with Indonesian Government officials, commercial operators in Indonesia and with Indonesian religious authorities. MLA and LiveCorp see a continuing role for themselves in this regard, in conjunction with the Australian Government.[55]

Costs of improving animal welfare standards

4.55 A number of industry witnesses expressed concern about the significant costs to the industry associated with the implementation of the new system. MLA and LiveCorp told the committee that the system imposes a significantly increased regulatory burden on the livestock trade. However, both MLA and LiveCorp stressed that they were committed to assisting supply chains to comply with the new policy and noted that it is a major advantage of the system that, in future, only non-compliant supply chains will be closed.[56]

4.56 LiveCorp told the committee:

> We accept the government's policy on animal welfare in the live export industry has shifted from one of continuous improvement to rapid implementation of OIE guidelines within livestock supply chains. These new arrangements pose significant regulatory burdens and costs on our members. LiveCorp is committed to supporting exporters to develop these high-quality, branded supply chains. Clearly, influencing the treatment of livestock in more than 29 overseas countries, each with a diverse history, laws and religious practices, is a complex challenge and the shift will take time. We are working with the government, primarily DAFF, to implement realistic timetables for the new arrangements.[57]

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53 Mr Scott Hansen, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 24.

54 Mr Michael Finucan, *Committee Hansard*, 4 August 2011, p. 24.

55 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 66.

56 Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 19 and 14 September 2011, p. 41.

57 Dr Roly Nieper, LiveCorp, *Committee Hansard*, 14 September 2011, p. 41.

4.57 ALEC told the committee that the costs to the industry ranged from infrastructure, such as the deployment of pre-slaughter stunning equipment, to regulatory costs, such as those associated with the new audit and traceability requirements. Mr Lach MacKinnon, Chief Executive Officer, ALEC, told the committee that he expected the costs to the industry of implementing the supply chain assurance system would be in the order of $20 million over the next few years. He said:

> Industry understands that we are going to have to comply with what is being set down and we understand that we are going to have to work with the regimes that have been set down. But, obviously, under the current financial strains—whether it happens to be where the dollar is or happens to be the ways in which other countries operate their agricultural systems—this regulatory burden, this infrastructure, the systems that we are going to have to set up, is something that we do not believe industry should have to bear, especially under the current pressures.[58]

4.58 Mr McKinnon also told the committee that ALEC was proposing that consideration be given to using part of Australia's foreign aid budget to meet some of the costs associated with rolling out the new system. ALEC's Chairman, Mr Peter Kane, told the committee that some of Australia's live export markets are not countries that Australia currently provides aid to:

> So in some of those markets we would be looking for the government obviously to find their funds outside the foreign aid budget. I am not quite sure what that means, but clearly Indonesia is one of those markets where Australian foreign aid is provided; in the Middle East it is not the case.[59]

4.59 AACo also supported the proposal that the foreign aid budget be used to fund infrastructure and assist our overseas trading partners. At the Darwin hearing Mr Troy Setter submitted that it was appropriate to meet these costs from the foreign aid budget:

> It is a great way of helping our neighbouring countries, with a benefit to the communities, the businesses and the environment in Australia. I think it would be a win-win for Australia and the country that we are investing in by using that foreign aid budget. I certainly see that it is a much more productive method of giving in-market support and market development growth that has impact on Australian businesses rather than just getting cash.[60]

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58 Mr Lach MacKinnon, Australian Livestock Exporters' Council, *Committee Hansard*, 4 August 2011, p. 5.

59 Mr Peter Kane, Australian Livestock Exporters' Council, *Committee Hansard*, 4 August 2011, p. 5.

60 Mr Troy Setter, Australian Agricultural Company Pty Ltd, *Committee Hansard*, 4 August 2011, p. 32.

4.60 The committee was also told that MLA had put together a budget of $9 million to implement the new system. Dr Barnard indicated:

> That involved putting a lot of animal welfare people up there to help supply chains come to grips with the new standards. It was about explaining the new standards, because they are foreign to them. It was about doing gap analyses—the gap between where they are currently and what they have to do to meet the new standards. It was about helping them with design. It was about researching new stunning boxes and so on to suit the market. It was about traceability systems. It was about a suite of measures to assist the market come to grips with the new regulations. But very little of that money was going to be spent on actual infrastructure.[61]

Committee view

4.61 The committee notes that responsibility for ensuring adherence to appropriate animal welfare standards throughout the Australian live export trade has always been shared and has relied on a high level of cooperation between all those involved in the industry. This is particularly the case in relation to the welfare of animals once they move past the point of disembarkation.

4.62 Strictly speaking, the welfare of Australian animals beyond the point of disembarkation has not been the responsibility of any Australian party in the past.[62] Both the Australian Government and MLA and LiveCorp have emphasised during this inquiry that they do not have any formal responsibility for the welfare of animals post arrival within Australia's live export markets.

4.63 Despite this lack of formal responsibility, the committee notes that vast amounts of resources, both financial and physical, have been devoted to initiatives over a long period of time, through what the export industry has characterised as an incremental response to animal welfare concerns, built on an understanding of the range of factors that influence animal welfare practices within importing countries.

4.64 The committee notes that, in Indonesia in particular, the prevalence of traditional slaughter practices and the lack of an educated workforce, limited understanding of animal handling techniques and the great variability in the availability of both capital and infrastructure, have posed significant challenges.

4.65 Members of this committee have followed the progress of these initiatives through the Senate Estimates process and had formed the view that the Australian Government, MLA and LiveCorp were monitoring and evaluating the effectiveness of these programs and were making steady gains toward better animal welfare outcomes. However, evidence received during this inquiry suggests that this impression may not

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61 Dr Peter Barnard, Australian Livestock Exporters' Council, *Committee Hansard*, 4 August 2011, p. 24.

62 Mr Paul Morris, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, 10 August 2011, p. 61.

have been entirely accurate. The committee is concerned that the Australian Government and peak industry bodies were not better informed about the potential risks to the industry in the event that animal welfare standards were not being effectively managed within Australia's export markets.

4.66 The committee is particularly concerned that initiatives such as the Mark I restraint box and associated training programs appear to have achieved mixed success in securing improved animal welfare and, in some circumstances, may well have exacerbated existing problems. The committee finds this particularly sobering given the cost of installation of these boxes.[63] The committee is also concerned that recognition of the limitations of these initiatives appears to have been slow coming.

4.67 The committee welcomes the imposition of a ban on the installation of Mark I boxes by the Australian Government. The committee notes that the Mark I box was designed prior to the development of the OIE code. While the committee recognises the context in which this technology had its genesis, it accepts that the use of these boxes now falls well short of OIE requirements. The susceptibility of the box to suboptimal operation together with poor animal handling techniques to the detriment of animal welfare means there is no question that this technology must now be discontinued.

4.68 The committee notes that the Mark IV box represents a significant improvement on the Mark I box and that it is now being more widely deployed throughout Indonesia.

4.69 However, the committee notes the CVO's observation that it is not clear that performance standards have been developed and implemented for the Mark IV box as required under the OIE Code. The committee recommends that if such performance standards have not yet been developed for the Mark IV box, that they be developed as a matter of priority. The committee also recommends that the CVO accept responsibility for the oversight of the regular assessment of both the performance standards for the Mark IV box, the effectiveness of their implementation and the associated impact on animal welfare outcomes.

Recommendation 2

4.70 The committee recommends that Meat and Livestock Australia and LiveCorp ensure that performance standards, in accordance with Article 7.5.2.1.g of the World Organisation for Animal Health (OIE) Code, are developed and implemented for the Mark IV restraint box as a matter of priority.

Recommendation 3

4.71 The committee recommends that the Chief Veterinary Officer oversees the regular assessment of the performance standards for the Mark IV restraint

63 Mr Robert Sutton, LiveCorp, *Committee Hansard*, 14 September 2011, p. 42.

box, the effectiveness of their implementation and the associated impact on animal welfare outcomes.

4.72 The committee also welcomes the recent impetus given to the facilitation of pre-slaughter stunning at further abattoirs in the export supply chain. The committee considers that regardless of whether stunning is required by the OIE Code, Australian exporters should work toward the acceptance of stunning as best practice in Australia's live export supply chains.

4.73 The committee welcomes the Australian Government's recognition that it needs to play a more active role in the oversight of Australia's live export market past the point of disembarkation in an importing country. The committee is concerned that for too long, the Australian Government has placed too much reliance on peak industry bodies to manage animal welfare issues in our export markets without appropriate oversight of the effectiveness initiatives being undertaken, often with significant Commonwealth funding.

4.74 The committee particularly welcomes the initiatives to impose a greater level of accountability, traceability and transparency on exporters for the welfare of Australian livestock right up to the point of slaughter. The committee hopes that through this, the Australian Government, the Australian Parliament and the Australian public will be assured that appropriate animal welfare practices are maintained for Australian livestock in importing countries.

4.75 The committee shares the concerns of some submitters that it is not clear how much information will be made public about each supply chain. The committee considers that the availability of accurate and timely information about Australia's live export supply chains will contribute to the long term sustainability of the industry. The committee accepts that commercial realities will dictate that the specific terms of contractual arrangements should not be made public. The committee recommends that, in consultation with the industry and animal welfare groups, the Australian Government should clarify the range of information that will be made public, the form in which it will be published, and the frequency.

Recommendation 4

4.76 The committee recommends that the Australian Government, in consultation with the Australian live export industry and key peak animal welfare groups, clarifies the range of information relating to compliance with the supply chain assurance system that will be made public, the form in which this information will be published and the frequency with which it will be published.

4.77 The committee strongly supports an expectation of full traceability of animals from farm gate to the point of slaughter. Members of this committee have long advocated making the NLIS mandatory. The committee considers that the NLIS has such significant benefits in relation to biosecurity, meat safety, product integrity and market access that it should be mandatorily applied across the beef industry.

4.78 The committee is disappointed that the supply chain assurance system falls short of implementing the NLIS as a mandatory national system. No doubt the current requirement reflects the need to achieve immediate buy-in from all sectors of the industry. However, the committee would like to see this current requirement strengthened over time to ensure the mandatory application of a uniform, electronic traceability system. The committee considers that the NLIS provides an effective basis for such a system.

Recommendation 5

4.79 The committee recommends that the Australian Government continues to work with the Australian livestock industry toward the implementation of a mandatory national permanent lifetime livestock traceability system.

4.80 The committee notes that the supply chain assurance program focuses on each individual supply chain. Failure to comply with the requirements could result in closure of a supply chain, with significant flow on consequences for employees and local communities. This will hopefully provide an incentive for abattoirs to adopt good animal welfare practice. However, the committee would like to impress upon the Australian Government and the live export industry, the importance of identifying positive incentives for improved practice in addition to the threat of closure. During this inquiry the committee heard evidence that emphasised that practices that support good animal welfare also contribute to improved product quality and processing facility throughput.

4.81 The committee also notes the concerns raised by industry about the significant cost of compliance with the new regulations and supports the proposal that consideration be given to using a proportion of Australia's aid budget to facilitate the transition to the new system through the provision of training and infrastructure.

Chapter 5

Economic impact of the live export trade within Australia

5.1 As noted in Chapter 2, the committee received a significant amount of evidence during this inquiry regarding the economic significance of the live export trade to the Australian red meat industry generally and to key livestock producing regions in particular. This chapter will consider evidence received regarding the domestic economic impact of the live export trade within Australia, with particular reference to its impact on:

- regional and remote employment, especially in Northern Australia;
- local livestock production and prices; and
- the processing of livestock within Australia.

5.2 Much of the evidence received by the committee focussed on the live export of cattle to Indonesia and the impact of the temporary suspension of that trade. This chapter will also consider the assistance provided to the industry by the Australian Government following the temporary suspension.

Australian livestock exports

5.3 Australia is the world's largest exporter of livestock. In 2010, Australia exported live cattle to 19 countries, live sheep to 16 countries and live goats to 9 countries. Australia also exported breeding livestock worth $149 million in 2010.[1]

5.4 Australia's largest markets for live exports by value in 2010 were:

- *Live cattle*
  - Indonesia ($316 million, 60 per cent of exports);
  - Turkey ($53 million, 10 per cent of exports); and
  - Egypt ($48 million, 9 per cent of exports).[2]
- *Live sheep*
  - Kuwait ($112 million, 35 per cent of exports);
  - Bahrain ($54 million, 17 per cent of exports); and
  - Qatar ($41 million, 13 per cent of exports).[3]

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1 Department of Foreign Affairs and Trade STARS database, quoted in *Independent Review of Australia's Livestock Export Trade*, August 2011, p. 14.

2 Department of Foreign Affairs and Trade STARS database, *quoted in Independent Review of Australia's Livestock Export Trade*, August 2011, pp 14-15.

- Live goats
  - Malaysia ($8 million, 80 per cent of exports);
  - Singapore ($600,000, 6 per cent of exports); and
  - Brunei ($258, 000, 2.7 per cent of exports).[4]

5.5 Australia is also the major, and in some cases sole supplier of livestock to some overseas markets. In 2010, Australia supplied 100 per cent of cattle for feeder and slaughter to Indonesia and Japan.[5]

Contribution to GDP

5.6 Much of the evidence received during this inquiry emphasised the significant contribution Australia's livestock export trade makes to the Australian economy and to the Australian rural sector. A number of submitters drew the committee's attention to a report prepared by Hassall and Associates Australia which states that during the period 2000-2004 the export of livestock and the payments for services required to transport livestock to export markets averaged $1.1 billion.[6] Other witnesses referred to the Centre for International Economics' (CIE) findings that Australia's live export industry has contributed an average of A$1 billion a year in export earnings since 2005-06, with 74 per cent, or A$742 million, of these earnings going directly to livestock producers.[7] In 2010, the live cattle, sheep and goat industries exported 3.9 million head of livestock and generated export revenue in excess of A$1 billion.[8] In 2010 Australian live exports of cattle, sheep and goats were valued at $863 million and said to account for 2.7 per cent of Australia's agricultural exports.[9]

5.7 To place this in its wider context, the committee notes that in 2007-2008 Australian live exports of cattle and sheep were valued at $737 million while the combined value of exports of beef, lamb and mutton during the same period was valued at slightly more than $5.4 billion.[10] Red meat production and live exports of

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3 Department of Foreign Affairs and Trade STARS database, quoted in *Independent Review of Australia's Livestock Export Trade*, August 2011, pp 15- 16.

4 Department of Foreign Affairs and Trade STARS database, quoted in *Independent Review of Australia's Livestock Export Trade*, August 2011, p. 16.

5 *Independent Review of Australia's Livestock Export Trade*, August 2011, pp 16 -17.

6 Wellard Group Holdings, *Submission 306*, MLA/LiveCorp, *Submission 315*, and Australian Livestock Exporters' Council, *Submission 404*.

7 Centre for International Economics, *The contribution of the Australian live export industry*, prepared for LiveCorp and Meat and Livestock Australia, July 2011, pp 5-6.

8 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 15.

9 *Independent Review of Australia's Livestock Export Trade*, August 2011, p. 14.

10 ABARE Research Report 09.13, Sally Fletcher, Ben Buetre and Kristopher Morey, *The value of the red meat industry to Australia*, June 2009, p. 4 and p. 7.

sheep and cattle together accounted for nearly 22 per cent of the total gross value of Australian agricultural production over this period.[11]

5.8 However, the committee also received evidence that suggested the economic significance of the industry has been overstated and misrepresented. Mr Che Wall, a sustainability practitioner and advocate emphasised the small size of the export industry. Mr Wall argued that:

> Live export of beef cattle represents only 0.3% of GDP so any immediate disruption to the subsector would not have material impact on Australia's economy even if one did not consider the indirect benefits that stopping the live export trade would bring ...[12]

5.9 Mr Wall also stated, that while the relative contribution of live export of sheep is higher, it is still of minimal impact to Australia's economy. He concluded that "the perceived threat of immediate harm to the Australian economy through either stopping or improved stringency of regulation in the sector is misguided and misleading".[13]

5.10 Other submitters expressed the view that the live export industry represents a cost to the Australian economy. In evidence, Mrs Jodie Jankevics, a campaign officer for the World Society for the Protection of Animals (WSPA) argued that ending the live export trade would be an investment in Australia's economy.[14] Ms Jankevics told the committee that, according to a report by independent assessor S G Heilbron:

> ... overall live exports cost Australia $1.5 billion in lost GDP, $270 million in lost household income and around 10 ½ thousand lost jobs.[15]

5.11 RSPCA Australia cited a 2010 study commissioned by Queensland's major beef processors to investigate the impact of the live export trade on the Queensland beef industry. RSPCA Australia noted that study's finding that "the growth in the live cattle trade over the last 15 years has damaged the beef-processing industry to the extent that it now threatens the processing sector's long term viability."[16] RSPCA Australia also pointed to the study's conclusions that:

- in 2008-09, live cattle exports cost Queensland $140 million in lost value added (Gross State Product) and 1,200 lost jobs;

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11 ABARE Research Report 09.13, Sally Fletcher, Ben Buetre and Kristopher Morey, *The value of the red meat industry to Australia*, June 2009, p. 10.

12 Mr Che Wall, *Submission 386,* p.5. [Submission notes that figures have been taken from University of Sydney and CSIRO, *Balancing Act: A Triple Bottom Line Analysis of the Australian Economy,* Volume 2, p. 24].

13 Mr Che Wall, *Submission 386,* p. 5.

14 Ms Jodie Jankevics, World Society for the Protection of Animals, *Committee Hansard,* 10 August 2011, p. 1.

15 Ms Jodie Jankevics, World Society for the Protection of Animals, *Committee Hansard,* 10 August 2011, p. 1.

16 RSPCA Australia, *Submission 333,* pp 3-4.

- by 2013, the economic cost to Queensland would be $260 million Gross State Product and 2,180 lost jobs; and
- ending the live trade from Queensland and the Northern Territory would generate $382 million additional Gross State Product for Queensland and an additional 3,112 jobs.[17]

5.12 The committee notes that the above claims are based on an assumption that live exports would be replaced by an on-shore industry which would produce the same volume of processed meat.

Impact on regional and remote economies

5.13 Evidence to the committee placed significant emphasis on the regionally specific nature of the industry and its importance to regional economies in Western Australia, the Northern Territory and Queensland. The committee notes that the economic importance of the red meat industry generally is more significant at the regional level where farming, particularly livestock production, represents a large proportion of total economic activity.[18]

5.14 In a combined submission to the inquiry, MLA and LiveCorp told the committee that over three-quarters of Australian livestock exports depart from northern and Western Australia. During the period 2006-2009, 80 per cent of live cattle exports and 75 per cent of live sheep exports departed from northern and Western Australia. The majority of goats for live export came from New South Wales (33 per cent) and South Australia (27 per cent) respectively.[19]

5.15 MLA and Live Corp told the committee that the live export industry is the sole source of income for many producers in northern and Western Australia. For example, in 2007 over 75 per cent of properties in the northern live export zone were partially or completely reliant on live cattle export receipts.[20]

Employment

5.16 As noted in Chapter 2, the industry is a significant employer in regional and remote Australia. In 2006, the livestock export industry employed some 13,000 people, predominantly in remote and regional areas of Australia. The industry contributed $1.8 billion to gross domestic product annually and paid $1 billion in

17 RSPCA Australia, *Submission 333*, p. 3-4. [Submission notes that information has been taken from SG Heilbron, Economic Policy and Consulting, *The future of the Queensland beef industry and the impact of live cattle exports*, Final report prepared for Teys Bros, Swift Australia and Nippon Meat Packers Australia, 2010].

18 ABARE Research Report 09.13, Sally Fletcher, Ben Buetre and Kristopher Morey, *The value of the red meat industry to Australia*, June 2009, p. 15.

19 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 2.

20 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 2.

wages and salaries.[21] More recently, the industry has been estimated to underpin the employment of approximately 10,000 people across northern and western Australia.[22]

5.17 The committee also heard that the live export industry is a significant employer of Indigenous people across northern Australia. The Western Australian Minister for Agriculture and Food, Forestry and Corrective Services, the Hon Terry Redman, emphasised the significance of the live export trade for Indigenous employment:

> Of all the pastoral leases up here about one-third are owned by Indigenous groups. One of the great success stories about Indigenous engagement up here and self-determination has been in the pastoral leases. Shutting the trade is certainly depriving them of jobs and income.[23]

5.18 Mr David Galvin, General Manager of the Indigenous Land Corporation (ILC) told the committee that the ILC is a significant employer of Indigenous people in the Kimberley, Northern Territory and Far North Queensland and that these employees are predominantly involved in the live export trade. At the committee's hearing in Broome, Mr Galvin stated:

> We employ 522 Indigenous people across Australia. We have 154 trainees across our properties, and most of them are live-in. People can come and do their training in beef production et cetera. It is usually a one-year course up to certificate II. Last year, we also employed 24 Indigenous contractors. So there is a total of 300 people across the Indigenous Land Corporation's businesses. They are on properties owned by the Indigenous Land Corporation and also on Indigenous held land, which is where people have asked us to come onto the land and run cattle operations for them. Overall, we are looking at Indigenous employment in the cattle industry predominantly for the live export trade. These are very conservative numbers; we do not want to exaggerate here and we are probably underestimating. In the Northern Territory the figure is about 202 Indigenous people; in the Kimberley, it is 297; in the Pilbara, 20; and in Far North Queensland, 147. That takes us to about 666, plus we say there are at least 200 people in associated businesses on those properties and that includes ILC employees.[24]

5.19 The Shire of Derby/West Kimberley told the committee that a permanent ban on live exports would have a significant long term impact on Indigenous employment in the region. In its submission the Shire stressed the strong affinity between

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21 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 2.

22 *Independent Review of Australia's Livestock Export Trade*, August 2011, p. x.

23 The Hon. Terry Redman, MP, Minister for Agriculture and Food, Forestry and Corrective Services, *Committee Hansard*, 1 September 2011, p. 7.

24 Mr David Galvin, Indigenous Land Council, *Committee Hansard*, 1 September 2011, p. 34.

Indigenous communities and the cattle industry and the limited alternative employment opportunities.[25]

5.20 A number of submitters expressed concern regarding the quantum of job losses that would result from closure of the trade. MLA and LiveCorp told the committee that, based on estimates provided by AgEconPlus in 2007, 5,800 full time equivalent jobs (both direct and indirect) would be lost in first year following cessation of the trade. Net losses would continue to be significant in the medium to longer term, with losses of 4,700 in year five and 3,700 in year ten.[26]

5.21 In his submission to the inquiry, Dr Ray Trewin[27] argued that the main certainty of a trade ban from an Australian economic impact perspective is that it would cost internationally-competitive Australian jobs to competing exporters like New Zealand or Brazil (via live or slaughtered meat trade competition).[28] Dr Trewin also argued that:

> The loss of jobs directly involved in the live export trade (graziers, transporters, port workers etc) is obvious and these cannot be transferred to the slaughtered meat trade as processing is generally an uncompetitive value 'subtracted' activity ... These job losses would have a multiplier effect into local communities.[29]

Flow-on benefits to regional and remote communities

5.22 In addition, the committee heard that a host of other sectors are dependent on the live export trade, including exporters, port and stevedoring services, shipping companies, road transporters, veterinary practices as well as helicopter and other ancillary service providers.[30]

5.23 The Shire of Derby/West Kimberley's submission acknowledged that while industries such as mining and tourism have, over recent years, generated business and boosted the local economy, it has been the beef industry which has provided a sustained level of widespread support for the local economy. Those dependent on the industry include: permanent and casual station staff, stock feed suppliers, musterers, drovers, transport companies, holding yards, port facilities, petrol companies, cattle

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25 Shire of Derby/West Kimberley, *Submission 144*, p. 1.

26 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 2.

27 Dr Ray Trewin is a Visiting Fellow, Crawford School of Economics and Government, Australian National University.

28 Dr Ray Trewin notes that whilst New Zealand banned the live export of cattle for slaughter some years ago, it still has significant exports of breeding cattle. Dr Trewin also suggests that these cattle will end up being slaughtered, either immediately following their transport because they do not meet required conditions (eg. uninjured) or when they are worth more slaughtered than being kept as breeders.

29 Dr Ray Trewin, Australian National University, *Submission 166*, pp 2-3.

30 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 2.

buyers, auction houses, veterinarians, banks, government agencies, and fencing contractors.[31]

5.24 The ILC told the committee that through the formation of significant partnerships with governments and industry across Australia, there has been significant investment in capital infrastructure on ILC properties, previously unused land has been brought back into production, generating a range of employment and training opportunities for Indigenous workers with flow on benefits for Indigenous communities. Mr Galvin stated that:

> Right at the moment, we are running 90,000 head of cattle on those properties, which are in the Kimberley, the Northern Territory and Queensland. Our turn-off is about 14,000 head per year, of which half are steers. We also run a small abattoir at Gunbalanya, which is an Aboriginal community of some 1,500 people in the Northern Territory. We are processing 30 beasts per week through that, of which half are cattle and half are buffalo. We hope to take that up to 90 head per week over the next two to three years.[32]

Impact and role of the industry on local livestock production and prices

5.25 The committee heard a range of evidence regarding the impact of the live export industry on domestic livestock production and prices.

Production in Northern Australia geared to live export

5.26 The committee heard a great deal of evidence that emphasised that livestock production in northern Australia in particular is very much dependent on the live export trade. This partly reflects the nature of the rangelands and the cost structures associated with producing cattle for the domestic market.

5.27 As discussed in Chapter 2, the committee heard that the live cattle export industry in northern Australia in particular has developed hand in hand with the Indonesian feedlot industry. Witnesses explained to the committee that over a 20 year period, state and federal governments have actively encouraged northern Australian cattle producers to focus on the Indonesian market. As a result, the northern Australian herd is predominantly Bos indicus, cattle producers are primarily focused on breeding as opposed to fattening cattle, and there has been a significant amount of investment in infrastructure to support the live export industry. [33]As discussed in Chapter 2, the committee was told that it would take a significant number of years to restructure the herd and infrastructure to target a domestic market.[34]

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31 Shire of Derby/West Kimberley, *Submission 144*, p. 1.

32 Mr David Galvin, Indigenous Land Corporation, *Committee Hansard*, 1 September 2011, p. 34.

33 See for example, *Committee Hansard*, 1 September 2011, pp 52-53.

34 Mr David Stoate, Anna Plains Cattle Co. Pty Ltd, *Committee Hansard*, 1 September 2011, p. 52.

Impact on domestic prices

5.28 A number of witnesses emphasised the important role that the live export industry plays in underpinning Australia's livestock industries generally by underpinning domestic prices and providing valuable alternative outlets for livestock producers. A number of submissions to the inquiry directed the committee to a range of studies into the impact of the cessation of the live export trade which tend to project consequential reductions in beef, lamb and mutton prices and note the negative regional impacts that would flow from this.[35]

5.29 The committee heard that the live export trade contributes four per cent, or eight cents a kilogram live weight, to grass fed cattle, eight per cent or 12 cents per kilogram to the price of lambs and 18 per cent or 15 cents per kilogram to the price of older sheep.[36] The Centre for International Economics has estimated that the average impact of the trade on farm level Gross Value of Production (GVP) for the period 2005-06 to 2008-09 to be -1.5 per cent for the cattle industry and -5.9 per cent for the sheep industry.[37]

5.30 The committee notes reports that domestic beef prices dropped by five per cent or 10c a kilogram following the suspension of trade with Indonesia.[38] Hydros Consulting also observed an apparent drop in the price of cattle destined for other markets as a result of the export restriction while the costs of production had either remained the same or increased. Hydros Consulting note in their report:

> Prices appear to have declined from $2.10 per kg prior to the export restriction to $1.60 per kg in recent sales to other markets. For a 320kg animal, this is a reduction of revenue of approximately $160 per head. At the same time, the costs of production have either remained static or increased, and other costs incurred, such as addition transport costs to other markets.[39]

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35 See for example: The Hon. Terry Redman, MP, Minister for Agriculture and Food, Forestry and Corrective Services, *Committee Hansard*, 1 September 2011, p. 7, Ms Kate Joseph and Mr Ron Cullen, Sheepmeat Council of Australia, *Committee Hansard*, 14 September 2011, p. 6. and Western Australian Department of Agriculture and Food, *Submission 368*, p.34.

36 NSW Farmers' Association, *Submission 413*, p. 7 and Centre for International Economics, *The Contribution of the Australian Live Export Industry*, prepared for LiveCorp and Meat and Livestock Australia, July 2011, p. 52.

37 Centre for International Economics, *The Contribution of the Australian Live Export Industry*, prepared for LiveCorp and Meat and Livestock Australia, July 2011, p. 52.

38 The Australian, *Live export ban hits prices*, 14 June 2011, accessed at http://www.weeklytimesnow.com.au/article/2011/06/14/344791_latest-news.html on 10 October 2011

39 Hydros Consulting, *Financial Impact of Cattle Export Restrictions to Indonesia*, July 2011, p. 3.

5.31 The committee notes the views expressed by Mr Brad Bellinger to the Farmer Review regarding the role of the live export trade in providing vital competition within Australia's restricted domestic beef market. He noted that the Australian processing sector is dominated by two companies who control 47 per cent of the cattle kill capacity. He submitted that this is compounded by the dominance of two major supermarket chains selling 50 per cent of beef in the domestic retail market.[40]

5.32 The Australian Merino Society (AMS) made similar observations in relation to the sheep industry and emphasised the importance to the industry of maintaining both a healthy live export industry and a healthy domestic market for sheep meat. The AMS said that its members are currently achieving weaning rates in excess of 100 per cent (usually in the range of 90 to 130 per cent) and members have had more sheep to sell annually than used to be the case. The AMS stressed the importance of ensuring that potential markets are not unnecessarily constricted. The AMS further argued that many producers in the eastern states:

> ... have not considered the potential impacts on their markets and prices that they currently receive for surplus stock, if large numbers of WA sheep and cattle, that are currently exported live, were to compete in their markets for abattoir space and grazier re stocking. We believe that there would be considerable downward pressure on the prices that they would receive for their livestock as most WA livestock is destined for the export market. A removal of the option of live export would necessitate significant numbers of WA livestock competing in existing eastern states markets.[41]

5.33 The Western Australian Department of Agriculture and Food also expressed concern at the limited potential for the domestic sheep meat market to absorb surplus supply caused by a cessation in live exports. [42] In its submission, the WA Department disputed the findings of the 2009 ACIL Tasman report that found there would be minimal change in lamb and mutton prices as a result of the closure of the live sheep export trade. The WA Department referred the committee to the 2011 CIE study that found "on average across Australia, lamb and mutton prices would decline by 12 and 15 per cent respectively due to the cessation of live exports" and noted the regional impacts flowing from this.[43]

Significance of live export trade to Indonesia

5.34 The committee heard that the live cattle trade with Indonesia accounts for 75 per cent of Australia's live cattle export trade. The committee was told that the

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40 Mr Brad Bellinger, submission to the Independent Review into Livestock Export Trade.

41 The Australian Merino Society Inc, *Submission 199*, p. 2.

42 Western Australian Department of Agriculture and Food, *Submission 368*, p. 11.

43 Western Australian Department of Agriculture and Food, *Submission 368*, pp 9-10.

average annual value of live exports is in the order of $1billion, minus the costs involved in the acquisition, preparation and transportation of the animals.[44]

Impact of the temporary suspension of live export of cattle to Indonesia

5.35 The announcement of the temporary suspension of live exports of cattle to Indonesia on 7 June 2011 caught many in the industry off guard. Mr Phillip Hams described the impact of the announcement as being like a train crash. He said:

> I was laying in bed at 12 o'clock one night when the news came on the ABC ... that the ban had gone on for the next day. Outside not too far from where I stay four helicopters parked up and a whole heap of RTA road trains parked up. There were probably 30 people ready to roll the next day and at 12 o'clock the new comes. It was like a train crash-it just goes, 'Whoompa!'[45]

5.36 The Hydros Consulting report commissioned by DAFF to help inform the Government in relation to assistance packages for the industry, states that at the announcement of the ban many producers had not yet sold the majority of their cattle.[46] The report states that smaller to medium producers typically export their stock at later times than very large producers, due to the need to aggregate stock between producers. This, together with transport problems associated with delays in reopening roads after the late wet season in 2010-2011, meant that many of these producers, particularly those not located close to a sealed road, had sold very little of their stock bred for the Indonesian market prior to the export restriction.[47]

5.37 The committee received a great deal of very sobering evidence about the social impact of the *Four Corner's* program and the temporary suspension of cattle exports to Indonesia. The uncertainty immediately following the announcement of the suspension led to significant and immediate flow-on effects in the form of cancellations of jobs and contracts, reduced shifts and the suspension of training programs due to commence.[48] In addition to the immediate financial stress and

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44 Shire of Derby/West Kimberley, *Submission 144*, p. 1.

45 Mr Phillip Hams, West Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 54.

46 Mr Paul Morris, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, 14 September 2011, p. 49. The committee notes that the Hydros Consulting report reflects the financial information, perceptions and experiences of a number of small and medium scale producers and was not designed to reflect a statistically valid sample of either the industry or a select group. Refer to Hydros Consulting, *Financial Impact of Cattle Export Restrictions to Indonesia*, July 2011, p. 3.

47 Hydros Consulting, *Financial Impact of Cattle Export Restrictions to Indonesia*, July 2011, p. 3.

48 See for example: Mrs Julie Newton, *Committee Hansard*, 2 September 2011, pp 25-26; Mrs Joanne Bloomfield, *Committee Hansard*, 2 September 2011, pp 1-2; John Mr Fraser, *Committee Hansard*, 2 September 2011, p. 28.

uncertainty, a number of witnesses told the committee of the impact on family members, particularly their children. They spoke of the stress resulting from harassment by other students, their desire to keep as much of the reality from students undertaking their final year of education and the stress of not knowing if they would be able to meet school fees or if they might need to move children to more affordable schools.[49] Many with younger school age children had needed to let home tutors go and take on this role themselves, often finding it difficult to balance this with their active role assisting in the day to day management of a family operated property.[50]

5.38 Mr Setter, AACo, summed up the socio-economic impact immediately after the ban by telling the committee:

> It is real that there are people who are hurting. Most of Northern Australia does not have electricity that comes through a power line; they have to buy diesel to produce it themselves. There are plenty of stories of people who do not have enough money to buy diesel to run the lights in their homes, plenty of stories of people looking to pull children out of boarding school because they cannot afford to pay the bills and the flow-on effect for people who were virtually on a suicide watch by neighbours because of the depression that is starting to set in. There are grave concerns, particularly through some of the areas of the northern Kimberley.[51]

5.39 The committee was told that the majority of pastoral stations in the Kimberley, for example, are owned and operated by small family businesses or Indigenous groups. The committee was told that these station owners will take some time to recover from the impacts of the suspension of the trade and that there will be flow on consequences for regional and remote communities for some time to come.[52]

5.40 Mrs Elsia Archer, President of the Shire of Derby/West Kimberley told the committee that, the suspension of the live cattle trade was likely to have a major impact on local governments and local communities "because some of the pastoralists may not be able to pay their rates this coming year". She said:

> As you would know, local governments are not very flush with money. The money we gather from pastoralists is used to grade roads, their roads. If roads do not get graded, they will not be able to bring the cattle trucks out, so it has an ongoing effect. Where we sit at the moment, we do not know whether they will or whether they will not but I can see hardship in some

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49 See for example: Mrs Bettina MacFarlane, *Committee Hansard*, 2 September 2011, p. 3; Mr Jack Burton, West Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 55; Mr Murray Grey, Pilbara Producers' Group, *Committee Hansard*, Friday 2 September 2011, p 38.

50 See for example: Ms Kirsty Forshaw, West Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 59 and Mrs Bettina MacFarlane, *Committee Hansard*, 2 September 2011, p. 3.

51 Mr Troy Setter, Australian Agricultural Company, *Committee Hansard*, 4 August 2011, p. 32.

52 Shire of Derby/West Kimberley, *Submission 144*, p. 1.

> places. It is not just the cattle people who are suffering from all that has happened.[53]

Australian Government assistance

5.41 In recognition of the impact of the temporary suspension of live cattle exports to Indonesia, the Australian Government initiated a number of financial assistance measures.

Income Recovery Subsidy payments

5.42 On 27 June 2011, the Australian Government announced a $3 million financial package for individuals who had experienced loss of income due to the suspension of the trade.

5.43 This package included priority assistance through Job Services Australia, which was managed by the Department of Education, Employment and Workplace Relations. DAFF advised the committee that:

> Job Services Australia providers have access to an Employment Pathway Fund, which they can use to purchase a wide range of services and assistance that help redundant workers access the support they need to find new work. This fund can be used for training courses, language assistance, travel assistance, skills assessments, mentoring and counselling support, as well as employer incentives.[54]

5.44 As at 9 September 2011, 22 people had applied and been paid the Income Recovery Subsidy and 71 job seekers had registered for priority assistance through Job Services Australia.[55]

5.45 At the committee's public hearing on 14 September 2011, Mr Tom Aldred, DAFF, confirmed that there had not been a lot of applications under the Income Recovery Subsidy. He said:

> The applications can be retrospective or prospective, so it may be that case that payments will still be made for up to 13 weeks after the closing date for applications, which was, I believe, 5 September. So it is possible that there will be further payments. But the uptake has not been high. People may well have made applications for Newstart arrangements. This one was put

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53 Mrs Elsia Archer, President, Shire of Derby/West Kimberley, *Committee Hansard*, 1 September 2011, p. 46.

54 Department of Agriculture, Fisheries and Forestry, answers to written questions on notice, 13 September 2011.

55 Department of Agriculture, Fisheries and Forestry, answers to written questions on notice, 13 September 2011. DAFF advised that at 9 September 2011 a total amount of $0.01 million had been paid under the Income Recovery Subsidy and $0.02 million had been paid under the Priority Assistance through Job Services Australia.

in place particularly for people who may fail the Newstart test because of their asset limits.[56]

Live Export Business Assistance Package

5.46 On 30 June 2011, the Government announced a $30 million Live Exports Business Assistance Package to support pastoralists and other businesses facing short-term financial hardship as a result of the suspension. Under the package, the government provided payments of $5,000 for eligible businesses. Further grants of up to $20,000 were also available. Applications for business assistance payments closed on 30 September 2011.

5.47 This package was intended to assist northern Australian cattle producers to actively manage their cattle and properties, and make decisions on business costs like feed, hay covers, transport and repairs and maintenance before the next wet season.

5.48 As at 9 September 2011, 483 applicants had been paid a total of $2.41 million under the Business Assistance Payment and 174 applicants had been paid a total of $3.31 million under the Business Hardship Payment.[57]

Subsidised Interest Rate Scheme and grants for financial advice

5.49 On 10 August 2011, the government announced that it would provide access to new working capital through the provision of a Subsidised Interest Rate on new loans of up to $300,000 for a range of businesses directly affected by the temporary suspension, as well as grants for financial assistance advice of up to $5,500.

5.50 Under this scheme the Australian Government offered to subsidise the interest on new and extended borrowings for up to two years for businesses affected by the temporary suspension. The scheme is intended to assist cattle producers and other businesses directly involved with the live cattle export trade to Indonesia such as transporters, vets, hay producers, heli-musterers and agents to manage the ongoing costs of their businesses.[58]

5.51 Eligible businesses are able to access a subsidy over a two year period on new borrowings of up to $300,000 at a subsidised interest rate of up to eight per cent in the first year and four per cent in the second year. The maximum total subsidy available under the scheme is $36,000. The committee notes that new loans, or the new portion

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56 Mr Tom Aldred, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, 14 September 2011, p. 54.

57 Department of Agriculture, Fisheries and Forestry, answers to written questions on notice, 13 September 2011.

58 Australian Government, Action on live exports, Subsidised Interest Rate Scheme, accessed at http://www.liveexports.gov.au/assistance , accessed on 7 October 2011.

of an extension to existing facilities, drawn since the announcement of the temporary suspension on 7 June 2011, may be eligible for assistance under this program. [59]

5.52 The Australian Government also announced the availability of financial advice grants of up to $5,500 to help eligible cattle producers gain assistance with medium term decision-making about their business costs. The grants can be used to pay for financial advice and planning, business advice and planning, legal advice and advice directly related to agriculture.[60]

5.53 DAFF told the committee that the Rural Financial Counselling Service has extended the services provided by its counsellors in Western Australia and South Australia to assist the northern Australian live export industry. DAFF said:

> RFCS WA has made counsellors available to travel to the north of Western Australia to attend cattle sales and producer days. RFCS SA is providing short-term, face-to-face services in the Northern Territory, with support of the Australian and northern Territory governments. A rural financial counsellor from South Australia has been based at the Cattle Council of Australia office in Darwin since mid-July. Since 11 September 2011 this counsellor has recorded 65 customer contacts.[61]

5.54 DAFF advised that it is not possible to separate the cost of providing these additional services from the cost of the existing level of service as the assistance does not equate to a payment of a set amount as with the other assistance packages.[62]

Take up of financial assistance

5.55 The committee received considerable evidence regarding the reluctance on the part of cattle producers and other businesses to take up the financial assistance offered by the Australian Government.

5.56 Hydro Consulting noted that many producers were reluctant to take up the Income Recovery Subsidy payments because of the stigma associated with what was perceived as a welfare payment. In their report Hydro Consulting said:

> The $5,000 payment which has been offered to producers appears to have not been taken up to any significant extent. There appears to be is a marked reluctance by many producers, due to the perceived social stigma associated

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59 Australian Government, Action on live exports, Subsidised Interest Rate Scheme, accessed at http://www.liveexports.gov.au/assistance , accessed on 7 October 2011.

60 Australian Government, Action on live exports, Live Exports $5500 financial grant advice grant – Fact Sheet, accessed at http://www.liveexports.gov.au/assistance/live_exports_$5500_financial_advice_grant_-_fact_sheet, accessed on 7 October 2011.

61 Department of Agriculture, Fisheries and Forestry, answers to written questions on notice, 13 September 2011, p. 2

62 Department of Agriculture, Fisheries and Forestry, answers to written questions on notice, 13 September 2011, p. 2

> with claiming social security benefits, to contact Centrelink. Therefore, despite this assistance being identified by Government as a business payment (which are often delivered through Centrelink in other instances), the issue of the payment being processed through Centrelink helps create an impression that this is similar to a social security benefit.

5.57 Evidence heard during this inquiry confirmed that the payments were not only perceived as welfare, but were considered to be inadequate to address the financial issues being faced by cattle producers. Mr Setter, AACo, told the committee that:

> In the short term, offering people welfare payments and things like that that do not even cover the cost of running their generators for the day is not a solution. The minimal welfare packages that have been announced do not even allow people to run their generators.[63]

5.58 Mr Jack Burton, from Kilto Station in the West Kimberley, told the committee:

> I am the CEO of a company that runs 50,000 cattle. It is a family operation. This is what we love about this compensation-type thing—my current interest bill is well in excess of $100,000 a month![64]
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> ...
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> For someone who has over $1.2 million in interest payments a year to be offered $20,000 is ... hilarious. They said, 'Why didn't you apply?' Why bother? I have got a $1.2 million wage bill. [65]

5.59 These sentiments were echoed by the Northern Territory Chief Minister, the Hon Paul Henderson, who told the committee:

> From talking to Emily last night I know that the payment of $25,000 that people have accessed is just a drop in the bucket, quite frankly, when there are payrolls to meet and bills to pay. I would have thought that it should be in the vicinity of around $200,000, and if it needs to be repeated it should be repeated. People are saying, 'We don't want welfare; we want our livelihoods back, we want the trade back.' These are proud people. They do not want to go down to Centrelink and get a Centrelink payment; they actually want to work.[66]

5.60 The committee notes that it is not just cattle producers who have concerns about the level of assistance provided to the industry to recover from the suspension of

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63 Mr Troy Setter, Australian Agricultural Company Pty Ltd, *Committee Hansard*, 4 August 2011, p. 32.

64 Mr Jack Burton, Kilto Station, *Committee Hansard*, 1 September 2011, p. 53.

65 Mr Jack Burton, Kilto Station, *Committee Hansard*, 1 September 2011, p. 53.

66 The Hon. Paul Henderson, Chief Minister, Northern Territory Legislative Assembly, *Committee Hansard*, 4 August 2011, p. 52.

the trade. Many service industries, such as transport, export agents and ports have shed staff or dramatically reduced staff hours in an effort to contain costs.

5.61 Other businesses have found that sales they had budgeted for and supplies they had ordered based on normal market projections have become a potential liability. Mrs Cynthia Bakalian, who with her husband Steven owns Northern Feed and Cube, stressed that while the financial assistance to date had been welcome, in the broader context of the financial impact on their company's business, it was insignificant. Mrs Bakalian told the committee:

> I want to thank you guys for the assistance package. It certainly helped. The $25,000 paid one month's interest, or one two-week payroll—well, almost. Honestly, it is appreciated and for many of the really small guys it put food on their tables, and for that I am honestly grateful. But really, guys, for many of our businesses we need more well-structured, long-term assistance with the losses we have suffered and the money that can never be recouped.[67]

5.62 Northern Feed and Cube makes hay cubes and pellets for the live cattle export trade. Mrs Bakalian told the committee that the company was struggling to meet loan repayments and had needed to let staff go. In addition, the company had committed to buying several thousand tonnes of hay which it would now need to store over the wet season. Mrs Bakalian described the enormity of the challenge faced by their company as they seek to protect that hay during the wet season. She told the committee that the company would need to purchase a further 10 tarps at cost of $8,000 each if it was not to lose this unintended stockpile of hay.[68]

5.63 In discussions with the committee about the availability of assistance to businesses who face similar difficulties to Northern Feed and Cube, Mr Aldred, DAFF, told the committee:

> The department will operate according to the guidelines associated with the various elements of the package. But there is certainly flexibility in the business assistance payment and the business hardship payment, which total $25,000. The recipients of those are able to use them for whatever nature of accounts or expenditure is necessary.[69]

5.64 Other witnesses questioned why a form of exceptional circumstances payment or disaster relief payment could not be made available to the cattle industry. The Northern Territory Chief Minister, told the committee that:

> We need significant assistance from the Commonwealth to ensure sustainable livestock in suitable conditions. After Cyclone Yasi in Queensland, an industry support and recovery package was put together for

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67 Mrs Cynthia Bakalian, Northern Feed and Cube, *Committee Hansard,* 2 September 2011, p. 32.

68 Mrs Cynthia Bakalian, Northern Feed and Cube, *Committee Hansard,* 2 September 2011, p. 31.

69 Mr Tom Aldred, Department of Agriculture, Fisheries and Forestry, *Committee Hansard,* 14 September 2011, p. 52.

> Queensland banana growers and other people on the land that provided for significant payments under disaster relief arrangements. This is not a natural disaster, but it certainly is a disaster that has been caused by a decision of government, and an industry support and recovery package needs to be put in place. Producers are significantly suffering at the moment, and I will be writing in those terms to the Prime Minister.[70]
>
> ...
>
> There should be cash payments up-front and significant payments to help with a lack of access to cash. There is just no cash out there in the economy at the moment, so people who are ordering fuel or ordering feed are not on 30-day terms anymore; it is cash. With no cash there is no fuel, and we are in the dry season. People have fuel on stations, but once the fuel to power the pumps for the bores starts to run out, the cattle are going to be without water. Cash is king. That is what is required. Under the NDRA arrangements, significant cash payments should be available to people who can demonstrate that they cannot access cash at the moment.[71]

5.65 A number of witnesses impressed upon the committee the need to return confidence to the industry to protect investments and enable businesses to keep going. Mr Stefan Hart told the committee:

> Compensation is only going to fix the problem for a short amount of time. We need to find a way to get the security back in the industry again so people feel safe, so that when they spend their money they know that their investment is going to pay off. All my contract work has been put on hold because, even though the trade has restarted, people are still scared that it could happen again. We need to get that security back so that people are happy to spend their money, knowing they can afford to make their interest payments because they can sell their cattle.[72]

5.66 DAFF told the committee that while applications under the assistance programs had been slow to start, as the closing date for the program approached, the number of applications had increased. At the committee's public hearing on 14 September 2011, Mr Aldred told the committee:

> We would expect over the next few weeks for expenditure to increase for a couple of reasons. Firstly, our experience is that with a closing date of 30 September a lot of people will actually come in at the last minute or in the closing few weeks. We certainly saw a spike starting last week. The second element is that, from the figures we have provided you, there are 483 as at last Friday who had accessed the business assistance payment of $5,000. So there is a likelihood that the balance between those and the ones who have

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70 The Hon. Paul Henderson, Chief Minister, Northern Territory Legislative Assembly, *Committee Hansard*, 4 August 2011, pp 48-49.

71 The Hon. Paul Henderson, Chief Minister, Northern Territory Legislative Assembly, *Committee Hansard*, 4 August 2011, pp 48-49.

72 Mr Stefan Hart, *Committee Hansard*, 2 September 2011, p. 34.

> already applied for business hardship payments will apply—that is 174. There is a cohort there of around 300 who have accessed the business assistance payment but who have not yet accessed the business hardship payment and, for all intents and purposes, we would expect them to do so.[73]

5.67 Mr Aldred also told the committee that, since the announcement of the Subsidised Interest Rate program on 10 August 2011, Centrelink had received 35 calls enquiring about the program. Mr Aldred explained that these callers had been registered and would be contacted with details about how to access the program.[74]

5.68 Mr Aldred also confirmed that DAFF was using a range of different mechanisms to try to raise awareness of the forms of assistance available and to try to encourage people to apply, ranging from "facilitating additional service through the Rural Financial Counselling Service to asking the farm organisations to assist and attending field days or workshops".[75]

Managing interest repayments

5.69 The committee notes that many of the witnesses it heard from were experiencing difficulty meeting interest repayments.[76] The Hydro Consulting report notes that debt levels among many cattle producers appears to be at historically high levels. Many producers appear to have extended borrowings to undertake capital improvements in anticipation of a good season.[77] The report also notes that most of the borrowers contacted as part of that study have been contacted by their banks to discuss the current situation. Some banks have requested local valuers to value properties since the export ban and a number of banks have asked borrowers to demonstrate that they are doing all they can to mitigate the current cash flow situation.[78]

5.70 The report observes that the combination of decreased property values and decreased cash flow may lead banks to increase their margins. The report states:

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73 Mr Tom Aldred, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, 14 September 2011, p. 53.

74 Mr Tom Aldred, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, 14 September 2011, p. 55.

75 Mr Tom Aldred, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, 14 September 2011, p. 55.

76 See for example: West Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 53, and Central Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 76.

77 Hydros Consulting, *Financial Impact of Cattle Export Restrictions to Indonesia*, July 2011, p. 5.

78 Hydros Consulting, *Financial Impact of Cattle Export Restrictions to Indonesia*, July 2011, p. 6.

> Banks could potentially now be more conscious of the risk associated with the live cattle reliance on the Indonesian market and are likely to ascribe higher risk (and thus increased margins and lower debt levels) in future.[79]

5.71 DAFF expressed confidence that its discussions with financial institutions to date had not indicated they were contemplating the imposition of penalty interest rates or similar actions.[80] However, the committee noted that many witnesses were clearly anxious about the stance financial institutions might take in the longer term. Mr Haydn Sale told the committee that interest rate subsidies would be of great assistance to cattle producers. In outlining the key measures that would bring relief to producers, he said:

> No. 1 is interest rate subsidies on existing loans because we are under enormous pressure from banks and we are down tremendously on income—so we have to just survive into next year. A bank is going to be a lot happier about having its interest paid by the government rather than us having to have that extra debt. We do not have that option so we are really in a corner.[81]

5.72 The committee notes that the Hydro Consulting report made a number of suggestions to assist borrowers in their dealings with financial institutions and considers that these measures are worthy of further consideration.

Domestic processing of livestock currently bred for the live export market

5.73 The crisis facing the live cattle export industry following the temporary suspension of trade to Indonesia has highlighted the dependence of this sector of the industry on the Indonesian market and the limited options available to cattle producers in northern Australia to sell their stock. As noted earlier, Australia supplies 100 per cent of live cattle imported by Indonesia and this trade accounts for 60 per cent of Australia's live cattle export trade.

Feasibility of transporting northern livestock to existing meat processing facilities

5.74 As noted in Chapter 2, many witnesses who support the phasing out of the live export trade emphasised the desirability of processing livestock close to the point of production. However, the committee also heard a range of evidence indicating that in the short to medium term there are significant limitations on the extent to which stock produced for the live export market can be redirected to domestic processing facilities.

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79 Hydros Consulting, *Financial Impact of Cattle Export Restrictions to Indonesia*, July 2011, p. 6.

80 Mr Tom Aldred, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, 14 September 2011, p. 52.

81 Mr Haydn Sale, Central Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 76.

5.75 The committee notes that there are limited processing facilities available in northern Australia. The only large scale northern Australian facilities located outside capital cities are those in Rockhampton and Biloela in Queensland. There are currently no processing facilities in the Northern Territory and no processing facilities in the north of Western Australia.[82] The only alternative for producers to send livestock to domestic processing plants is to transport them significant distances by road.

5.76 The transport and other costs associated with the shipment of cattle to other domestic markets is considered not to be viable by many producers, given the lower beef prices domestically and the lower demand for Bos indicus beef in southern markets. Hydro Consulting reported the following transport and other costs associated with the shipment of cattle to domestic markets:

> $150 per head from Kimberley to Harvey, $250 per head from Northern Territory to Murray Bridge and $136 per head from Northern Territory to Longreach.[83]

5.77 Mr Nigel Westlake, Manager of Mount House Pastoral Partnership, told the committee that if Mount House Station, in the Gibb River in the north of Western Australia, was to send its cattle to the nearest meat processing facilities in Harvey in the south-west of Western Australia, the freight costs would be more than half the value of the animals. He emphasised that this did not include the incurred losses to transport them over such a long distance. He said that when the Kunnurra abattoir was operating, cattle from Mount House Station had been sent to Kunnurra by road for a fraction of the cost to transport them to Harvey.[84]

5.78 Other witnesses told the committee of the difficulties associated with transporting livestock by road. The committee heard that a lack of sealed road often means that animals are unable to be transported via the most direct route and that this adds to the cost of production and the stress for the animals. For example, a number of witnesses referred to current poor state of certain roads in Western Australia that could potentially cut transport distances by as much as a thousand kilometres.[85] Mr Phillip Hams told the committee that the cessation of the live trade to Indonesia had demonstrated the difficulties associated with diverting cattle from northern Western Australia from live export markets to domestic markets. He said:

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82 RIRDC, *Feasibility of Establishing a Northern WA Beef Abattoir*, RIRDC Publication No. 10/214, November 2010, p. 19.

83 Hydros Consulting, *Financial Impact of Cattle Export Restrictions to Indonesia*, July 2011, p. 4.

84 Mr Nigel Westlake, Central Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 70.

85 Mr Phillip Hames, West Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 54 and Ms Lynette Craig, Central Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 73.

> ... the West Kimberley region is ideally situated and has the soil types and the range lands to produce cattle for export. ... [But] you could not find a worse spot in Australia if you tried to start to back up and do something else with those cattle.[86]

Support for the reestablishment of meat processing facilities in Northern Australia

5.79 Witnesses in favour of phasing out the trade emphasised the benefits of focussing greater investment into Australia's meat processing sector, stressing the positive impact this would have on the Australian economy through the development of more processing facilities, an increase in the export of boxed and chilled meat as well as opportunities for the industry to value-add and diversify.[87]

5.80 The Community and Public Sector Union (CPSU) argued that a ban on live exports "has the potential to re-enliven Australia's meat processing industry and bring back to regional towns, many of the jobs that have been lost".[88] The CPSU further argued that local processing of Australian cattle would ensure that high levels of animal welfare and hygienic meat productions are applied throughout the slaughtering process.[89]

5.81 A number of submitters advocated government investment in re-establishing meat processing facilities in northern Australia. Mr Rod Botica argued that access to processing facilities in Broome, Derby and Wyndham would provide a market for northern cattle producers, support Australian jobs and guarantee best practice slaughter standards.[90]

5.82 Ms Di Johnstone also argued that existing facilities, such as the facility at Katherine, might be reopened with government assistance, emphasising the benefits to the surrounding regional communities. Ms Johnstone told the committee that the Katherine facility was due to be reopened in 2010, but this had not happened because of a lack of government support on issues such as upgrading power and water supplies.[91]

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86 Mr Phillip Hams, West Kimberley Producers' Group, *Committee Hansard,* 1 September 2011, p. 54.

87 See, for example: World Society for the Protection of Animals, Submission 105, p. 1; Dr Linda Fleeman, *Submission 114;* Ms Juliana Harmsen, *Submission 119;* Ms Chantal Teague, *Submission 120;* Stop Live Exports, *Submission 121;* Ms Naomi Oliver, *Submission 125;* Ms Renee Blight-Clark, *Submission 129;* Ms Sharon Rabusin, *Submission 142;* Ms Kathryn Keen, *Submission 143,* Mrs Annarosa Berman, *Submission 155,* Mrs Belle Gibbons, *Submission 170* and Dr Robert Wansbrough, *Submission 184.*

88 Community and Public Sector Union, *Submission 179,* p. 5.

89 Community and Public Sector Union, *Submission 179,* p. 5.

90 Mr Rod Botica, *Submission 34*, p. 1.

91 Ms Di Johnstone, *Submission 265,* p. 9.

5.83 Ms Emily Brett, a cattle producer from Katherine also argued that there is a need for an abattoir in the Darwin region for slaughtering cattle over 350kg, which are unable to be exported to Indonesia. Ms Brett noted that:

> At the moment we have to truck these cattle all the way to Queensland, New South Wales or South Australia to be slaughtered. The cattle lose a great deal of weight and condition during transportation and we as the seller therefore lose a lot of money, as we are paid on weight. We often receive very little return for our animal, as the costs far outweigh the price we receive. We fear that there could be animal welfare issues generated by people being forced to transport their cattle such long distances, particularly when they are under financial pressure.[92]

5.84 Other witnesses argued that the establishment of processing facilities would provide cattle producers with greater certainty and stability, particularly in the context of the Indonesian Government's policy to move toward greater self-sufficiency. Dr Linda Fleeman submitted that the live cattle trade to Indonesia could be:

> ... halted abruptly and arbitrarily at any time by Indonesia (or other importing countries) and Australian farmers have no 'fall-back position'.[93]

Challenges associated with establishing meat processing facilities in northern Australia

5.85 The committee also received evidence to suggest that there were a number of factors which would make it difficult to re-establish viable processing facilities, particularly in northern Australia.[94]

5.86 The CCA submission noted that a number of private and Government-operated processing facilities in the far north and north-west of Australia have closed. The CCA argued that these closures had largely stemmed from the high per unit cost of production, and that the highly competitive nature of the meat processing sector.[95]

5.87 The CCA submission cited a 2010 feasibility study conducted by the Western Australian Beef Council[96] which identified a number of potential limitations to the financial success of a processing facility, including:

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92 Ms Emily Brett, *Submission 272,* p. 2.

93 Dr Linda Fleeman, *Submission 114*, p. 3.

94 See, for example, Mr Larry Graham, *Submission 128,* Ms Kelsey Neilson, *Submission 131,* Mr Eric Britton, *Submission 135,* Pastoralists and Graziers Association of Western Australia (Inc), *Submission 194* and Ms Sally Witherspoon, *Submission 230.*

95 Cattle Council of Australia, *Submission 118,* p. 10.

96 Western Australian Beef Council, *North West Western Australian Beef Abattoir, Pre-feasibility Study*, Final Report prepared for the Department of Food and Agriculture, Western Australia, 2010.

- **Numbers –** to be feasible, an abattoir in the north-west would need a throughput of 400 animals per day – the equivalent of 75 per cent of live exports from that region.
- **Weights –** there are economies of scale in processing heavy carcases, and it is costly to add weight to animals in remote areas of northern Australia. A successful processing sector would require a successful backgrounding and feeding sector to supply consistent numbers of suitable weight animals. This would be a major structural adjustment for the industry.
- **Labour –** attracting and retaining skilled labour is a major impediment. The processing sector already relies heavily on skilled migration and long stay visa programs to meet labour requirements. Likely centres for processing facilities such as Broome and Darwin are also high cost centres.
- **Seasonality –** the highly seasonal nature of weather patterns in the north and the impact of this on roads and access – and therefore cattle supply – impact on the viability of processing.[97]

5.88 These concerns were echoed by Ms Raelene Hall, a cattle producer from Western Australia, and Ms Jenny Deveraux, a cattle producer from the Northern Territory.[98] Ms Hall argued that apart from the initial problem of finding investors willing to invest in an abattoir:

> Finding workers for abattoirs was and will always be a problem especially when competing with the mining sector for workers. They can't compete financially in terms of the type of work on offer and the benefits. Are they going to be able to process the numbers that may come in during the northern dry season? Are consumers going to want to eat the Bos Indicus breeds from the north – research and history shows not. Will a glut force prices down until selling stock becomes unviable? More than likely.[99]

5.89 Ms Deveraux noted plans to establish an abattoir in the Northern Territory and argued that:

> Whilst this is a welcome development, the facilities as I understand it, will be tailored to take that company's surplus and out of specification cattle. A viable long-term solution still needs to be identified to take surplus stock, out of specification (heavy cattle, bulls, buffalo, cull cows etc) to provide industry with alternative[s] and certainty.[100]

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97 Cattle Council of Australia, *Submission 118,* p. 10.

98 Ms Raelene Hall, *Submission 188,* p. 3 and Ms Jenny Deveraux, *Submission 225,* p. 6.

99 Ms Raelene Hall, *Submission 188,* p. 3.

100 Ms Jenny Deveraux, *Submission 225,* p. 6.

5.90 These concerns were also echoed by Ms Jo-Anne Bloomfield who noted that the abattoir is only expected to offer 10 per cent processing capacity for animals outside of its own operations.[101]

Current proposals

5.91 During this inquiry, the committee heard of two proposed meat processing facilities currently under consideration. The committee notes that both of these proposals are intended to complement the existing live export trade.

5.92 Mr David Farley, the Chief Executive Officer of the Australian Agricultural Company told the committee that the company is proposing to build an abattoir near Darwin. Mr Farley told the committee that there two primary reasons behind the company's decision, including

- improved management of breeding age cattle (the company's goal is to lift the herd's fertility by getting the older, non-productive cows out); and
- saving on the logistic cost of sending cattle south (which currently costs the company between $160-$200 per head).

5.93 Mr Farley told the committee that:

> The proposal is to run the plant for seven months on a double shift and then four months on a single shift, starting very early in the morning, finishing before lunchtime. That is the shift through the wet season. Our enterprise has the ability to stage cattle. We have geared our enterprise and now, with the use of the northern flood plains, the use of improved pastures, the use of cavalcade and the new grasses in the north, we will be able to position the cattle in the north for slaughter through the wet season.[102]

5.94 Mr Burton told the committee that his company is a proponent to build an abattoir in the Derby Shire.[103] Mr Burton described the proposal as a boutique abattoir and told the committee:

> We have got a pilot project that will be completed in two months. That will kill 15 a day. It is a pilot project to test out our markets. We expect that within 24 months we will have built a facility that will kill 100 to 120 a day. So it is complementary to the live export, not in replacement of it. ... Basically the opportunity exists for someone to process animals that are not suitable for live export. That 20,000 to 30,000 head a year will be animals

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101 Ms Jo-Anne Bloomfield, *Submission 226*, p. 10.

102 Mr David Farley, Australian Agricultural Company Ltd, *Committee Hansard*, p. 52.

103 Mr Jack Burton, West Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 52.

> that are not suitable for live export. That is what the whole focus of this facility will be.[104]

5.95 A 2010 feasibility study noted interest in the establishment of processing facilities in northern Western Australia. However, the study also noted the challenges facing such a facility, particularly given the seasonal nature of supply and the variability of throughput. The study concluded that a facility in northern Western Australia would not be viable without active Government support.[105]

5.96 The study also noted that the greatest value of an abattoir accrues to producers in the immediate region and diminishes with the distance that needs to be covered by live animal transport. The study also recognised the need for the industry and governments to continue to investigate options for stimulating commercial development of processing streams within the northern and western production area, and that there would be flow-on effects in the form of throughput for southern processing facilities. [106]

5.97 The committee considers that such facilities would complement the existing live export trade and provide a valuable alternative option for producers which could, in turn, lessen northern Australia's dependence on the Indonesian trade.

Committee view

5.98 The committee notes the significance of the live export industry to the Australian economy and to regional economies in particular. The committee notes that it is a significant source of employment in these communities, both directly and through ancillary industries.

5.99 The committee also considers that there are key synergies between the live export industry and the domestic meat processing industries. The committee is not persuaded that phasing out of the live export industry will reinvigorate the domestic processing sector. The committee considers that there is more to be gained from working to understand and strengthen the complementary relationship between the two industries.

5.100 However, the committee agrees that cattle production in northern Australia is too heavily reliant on the live export trade and, as the events of the last six months have demonstrated, is currently very vulnerable.

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104 Mr Jack Burton, West Kimberley Producers' Group, *Committee Hansard*, 1 September 2011, p. 54.

105 RIRDC, *Feasibility of Establishing a Northern WA Beef Abattoir*, RIRDC Publication No. 10/214, November 2010, p. vii.

106 RIRDC, *Feasibility of Establishing a Northern WA Beef Abattoir*, RIRDC Publication No. 10/214, November 2010, p. vii.

5.101 The enormity of the challenge of providing effective and meaningful assistance to the industry, following the temporary suspension of live exports of cattle to Indonesia is reason enough to ensure that this type of crisis is not repeated. While the committee acknowledges that the government assistance to date has been appreciated by some, for many it has proved poorly directed and inadequate to the task of surviving the massive jolt that the industry has sustained. The committee notes that the effects of this jolt are likely to be felt for some time to come.

5.102 The committee considers that the Australian Government must continue to work closely with the industry and communities to support producers and businesses through what is expected to be a long period of recovery.

5.103 At the same time, the committee considers that steps must be taken to provide a more secure basis for the industry through the diversification of market options for northern cattle producers. The committee considers that the establishment of meat processing facilities such as those proposed for Darwin and Broome offer the key to such market diversification, by offering greater accessibility to processing markets for older and heavier cattle.

5.104 The committee notes that the establishment, or re-establishment ,of processing facilities in northern Australia is not without significant challenges and notes that the 2010 Western Australian feasibility study concluded that a meat processing facility in that state would not be viable without active government support. However, the committee considers that the recent crisis has demonstrated clearly that it is absolutely essential that the industry and all levels of government continue to investigate options for the development of commercial processing streams within northern Australia in addition to existing live export markets.

Chapter 6

Conclusion

6.1 On 30 May 2011, the ABC *Four Corners* program televised *A Bloody Business*. The ABC described the program as an "explosive expose of the cruelty inflicted on Australian cattle exported to the slaughterhouses of Indonesia".[1]

6.2 No one who appeared before the committee, or wrote to the committee, condoned the treatment of cattle in the footage broadcast as part of the *Four Corners* program. A clear message throughout this inquiry from animal welfare groups, the livestock industry, governments and the wider community was that the treatment of cattle as shown in the *Four Corner's* program was totally abhorrent and inexcusable.

6.3 During this inquiry, a number of witnesses expressed concerns about the ABC *Four Corners* program. Some witnesses expressed concerns about the accuracy of the program, while others made quite serious allegations about the editing of the footage. Some of the individuals interviewed for the program contacted the committee to express concern at the manner in which they were treated by the *Four Corner's* team and the way in which they were presented to the Australian public. The committee has chosen not to comment further on the specifics of these concerns, having decided that it is not well placed to determine whether or not they are well founded.

6.4 What is clear to the committee is that the program was intended to have a significant impact on the viewing public, and through them, the Australian Government and the live export industry. Many on the committee are satisfied that the primary motivation for the *Four Corner's* program was a desire to end the live export trade.

6.5 To say that this objective has been achieved is an understatement. The program was so hard hitting that it panicked sections of the community and the Australian Government into thinking that the only solution was to immediately suspend the live cattle trade, without consideration of the devastating and far reaching impact this action would have on the many families and communities who depend on the trade for their livelihood, or on Australia's relationship with the Indonesian Government.

6.6 However, the committee does not consider that there is anything to be gained from dwelling further on the motives of Animal's Australia, RSPCA Australia or the ABC. The committee prefers instead to focus on how these serious shortcomings in

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1 Australian Broadcasting Corporation, Four Corners, *A Bloody Business*, accessed at http://www.abc.net.au/4corners/content/2011/s3228880.htm.

Australia's live export trade can be properly addressed to preserve this significant trade and the communities it underpins.

6.7 The committee believes that out of adversity comes opportunity. The Australian Government and the Australian red meat industry have in their hands the opportunity to place the industry on solid foundations. To achieve this, some key lessons must be learnt from the events of the last six months.

There is no room for compromise on animal welfare

6.8 Firstly, Governments, parliaments and industry must all accept that there can be no compromise around animal welfare. There is genuine and widespread concern in the Australian community about the welfare of Australian animals exported for slaughter in other countries. We must continue to strive to improve the treatment of Australian livestock and foster significantly improved animal welfare standards.

6.9 The committee endorses the sentiments of Dr Temple Grandin:

> I think using animals for food is an ethical thing to do, but we've got to do it right. We've got to give those animals a decent life and we've got to give them a painless death. We owe the animal respect.[2]

6.10 While this may seem self evident, the committee considers that in tackling the difficulty of influencing outcomes in animal welfare in another sovereign state, compromises have been made, particularly in the Indonesian live cattle export market.

6.11 The committee notes that prior to the *Four Corners* program, the industry had adopted an incremental approach to improving animal welfare within importing countries, partly in response to the sensitivities involved. In Indonesia in particular, the widespread prevalence of traditional slaughter practices, the level of understanding of animal handling practices and the plethora and diversity of slaughter facilities have posed significant challenges. The committee recognises that achieving change in this environment required a careful and considered approach.

6.12 However, the committee is concerned that there appears to have been insufficient monitoring to determine if this incremental approach was achieving sustained change. Given the significant investment of both financial and physical resources by the Australian Government and peak industry bodies over a considerable period of time, the committee is concerned that the changes appear to be minimal.

6.13 The committee cannot help but think that at a fundamental level, Australian cattle producers have been let down by a failure to appreciate the magnitude of the risk posed to the industry if animal welfare issues were not effectively addressed within a reasonable timeframe.

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2 Comment from Dr Temple Grandin, accessed at, http://www.goodreads.com/author/quotes/1567.Temple_Grandin, 20 October 2011.

6.14 By their own admission, MLA and LiveCorp were aware of significant shortcomings in animal welfare within the Indonesian market for some time. The committee is satisfied that other peak bodies must also have been aware of the true situation. The number of reviews and reports, undertaken on behalf of the industry, pointing to significant shortcomings in animal handling practices and in animal welfare casts a cloud over the efforts of peak bodies to facilitate improved welfare outcomes.

6.15 The clear positive to come out of the past six months' chaos is that it has fast–tracked a lot of processes that were taking altogether too long to reach an appropriate conclusion, and stimulated a greater degree of shared commitment and cooperation. Within a very short period of time, a range of sensitive diplomatic issues appear to have been addressed and the level of cooperation government to government and industry to industry displays a renewed commitment and vigour.

6.16 The committee considers that there is also a lesson here for the live export industry. The industry must review its lines of authority and responsibility and the manner in which peak industry bodies communicate both within the industry and with other key stakeholders, governments and the community. The industry would benefit from a review of which peak bodies currently hold what responsibility for the live export industry, the nature of those responsibilities and the extent to which they are shared with other industry peak bodies. In undertaking such a review, the industry should seek to clarify the extent to which those bodies with responsibility to act and speak for the industry are accountable to the industry for those actions and statements. The committee considers that clarification of the lines of responsibility and authority within the industry would assist the industry to respond more effectively to any future call for urgent action.

Recommendation 6

6.17 The committee recommends that the Australian live export industry undertake a review of the responsibilities of peak bodies that act and speak on behalf of the industry with a view to clarifying the lines of authority and communication within the industry.

Live export trade offers an avenue for effective change

6.18 While many submitters to this inquiry have argued strongly that the solution to these animal welfare issues is to end all live exports, the committee does not agree. The committee considers that Australia's active involvement in the live animal export trade puts it in a much better position to act as an agent of change.

6.19 In this context, the committee welcomes the Government's stated commitment to the live export industry and notes its expectation that the current reform process will provide stability for the industry and the individuals, small businesses and communities that are dependent upon it. The committee hopes that through its commitment to continue to work closely with the livestock industry, state and territory

governments and Australia's trading partners, the Government may be able to foster a return of confidence to this very important industry.

Reform across the supply chain

6.20 The committee considers that the Australian Government's recognition that it must play a more active role in the oversight of all stages of the live export chain is long overdue. The committee also welcomes the clear delineation of responsibility and the emphasis on accountability and transparency in the recently adopted supply chain assurance approach. The long-term future of the industry depends on effective accountability and full transparency.

6.21 The committee would also like to see closer accountability and scrutiny of Commonwealth funding for industry and government programs designed to improve the animal welfare framework across the live export industry.

6.22 The committee has also noted its support for the imposition of an expectation of full traceability of animals throughout the supply chain. The committee would, however, prefer to see this strengthened to ensure the mandatory application of a uniform, electronic traceability system across the board.

6.23 The committee notes that as a result of the Independent Review of Australia's Livestock Export Trade (the Farmer Review) and the work of the Industry Government Working Groups, the Government has committed to the implementation of further reforms throughout the supply chain, both domestically and internationally, for all live export markets.

6.24 The committee welcomes the Government's acceptance of all recommendations made by the Farmer Review. More importantly, the committee notes that the Review's findings have been welcomed by industry representatives. Mr Steve Meerwald, Managing Director of Wellard Rural Exports has said that "Our goals are aligned. The Federal Government, the Australian public, exporters and farmers all want to ensure that animals are treated professionally and humanely, that voyage success rates are optimised and that animal welfare is a priority throughout the live export process from procurement to processing".[3] National Farmers Federation President Jock Laurie has noted the extent to which the Review's recommendations align with the recommendations made by the Industry Government Working Groups on live exports. Mr Laurie said "[this] shows that both the live sheep and cattle export industries are determined to actively drive the reforms. We have stressed before, and

3 See for example: Wellard Rural Exports Media Release, Farmer Inquiry into the Live Export Industry Released, 21 October 2011, accessed on 6 November 2011 at http://www.wellard.com.au/home/corporate/media-and-publications/media-releases/farmer-inquiry-into-the-live-export-industry-released.html.

we will continue to stress that animal welfare is of utmost priority to Australia's livestock industry."[4]

6.25 The committee notes that implementation of the recommendations will require action and cooperation on the part of Commonwealth, state and territory governments and the industry and notes the Government's intention that the proposed reforms be implemented across supply chains for 75 per cent of the live export trade by February 2012 and for the entire trade by the end of 2012.[5] The committee notes that this work has commenced and will follow its progress closely.

6.26 As noted during the inquiry, the series of reforms implemented across the supply chain will impose significant additional cost on the industry. Members of the industry have indicated that the extent of these costs will not be fully understood until the reforms have been fully implemented. The Australian Live Export Council has estimated that the cost to the industry of implementing supply chain assurance programs in all of Australia's 29 live export markets could be in the order of at least $25 million. ALEC has said that the industry will seek Government assistance to meet these increased costs.[6]

The need for effective and cooperative relationships

6.27 A key message from this inquiry is the fundamental importance of establishing and maintaining positive industry to industry relationships throughout the supply chain, and supporting this relationship through the provision of appropriate assistance and training. The committee is pleased to note that both industry and government representatives have managed to maintain positive working relationships with their counterparts within Indonesia during the recent crisis.

6.28 The committee is particularly pleased to note that the supply chain assurance framework offers the ability to respond to failings in the supply chain on a case-by-case basis without resorting to closing entire markets. The committee considers that there may have been too little emphasis placed on the diagnosis and correction of poor performance in the past. The supply chain approach offers an incentive to those involved to work cooperatively to ensure the sustainability of individual supply chains, by developing and maintaining good animal welfare practices.

6.29 In addition to this, the committee believes it is important for Australia to continue to work cooperatively with importing countries to improve animal welfare

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4 National Farmers Federation quoted in Media report, Accidentally Outback, Ludwig responds to live export review, accessed on 6 November 2011 at http://www.accidentallyoutback.com.au/news/1582-ludwig-responds-to-live-export-review.

5 Media Release, Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, *Gillard Government reforms live export trade*, DAFF11/240L, 21 October 2011, p. 2.

6 Media Report, Beef Central, Live export review recommends Indo response in all markets, James Nason, 21 October 2011, accessed on 6 November 2011 at http://www.beefcentral.com/live-export/article/772.

and animal handling procedures. The committee believes there is an ongoing need for both government and industry to invest in appropriate infrastructure and training to ensure animal welfare standards are adhered to.

6.30 The committee considers that, in the first instance, an active dialogue must be maintained at the highest and most formal level between Australian Ministers and their counterparts within those countries with whom Australia engages in live export trade. The committee also considers that the messages from these high level discussions must in turn be clearly communicated to government officials and to industry to ensure that all parties are working harmoniously toward a common set of goals.

Recommendation 7

6.31 The committee recommends that the Australian government establishes an ongoing dialogue with the governments of each of our live export trading partners and ensures that agreements reached as a result of this dialogue are clearly communicated to Australian Government officials and Australian industry representatives.

6.32 The committee will maintain a watching brief over the implementation of the supply chain assurance system. It will monitor government and industry initiatives to assure itself that there is an ongoing commitment to the provision of appropriate training in animal handling practices, and that the effectiveness of such training in securing improved animal welfare outcomes is monitored.

Diversification of the industry

6.33 The live export industry plays an important role in the Australian economy. Much more significantly, however, it underpins regional economies in Western Australia, the Northern Territory and Queensland. The committee notes that it is a significant source of employment and investment in many rural and remote communities, both directly and through ancillary industries. It is also a significant source of training, employment and business opportunities for Indigenous communities. This investment in training, employment and infrastructure is not easily transferrable.

6.34 The committee does not support the argument that phasing out of the live export industry would reinvigorate the domestic processing sector. The committee is also not persuaded that the benefit to the processing sector would justify the economic and social dislocation involved. The committee considers that rather than seeking to phase out one industry in favour of the other, more emphasis needs to be given to strengthening the complementary relationship between the two.

6.35 At the same time, the committee is concerned that the northern Australian cattle industry is too heavily reliant on the live export trade, particularly the trade with Indonesia. The temporary suspension of the live cattle trade with Indonesia has highlighted the vulnerability of the industry. The limited ability of producers to access

alternate markets left the industry and surrounding communities in a very difficult position from which they will take some time to recover.

6.36 The committee considers that the reforms to the live export supply chain should go some significant distance toward placing the live export trade on a more secure footing and restoring confidence to the industry. However, the committee believes that the industry must also work to ensure that it is better able to withstand any future disruptions to the trade.

6.37 The committee welcomes current initiatives to establish meat processing facilities in northern Australia, and considers that these developments have the potential to contribute to long term diversification within the industry. The committee notes that these proposed facilities are intended to complement the live trade by providing a market for stock which does not meet the requirement of the trade.

6.38 The committee notes that the establishment or re-establishment of processing facilities in northern Australia is not without significant challenges. For such an enterprise to be viable, it must have a reliable source of labour, a secure supply of livestock and be able to adapt to the seasonal nature of production in northern Australia.

6.39 The committee notes evidence that such facilities are unlikely to be established without some form of government assistance. The committee considers that given the significant investment in the northern Australian cattle industry, government support of such enterprises, in all its guises, is fully justified. The committee encourages the industry and all levels of government to continue to investigate options for the development of commercial processing streams within northern Australia in addition to existing live export markets.

Government assistance

6.40 The committee also notes concerns raised regarding the provision of financial assistance by the Australian Government following the temporary suspension of the live cattle trade to Indonesia. Evidence received during this inquiry has shown that the losses directly incurred by cattle producers and by those engaged in a range of ancillary businesses, such as live stock transporters, helicopter musterers and stock feed suppliers, have run into millions of dollars.

6.41 The committee acknowledges that the Government assistance to date has been appreciated by some, but for many it has proved poorly directed and inadequate to the task of surviving the massive jolt that the industry has sustained. The committee also notes that take up of the assistance was slow and that many cattle producers in particular were reluctant to apply for what they perceived as welfare payments.

6.42 The committee notes that the effects of this jolt to the industry are likely to be felt for some significant time to come. The committee is therefore concerned that cattle producers and businesses affected by this crisis should have had to resort to additional debt in order to access the cash flow required to survive the impact of the

temporary suspension of the trade. During the inquiry, members of the committee expressed some concern that many northern businesses would not have the security against which to take advantage of the offer of subsidised interest rates on an additional $300,000 debt. At the same time, the committee noted that such loans were a drop in the bucket in the context of some northern cattle enterprises.

6.43 The Australian Government must recognise that while the trade has now resumed and a degree of confidence has been restored to the industry, it will be a long time before these businesses and communities recover. The committee notes that the temporary suspension of the trade was imposed on the industry without consultation or warning. In this context, the committee would not be surprised if some in the industry were to seek legal recourse with regard to the costs incurred by their businesses.

6.44 The committee the urges the Australian Government to continue to work closely with the industry and communities to support producers and businesses through what is expected to be a long period of recovery. The committee is concerned that many producers and businesses have not taken advantage of the assistance measures. The committee believes that businesses should be able to identify the losses they have incurred as a consequence of the temporary suspension of the trade to Indonesia and seek further government assistance to address these costs.

Recommendation 8

6.45 The committee recommends that the Australian Government, in consultation with the live export industry and other ancillary businesses develops a package of further assistance or reallocates existing packages of assistance to address those identifiable and otherwise irrecoverable financial costs incurred as a result of the temporary suspension of live cattle exports to Indonesia.

6.46 The committee is also concerned that a number of producers and businesses have come under pressure from financial institutions as a result of the temporary suspension. The committee notes the assurances provided during the inquiry by the Department of Agriculture Fisheries and Forestry regarding the likelihood of financial institutions moving to imposing penalty interests rates or take similar actions. However, the committee also notes the findings made by Hydro Consulting regarding actions taken by some financial institutions since the imposition of the temporary suspension. The committee notes the suggestions made by Hydro Consulting with a view to assisting borrowers in their dealings with financial institutions and commends these to the Australian Government for further consideration. The committee also considers that the Australian Government should initiate discussions with financial institutions to encourage the adoption of a supportive approach to the repayment of debt.

Recommendation 9

6.47 The committee recommends that the Australian Government establishes a dialogue with financial institutions with regard to the financial difficulties faced

by producers and businesses involved in the live export industry as a result of the temporary suspension of live cattle exports to Indonesia. The committee recommends that the Australian Government seeks to encourage financial institutions to adopt a supportive approach to the repayment of loans and the imposition of interest penalties in the event of default on such payments.

Senator the Hon. Bill Heffernan

Chair

Government Senator's Additional Comments

1.1 The Government members of the committee note that during the previous live export suspension to Egypt under the Howard Government, it took nearly four years for the trade to be recommenced, leaving a lack of certainty in the industry during this period.

1.2 The Government members of the committee note the swift manner in which the Gillard Government worked to see the live export trade recommenced to Indonesia, an important trading partner.

1.3 The Government members recommend that the committee commends the Gillard Government for the assistance it provided to affected parties, as well as the manner in which it worked with the industry to ensure the swift recommencement of the trade.

Senator Glenn Sterle
Deputy Chair

Australian Greens – Dissenting Report

1.1 Following the footage shown on the ABC's 4 Corners program, the Australian Greens introduced a bill, the *Live Animal Export (Slaughter) Prohibition Bill 2011 [No.2]* and, on 16 June 2011, we referred the role and effectiveness of the Government, Meat and Livestock Australia, LiveCorp and relevant industry bodies in improving animal welfare standards in Australia's live export markets to inquiry.

1.2 It was the Australian Greens who prompted this immediate and wide-ranging inquiry into the live exports industry and who have opened up the trade to parliamentary scrutiny.

1.3 While the policy of the Australian Greens is for the live export industry to end while the industry continues to trade, we want the highest possible animal welfare standard, which includes mandatory pre-slaughter stunning.

Live Animal Export (Slaughter) Prohibition Bill 2011 [No.2]

1.4 The Australian Greens' bill will put an immediate end to the horrific treatment of Australian cattle in overseas abattoirs.

1.5 Since the ABC's 4 Corners program was aired, an episode aptly titled A Bloody Business, constituents from all over Australia, have been appalled and outraged by the footage of Australian cattle being subjected to cruel treatment. Australians are horrified to see eye gouging, kicking, tail twisting or breaking, as well as cattle experiencing an average of 11 cuts to the throat, whilst conscious, with one animal suffering 33 cuts to its throat.

1.6 The *Live Animal Export (Slaughter) Prohibition Bill 2011* amends the *Export Control Act 1982* to prohibit the export of live animals for slaughter. The bill provides definitions of live-stock and live-stock for slaughter to limit the application of the bill to live-stock, as defined in section 3 of the *Australian Meat and Live-stock Industry Act 1997* as cattle, calves, sheep, lambs, goats or other prescribed animals, that is intended to be exported and slaughtered overseas. The ban will be in place immediately, with no delay and no continued cruelty. My colleague, Adam Bandt MP, introduced the same bill in the House of Representatives in order to maintain pressure on the Government to take swift action to end the trade.

1.7 The history of live animal export mortalities, as outlined in submissions to the inquiry, show that there has been little improvement in animal welfare standards over the last decade. As outlined by Voiceless in their submission to the inquiry[1]:

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1 Voiceless Limited, Submission on the Senate Inquiry into Improvements in Animal Welfare for Australian Live Exports, 15 July 2011.

Notable incidents include:

(i) the drowning of 1592 cattle in 1996 when the *Guernsey Express* sank en route to Osaka;

(ii) the deaths of over 67,488 sheep aboard the *Uniceb* in 1996 after the ship caught fire and sank in the Indian Ocean;

(iii) the deaths of 570 cattle (half of those on board) on the *Charolais Express* in 1998;

(iv) in 1999, 829 cattle died by suffocation when ventilation failed aboard the *Temburongon* on its way to Indonesia;

(v) the deaths of over 300 cattle from injuries sustained during a cyclone encountered by the *Kalymnian Express* in 1998 on its voyage to Indonesia;

(vi) the deaths in 2002 of 880 cattle (half of those on board) and 1,400 sheep on the maiden voyage of the *Becrux* as a result of overheating (despite the *Becrux* being a purpose-built live animal carrier);

(vii) the deaths of 5,500 sheep aboard the *Cormo Express* in 2003 when the Saudi Arabian importer rejected the shipload of 57,000 sheep on the grounds they were infected with scabby mouth. This episode continued for 3 months until the Australian Government persuaded *Eritrea* to take the sheep free of charge.

(d) The standard of ships used in live export is predominantly unacceptable, with a vast majority being decades old, including the 43 year old *Al Kuwait* and the 32 year old *Al Messi*.

1.8 The continued and repeated occurrence of incidents such as these demonstrates why the Australian Greens advocate a ban on all exports of all animals to all countries.

Mandatory pre-slaughter stunning

1.9 The Australian Greens believe that mandatory stunning before slaughter is an absolute minimum requirement.

1.10 Cattle in Australia are stunned prior to slaughter, including those cattle for the halal-certified export market, but in Indonesia less than 10% of cattle are stunned before having their throats cut, meaning the vast majority of cattle are fully conscious when their throat is cut.

1.11 The World Organisation for Animal Health (OIE) guidelines establish minimum standards for developing countries. OIE guidelines allow practices which would be illegal in Australia to take place in foreign markets to those unlucky Australian animals which are subjected to live export.

1.12 The OIE guidelines do not require animals to be stunned before slaughter. The OIE guidelines do not prevent roping, tripping and casting of animals.

1.13 As Temple Grandin said when interviewed by Four Corners reporter Sarah Ferguson, – *it's… absolutely wrong to have a box where you trip an animal down'.* Ms Grandin was – *shocked to see that Meat & Livestock Australia's name was all over the side'* of the boxes.

1.14 The evidence collected by Animals Australia and RSPCA shows that the Mark I cattle restraint devices, which were commissioned under the Meat and Livestock Australia & LiveCorp program, facilitate Australian cattle being subjected to cruel practices. The industry program installed 109 of these devices in Indonesia abattoirs since 2001 and was subsidised to the tune of $1.2million in taxpayer funds. The restraints enable a method of slaughter that trips the animals onto their sides, allowing their throat to be cut. As Animals Australia and the RSPCA state:

> footage shows terrified animals falling violently onto a sloping concrete slab and during the process of trying to get up crashing their heads and faces against the sharp edge of a concrete blood drain. The force of these blows has chipped away at the cement and has been known to break jaws.

1.15 Indonesia has no domestic animal protection laws to enforce mandatory stunning or OIE guidelines, and enforcement of standards in over 4000 slaughter locations across Indonesia will be near impossible and very costly. Indonesia is already a signatory to the OIE and Australia has to date failed to ensure Indonesia complies with the guidelines.

1.16 Progress towards mandatory stunning is slow. The Committee heard that there are 7 abattoirs in Indonesia stunning and there is no timeline for the process to be rolled out to all abattoirs[2]. The Farmer Review recommendation that there be greater use of stunning falls far short and the Greens believe the review should have found that stunning of animals before slaughter be compulsory.

1.17 As indicated by the World Society for the Protection of Animals in their submission to the inquiry, Australia should, in addition, require cattle to be stunned in an upright position and to be restrained for stunning in a well-designed and well-maintained stunning box or conveyor restraint system.

The live export industry

1.18 Both MLA and LiveCorp have failed to adequately monitor or improve animal welfare practices in foreign markets to which Australian animals are shipped. The Greens believe it is implausible that MLA or LiveCorp were unaware of the animal welfare issues in Indonesia, including the failure of facilities which were slaughtering Australian cattle not meeting OIE standards. We agree with the committee's view that the industry must review the delineation of authority and

2 Rural Affairs and Transport References Committee, *Proof Committee Hansard*, 20 September 2011, p.8.

strengthen communication channels between government, stakeholders and the community.

1.19 The Government must play a greater regulatory role over the industry to ensure that the animal welfare standards which Australians expect are met. It is crucial that the Government take an active and hands on role in the implementation of any traceability systems, including the auditing of such systems. This compliance and audit role must not be left to third parties.

1.20 Ultimately, the Australian Greens believe there is no way to implement safeguards that can guarantee the humane transport and slaughter of animals in overseas markets and so do not believe that the implementation of a traceability system will adequately protect Australian animals from cruel treatment.

1.21 The Australian Greens propose that we need to look at how to improve and increase processing in Australia to support local producers and jobs. The community benefits of processing meat in Australia have been underestimated for too long and are being talked down by the live export industry. An ACIL Tasman report in 2009 found that the phasing out of live sheep exports would have a minimal impact of farmers. A 2010 report, commissioned by Australia's leading meat processors, found that live cattle exports compete with and undermine Australia's domestic beef industry leading to lost processing opportunities in Australia.

1.22 Processing animals in Australia protects them from inhumane treatment and ensures our laws and standards regarding animal welfare can be upheld.

1.23 The Australian Greens have previously indicated we believe compensation for the suspension of trade, for farmers and other businesses including transport operators, could be considered in certain circumstances. We understand that some farmers and other businesses have been more adversely affected than others and as such any compensation paid should be considered on a case by case basis. Suitable sources of funds for any compensation payments might include the $40 million Red Meat Advisory Council or from the $3 million levy which MLA collects from producers.

The process of the inquiry

1.24 The Australian Greens reject Senator Back's comments with regard to the ABC's journalistic integrity and the integrity of Animals Australia and the RSPCA. There is no doubt that Four Corners and Animal Australia substantiated the veracity of the footage they collected in Indonesia. It is disappointing that the inquiry was distracted by these comments rather than focusing on the industry and animal welfare.

Recommendation 1

1.25 The Greens recommend that the Live Animal Export (Slaughter) Prohibition Bill 2011 [No.2] be passed.

Recommendation 2

1.26 Pre-slaughter stunning should be mandatory at all abattoirs where Australian livestock is slaughtered.

Senator Rachel Siewert
Australian Greens

Dissenting Report from Senator Xenophon

1.1 The committee has made reference in its report to the previous inquiries and reviews held into the live export market, and the various recommendations that have arisen from these. During the hearing on 10 August, the RSPCA also gave evidence that the MLA reports in 2004, 2005, 2007, 2008, 2009 and 2010 all raised significant animal welfare concerns about the treatment of Australian animals at the point of slaughter. The RSPCA also gave evidence that they had previously contacted the Minister's office with their concerns relating to the situation in Indonesia, but no adequate action had been taken. Indeed, it seems that the RSPCA has raised serious animal welfare concerns with successive Australian Governments over the last two decades, and adequate action was not taken.

1.2 It is very concerning that it repeatedly requires media stories and public outcry (both this year and in the past) to expose bad practices overseas and bring about changes in the industry. This reactive model under which the Government and peak bodies seem to operate leaves Australian producers repeatedly in the lurch.

1.3 In Australia, producers have high standards of animal welfare, and act in good faith when it comes to live exports. They do not deserve to have their livelihoods put at risk because of regulatory and planning failures.

1.4 There have been serious failures in the regulatory processes, and Australian producers have been let down. During the hearing on 2 September in Katherine, Mr Markus Rathsmann of Mount Ringwood Station and Manager of Gulin Gulin Buffalo Co expressed his concerns with MLA's activities, stating:

> The investment in Indonesia has been totally inadequate for the amount of levies that we pay. We have to remember that Lyn White did the photography in Egypt six years ago. So it is not that we did not know about it.[1]

Serious questions need to be asked about why the live export industry is not appropriately regulated and monitored in the actual export markets.

1.5 The Government also needs to consider adequate compensation packages for producers. Several witnesses raised issues such as the cost of aviation fuel for helicopters or the need for tarpaulins to cover and protect feed stocks. In addition freight subsidies for cattle to be brought to southern markets must be considered. These essential expenses are not currently covered under the existing compensation scheme.

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1 Rural Affairs and Transport References Committee, *Proof Committee Hansard*, 2 September 2011, pg 14.

1.6 The existing scheme is also woefully inadequate when it comes to covering the real costs faced by producers. Compensation in the tens of thousands of dollars is clearly not sufficient when it is not uncommon for costs to be in the hundreds of thousands of dollars. Australian producers should not be out of pocket given that they have acted in good faith and adhered to the high standard of animal welfare practices in Australia.

1.7 The OIE standards for animal welfare were consistently referred to throughout the hearings as the benchmark standards. However, it is important to note that these standards do not incorporate stunning of animals immediately before slaughter.

1.8 In the Four Corners program transcript, Dr Temple Grandin was shocked at the conditions faced by Australian animals in Indonesian abattoirs, and the MLA's role in designing the Mark I boxes. She says:

> The conditions are absolutely terrible. I mean you've got a box designed to make a cattle fall down. That violates every humane standard there is all around the world. What I want to know is why is Meat and Livestock Australia's name on the side of this chute?[2]

In her submission to the committee, she writes:

> The cattle handling shown on the videos from Indonesia shows animal abuse. Cutting tendons and hitting cattle is not acceptable[3].

1.9 Dr Grandin is a world-renowned expert in animal welfare, and has consulted widely with the industry on incorporating humane slaughter processes. The industry and Government should consider her comments carefully.

1.10 The Government should also consider the need to make pre-slaughter stunning compulsory in all Australian abattoirs, with not exceptions.

1.11 In relation to the phase-out period of three years currently included in the *Live Animal Export Restriction and Prohibition Bill 2011 [No. 2]*, it is now apparent that this period should be extended to the extent necessary (following consultation with the industry and the RSPCA) to allow the industry to make the necessary transition to processing meat in Australia and ending live animal exports. (The transition period for cattle may need to be longer than for sheep).

1.12 The Government must support the industry and producers through this transition with adequate compensation and funding for the necessary infrastructure, to progressively reduce the industry's dependence on live exports.

1.13 A comprehensive and independent study needs to be undertaken into the best way for this transition to take place. Cattle producers in particular would hopefully

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2 *Four Corners* transcript, available: http://www.abc.net.au/4corners/content/2011/s3230934.htm

3 Submission 411, pg 1

welcome the greater security of alternative markets within Australia for their animals, rather than having such a heavy reliance on just one or two overseas live export markets.

1.14 During this transition period, the regulatory oversight for the treatment of Australian animals overseas needs to be greatly improved. All supply chains must be fully accountable, and each animal should be able to be traced from the point it leaves the producer in Australia until the moment of its slaughter. There also needs to be independent Australian officials on the ground with full powers to monitor and inspect feedlots and abattoirs, both with and without notice.

1.15 No one disagrees that the treatment of animals witnessed in the Four Corners program was abhorrent. However, past events have repeatedly shown that animal welfare issues continue to occur in export markets. This is not acceptable, and we need to consider what impact the failure to adequately deal with these issues could have on Australia's international reputation.

Recommendation 1

1.16 That the Government, industry and the RSPCA work together as a matter of urgency to ensure supply chain security in all of Australia's live export markets.

Recommendation 2

1.17 That the Government, industry and the RSPCA work together to ensure pre-slaughter stunning is required for all animals in the domestic and live export markets as a matter of urgency.

Recommendation 3

1.18 That the Government and industry consult with producers in relation to significantly overhauling and improving the current compensation packages.

Recommendation 4

1.19 That the *Live Animal Export Restriction and Prohibition Bill 2011 [No. 2]* be passed, subject to a reasonable extension of the live export phase out period, following consultation with industry and the RSPCA.

Recommendation 5

1.20 Further to Recommendation 4, that the Government commission an independent and comprehensive study into how the industry can be restructured to support processing of all animals within Australia.

Senator Nick Xenophon

APPENDIX 1

Submissions Received

Submission Number	Submitter
1.	Tony Kennedy
2.	Tammy Mc Gaw
3.	Maia Cowell
4.	Louise Floyd
5.	Jacqueline Mills
6.	Barbara Rendell
7.	Colleen McKenney
8.	Lyn Karman
9.	Cindy Collins
10.	Ryan Flanagan
11.	Caitlin Harvey
12.	Jaydee Govias
13.	Deanne Ogilvie
14.	Robyn Dunlop
15.	Julie Dolan
16.	Amanda O'Neill
17.	Genevieve Jeffreys
18.	Jenni Wyrsta
19.	G Bremmer
20.	Susan Kulka
21.	Sara Sweet
22.	David Michael
23.	Gwen Nyman
24.	Lyndsay Doyle
25.	Rochelle Downing
26.	Heather Jones
27.	Francesca Reid
28.	Ashley Wyatt
29.	Sarah Tilley
30.	Ella McNamara
31.	Kim Coffey
32.	Judy Smith
33.	Janeen Evans
34.	Rod Botica
35.	Helena Martin
36.	Carol Rainbird
37.	Mary Thompkins
38.	Rachael Riley
39.	Gillian Dent
40.	Lyndel Thomas
41.	Valerie Flynn

42. Lisa Ashby
43. Lian Staben
44. Helen Kozicka
45. Caroline Raward
46. Genevieve Davey
47. Judi Storer
48. University Veterinary Teaching Hospital - Sydney
49. Lisa Ackerman, BVSc (Hons)
50. George and Marela Vuckov
51. Su Ferreira
52. Debra Agland
53. Malcolm McCoull
54. Sue Turner
55. Wendy Clarke
56. Amanda Sharma
57. Deborah Favier
58. Janice Witon
59. Christine Yurovich
60. Gwen Ferry
61. Lynn Adderson
62. Penny Floyd
63. Leonie McLeod
64. Claire Burnet
65. Isabel Bryce
66. Maria Pulkkinen
67. Pam Oates
68. Vilia Marcelline
69. Queensland Halal Certification Service
70. Julia Berney
71. C Needham
72. Sophia Pegiou
73. Lynne Foley
74. Simone Bowskill
75. David and Jenny James
76. Julie Kmet
77. David Barns
78. Renate Homburg
79. Nicole Masters
80. Vanna Walsh
81. Janet Collinson
82. Jo Hobson
83. Mckay Family
84. Carol Vincent
85. Phil Moody
86. Nigel Brothers and Catherine Bone
87. Judy Dangerfield
88. Rachel Cassidy
89. Lara Dangerfield and Maurine Bone
90. Madalena Grobbelaar
91. Robert and Monique McGregor

92. Howard and Lorraine Ford
93. Lynda Yates
94. Murray Nixon
95. Kim Collins
96. Jan Myers
97. Penny Marks
98. Carol Kenneally
99. Marius Grobbelaar
100. Tracey Stewart
101. Mick Murray MLA, WA State Member for Collie-Preston; WA State Shadow Minister for Agriculture, Forestry, Racing and Gaming, South West
102. John Pugh
103. Tracey Fraser
104. Barristers Animal Welfare Panel
105. World Society for the Protection of Animals
106. Elaine Hunt
107. Animal Liberation ACT
108. Maureen Payne
109. AASMB
110. Ron and Jeneve Barnicoat
111. Adriana Wall
112. Stuart Austin
113. Patricia Pengilly
114. Linda Fleeman
115. Patricia Ley
116. Lucinda Smyth
117. Tony Hayne
118. Cattle Council of Australia
119. Juliana Harmsen
120. Chantal Teague
121. Stop Live Exports
122. Barry Hoare
123. Jessica Sackmann
124. Rachel Westcott
125. Naomi Oliver
126. Michelle Cusworth
127. Tiffany Keele
128. Larry Graham
129. Renee Blight-Clark
130. Tania Cummings
131. Kelsey Neilson
132. Mandy Swann
133. Kelva Hughes
134. Susan Foster
135. Eric Britton
136. Tanya Mulholland
137. Annaliese Dowling
138. Linda Campbell
139. Kathryn Woolfe
140. Casey Johnson

141. Raymond Bromley
142. Sharon Rabusin
143. Kathryn Keen
144. Shire of DerbyWest Kimberley
145. Jennifer Miller
146. Lydia Du Rieu
147. Mary Barton
148. Goat Industry Council of Australia
149. Paul MacLeman
150. Melissa Knoll
151. Graeme Simpson
152. Michael Trant
153. Carolyn Wassell
154. Risti Permani
155. Annarosa Berman
156. Claire Morgan
157. Paul McGreevy
158. Carolyn Cooper
159. Danica Brooks
160. Mr Jim and Mrs Pam McGregor
161. Jennifer Hughes
162. Davis Charles
163. Aliya Hutchison
164. Sherri Brazear
165. Iris Toren
166. Ray Trewin
167. Naomi Annear
168. Charlie Schroeder
169. Albert Mah
170. Belle Gibbons
171. Jennifer Spencer
172. Lorraine McGinnis
173. Miranda Webster
174. George Palmer and Susan Goadby
175. Voiceless
176. Fraser Paterson
177. Colleen Curlewis
178. Mark Chambers
179. Community and Public Sector Union (CPSU)
180. Martha Goodhue
181. Christine Collier-Harris
182. Linda Bogdanovs
183. Jennifer Macdougall
184. robert wansbrough
185. Gigi Robertson
186. Raelene Trenaman
187. Peter Hatch
188. Raelene Hall
189. Julie Hardaker (Cooke)
190. Rosaria Hughes

191. Tracey Paterson
192. Shannon Vassos
193. AgForce Queensland
194. Pastoralists and Graziers Association of WA Inc. (PGAWA)
195. L and A Bailey
196. Anne Greenaway
197. Australian Beef Association (ABA)
198. University of Adelaide
199. The Australian Merino Society Inc
200. Elizabeth Hussain
201. Romy Klooger
202. Louise Gourlay
203. Marion Bulloch
204. David Warriner
205. G Weetman
206. Consolidated Pastoral Company Pty Ltd
207. Ann McMaster
208. David Beard
209. Belinda Alcorn
210. Peter Edwards
211. Lena Bodin
212. Australian Federation of Islamic Societies Inc (AFIS)
213. Compassion in World Farming
214. Jan Kendall
215. Barry Thomson
216. Sonya Prinsloo
217. Lucinda Smyth
218. Tom Toren
219. Keith Leung
220. Thomas Moore
221. David Steadman
222. Tony Phillips
223. Lyn Copas
224. Jacqueline Curley
225. Jenny Deveraux
226. Jo-Anne Bloomfield
227. Stop Tasmania Animal Cruelty
228. Peter Kerkenezov
229. Suzanne Dixon
230. Sally Witherspoon
231. Warringal Conservation Society (WCS)
232. Terrie Templeton
233. Branko Rasic
234. Linda Stratford
235. Neale Blackwood
236. Carol Slater
237. Ismail Fredericks
238. Sandra Sims
239. Imraan Bergman
240. Judith McKinnon

241. Norm Eather
242. David Jasper
243. Marta Mendiolaza
244. Lisa Stevens
245. Australian Muslim Animal Welfare Association NSW
246. Catherine Deb
247. Diane Mangan
248. Carolyn Frank
249. Wollongong Islamic Society
250. Australian Muslim Animal Welfare Association Queensland and Northern Territory
251. Tanya Baker
252. UNALLOCATED
253. Carol Richard
254. Nikoleta Minns
255. South Australian Farmers Federation (SAFF)
256. Clare Sunderland
257. HKM Global
258. Ann Beeke
259. Robert and Vicki Beard
260. Michael Harrison
261. Karen Hansen
262. Anthony Fels
263. People Against Live Exports and Intensive Farming (PALE)
264. Simon Emmott
265. Di Johnstone
266. Bonalbo Cattle Company PL
267. Narelle Ryan
268. Lyn Slade
269. Australians Supporting Beef Farmers (ASBF) Ltd
270. John Underwood AM
271. Terry Underwood OAM
272. Brett Cattle Company PL
273. Yvonne Darcy
274. Linda Boyd
275. Shelley Male
276. Northern Rivers Community Legal Centre
277. John Arlaud
278. Patricia Petersen
279. Humane Society International (HSI)
280. Debra Henderson
281. Australian Veterinary Association (AVA)
282. Faculty of Veterinary Science, University of Melbourne
283. Lawrence Leung
284. Narissa Leung
285. Patricia Warren
286. Golda Mangan
287. Karina Leung
288. John Joyce
289. Conservation Council of South Australia
290. Australasian Meat Industry Employees Union (Qld. Branch)

291. Avriel Tyson
292. Deborah Clift
293. Linda Leslie
294. Roger Hinkley
295. Louise Bonomi
296. Sentient (The Veterinary Institute for Animal Ethics)
297. Julie Lewin
298. Edgar's Mission Farm Sanctuary
299. Western Australian Beef Council
300. Kylie Miller
301. Michael Cox
302. Maree Connor
303. Eric Roberts
304. Curtis Miller
305. Antje Struthmann
306. Wellard Group Holdings
307. Hayley Anderson-Higginson
308. Kieren Henderson
309. Moses Silver
310. Katherine Phan
311. Anthony Houghton
312. Emilianne Krause
313. Anthony Haynes
314. Rosemary Sullivan
315. Meat and Livestock Australia
316. Patricia Gretton
317. Katherine Town Council
318. Central Desert Shire Council
319. Raelene Govett
320. Julene Haack
321. Elizebeth Flower
322. Ian Yeates
323. Australian Livestock Export Corporation Limited
324. Livestock and Rural Transport Association of WA
325. Deborah Brackenreg and Tracey Farrar
326. Animals Australia
327. Leonnie Harrington
328. Leslie Thiele
329. Sue Teakle
330. Gary Verri
331. Susan Smith
332. Carole de Fraga
333. RSPCA Australia
334. Tony Crook MP, Member for O'Connor
335. Wally Mitchell
336. Marie Muldoon
337. Jim and Barbara Sullivan
338. Eion McAllister
339. Heather Gibb
340. Gogo Station PL

341. Lorraine Fox
342. Robert Steel
343. Margaret Clinch
344. John Armstrong
345. National Farmers' Federation (NFF)
346. Australian Meat Industry Council (AMIC)
347. Halal Certification Authority Australia (HCAA)
348. Tom Stockwell
349. Barkly Shire Council
350. Local Government Association of the NT
351. Coodardie Brahmans
352. Grant Brooks
353. Gehan Jayawardhana
354. Virginia Sullivan
355. UNALLOCATED
356. Northern Territory Agricultural Association (NTAA)
357. Roper Gulf Shire Council
358. The Western Australian Farmers Federation (Inc.) (WAFarmers)
359. Hayfield Shenandoah, APN Pty Ltd
360. Victorian Farmers Federation Livestock Group
361. Sheepmeat Council of Australia
362. Townsend Cattle Company
363. Rashida Khan
364. Jo Maguire
365. Clair O'Brien
366. Allen Crisell
367. Margie West
368. Western Australian Government Department of Agriculture and Food
369. UNALLOCATED
370. Robyn Chalklen
371. Alison Boulton
372. Gaye Crawford
373. Lois Pavy and Bruce Fletcher
374. Sandra Rieck
375. Pamela Wren
376. Southern Cross University Animal Law Club
377. Carolin Thomas
378. Philippa Sheperd
379. Terina McDonald
380. Loani Burns
381. Kasey Pennell
382. Tasmanian Farmers and Graziers Association (TFGA)
383. Rhonda Carroll
384. Katherine Luke
385. Myli Kumar
386. Che Wall
387. Wendy Lewthwaite
388. Pamela Gillot
389. Francesca De Biase
390. Kaylene McIntosh

391. J R Percy
392. Tanya Barker
393. Nicole Fahey
394. Annette Angell
395. Sarah Dye
396. Donna Perkins
397. Oakvale Brahman Stud
398. Glenys Lawton
399. Suzanne Lawton-Clark
400. Cheryl Forrest-Smith
401. David Stoate
402. David Griffiths
403. Australian Livestock and Rural Transporters Association (ALTRA)
404. Australian Livestock Exporters' Council (ALEC)
405. Yanina Wojcik
406. Jean Robins
407. Markus Rathsmann
408. Pro Bono Animal Law Service
409. AMAWA
410. Cherie Collins
411. Temple Grandin
412. Rohan Teakle
413. NSW Farmers Association
414. NT Cattlemen's Association
415. Louise Conte
416. Northern Territory Government
417. Australian Woolgrowers Association
418. Christine Glenn
419. Abdul Ayan
420. Lynn MacLaren
421. Sandy Presland
422. Broome Port Authority
423. Gerald Baker
424. Sarah Buckley
425. APN Pty Ltd, Shenandoah
426. Australian Meat Producers Group
427. Christine Lawton
428. Gary Stewart
429. Broome Chamber of Commerce Inc.

Additional Information Received

- Received on 17 August 2011, from Mr Don Heatley MLA. Copy of opening statement from public hearing on 4 August 2011 in Darwin, NT;
- Received on 19 August 2011, from the Department of Agriculture, Fisheries and Forestry (DAFF). Answers to questions taken on notice on 10 August 2011 in Canberra, ACT;
- Received on 22 August 2011, from the Australasian Meat Industry Employees Union (AMIEU). Answers to questions taken on notice on 10 August 2011 in Canberra, ACT
- Received on 9 September 2011, from Northern Territory Agricultural Association (NTAA). Answers to questions taken on notice on 2 September 2011 in Katherine, NT;
- Received on 13 September 2011, from the World Society for the Protection of Animals (WSPA). Answers to questions taken on notice on 10 August 2011 in Canberra, ACT;
- Received on 13 September 2011, from Ms Val Dyer. Answers to questions taken on notice on 2 September 2011 in Katherine, NT;
- Received on 13 September 2011, from Dr Conall O'Connell, Secretary, Department of Agriculture, Fisheries and Forestry (DAFF). Answers to written questions on notice from the committee on 9 September 2011;
- Received on 14 September 2011, from the Australian Livestock Exporters Council (ALEC). Answers to questions taken on notice on 4 August 2011 in Canberra, ACT;
- Received on 14 September 2011, from Animals Australia. Answers to questions taken on notice on 10 August 2011 in Canberra, ACT;
- Received on 14 September 2011, from the RSPCA. Answers to questions taken on notice on 10 August 2011 in Canberra, ACT;
- Received on 15 September 2011, from Ms Cynthia Bakalian. Answers to questions taken on notice on 2 September 2011 in Katherine, NT;
- Received on 15 & 27 September 2011, from Four Corners program, Australian Broadcasting Corporation (ABC). Answers to questions taken on notice on 14 September 2011 in Canberra, ACT;
- Received on 15 September 2011, from Professor Ivan Caple. Additional information regarding submission following public hearing on 14 September 2011 in Canberra, ACT;
- Received on 16 September 2011, from the Pastoralists and Graziers Association of Western Australia (PGA WA). Answers to questions taken on notice on 1 September 2011 in Broome, WA;
- Received on 16 September 2011, from Mr Michael Thompson, Munda Station, Port Hedland, WA. Information on compensation payments for producers requested during the public hearing on 1 September 2011 in Broome, WA;

- Received on 20 September 2011, from Ms Kirsty Forshaw, Nita Downs Station. Information on compensation payments for producers requested during the public hearing on 1 September 2011 in Broome, WA;
- Received on 22 September 2011, from the Hon. Terry Redman, WA Minister for Agriculture, Food, Forestry and Corrective Services. Answers to questions taken on notice on 1 September 2011 in Broome, WA;
- Received on 27 September 2011, from LiveCorp. Answers to questions taken on notice on 14 September 2011 in Canberra, ACT;
- Received on 27 September 2011, from Department of Agriculture, Fisheries and Forestry (DAFF). Answers to questions taken on notice on 14 September 2011 in Canberra, ACT;
- Received on 28 September 2011, from Ms Jo Evans, Acting Deputy Secretary, Department of Agriculture, Fisheries and Forestry (DAFF). Correction to evidence provided to committee on 14 September 2011 in Canberra, ACT;
- Received on 5 October 2011, from Meat and Livestock Australia (MLA). Answers to questions taken on notice on 20 September 2011 in Canberra, ACT;
- Received on 26 October 2011, from Mr Mark Scott, Managing Director, Australian Broadcasting Corporation (ABC). Response to letter from the Chair regarding evidence given at a public hearing on 14 September 2011. Original letter from Chair included.

TABLED DOCUMENTS

- **4 August 2011, Darwin, NT:**
  - Tabled by Mr Luke Bowen, Northern Territory Cattleman's Association. Maps of Northern Territory Pastoral Leases.
- **10 August 2011, Canberra, ACT:**
  - Tabled by Ms Heather Neil, RSPCA. *'The slaughter of Australian Cattle in Indonesia: an Observational Study'* report by Dr Bidda Jones, RSPCA Australia, 2011;
  - Tabled by Senator Sean Edwards. *'Livestock Mortalities for Exports by Sea'* tables for Cattle, Buffalo, Sheep and Goat Export Voyages 2000 – 2010;
  - Tabled by Mr Lee Norris, Australasian Meat Industry Employees Union.
    - *'Benchmarking the Beef Supply Chain in Eastern Indonesia'* flow chart and tables document;
    - Australian Centre for International Agricultural Research, *'Final Report: Benchmarking the Beef Supply Chain in Eastern Indonesia'*;

- Tabled by Senator Chris Back. *'Live cattle export as a percentage of turn off'* graph;
- Tabled by the Department of Agriculture, Fisheries and Forestry. Opening statement.

- Tabled by Senator Chris Back subsequent to public hearing on 10 August 2011 in Canberra, ACT. Statement letter signed by Mr Ali Aman in Indonesia and English translation regarding cattle slaughter in PRH Binjai.

- **1 September 2011, Broome, WA:**
  - Tabled by Mr Andrew Stewart, Landmark. Opening statement;
  - Tabled by Ms Elsia Archer, Shire of Derby/West Kimberley.
    - Copy of email dated 27 June 2011, from Mr Shane Burge, CEO, Derby/West Kimberley Shire to Mr Gary Gray – subject *Live Cattle Exports and Shire Rates;*
    - Council Paper written by Ms Janet Takarangi, Economic Development Officer, dated July 2011, titled *Examining the potential economic impact on the East Kimberley economy of the halting of live cattle exports to Indonesia;*
    - Copy of Shire of Derby/West Kimberley submission to the Independent Livestock Export Review;
  - Tabled by Mr Phillip Hams. Copy of Cummings Economics Report dated December 2009, RefJ2247, titled *Upgrading the Tanami Road: Economic Impact Statement.*

- **2 September 2011, Katherine, NT:**
  - Tabled by Ms Jo-Anne Bloomfield, Hodgson River Station. Four photographs on two pages *(Bloomfield Trust – Steers 27.08.11)*;
  - Tabled by Mr Marcus Rathsman and Mr Gehan Jayawhardna. Four photographs of livestock box;
  - Tabled by Mr John Armstrong, Gilnockie Station.
    - Extract from Manual of yard plans for South East Asian abattoirs – pages i, iii, 1, 2 and 3;
    - Meat and Livestock Australia/Livecorp publication dated October 2004, *Manual for cattle slaughter restraining box – Revised Mark 1 and Mark 2 boxes;*
    - Meat and Livestock Australia/Livecorp publication, dated June 2006, titled *Manual of yard plans for South-East Asian abattoirs*- [includes DVD

marked "1. Drawings and images from Manual of yard plans for South-East Asian abattoirs, June 2006 and 2. Manual for cattle slaughter restraint box, revised;

- Opening statement.

- **14 September 2011, Canberra, ACT:**
  - Tabled by the Sheepmeat Council of Australia. Opening statement;
  - Tabled by Department of Agriculture, Fisheries and Forestry. Opening statement.

- **20 September 2011, Canberra, ACT:**
  - Tabled by Senator Matt Thistlethwaite. Copy of a letter, dated 6 May 2011, from Mr Cameron McDonald, Animal Welfare Manager Indonesia, Meat & Livestock Australia.

APPENDIX 2

Public Hearings and Witnesses

Thursday, 4 August 2011 – Darwin, NT

- BARNARD, Dr Peter, General Manager, International Markets,
  Meat and Livestock Australia
- BLORE, Mr Paul John, Director,
  Outback Helicopter Airwork
- BOWEN, Mr Luke, Executive Director,
  Northern Territory Cattlemen's Association
- BROWN, Mr Gregory Collin, President,
  Cattle Council of Australia
- BURKE, Mr Henry, General Manager Pastoral,
  Australian Agricultural Company Pty Ltd
- FAWCETT, Mr Jed Thomas, Manager,
  Fawcett Cattle Company Livestock Transport
- FINUCAN, Mr Michael William, Manager, Livestock Exports,
  Meat and Livestock Australia
- GOBBEY, Mr Rod, Executive Director Primary Industry,
  Department of Resources, Northern Territory Government
- HANSEN, Mr Scott, Managing Director,
  Meat and Livestock Australia
- HARTLEY, Mr Brooke, Manager,
  Road Trains of Australia Pty Ltd
- HEATLEY, Mr Arthur Macedon, Chairman,
  Meat and Livestock Australia
- HENDERSON, The Hon. Paul, Chief Minister,
  Northern Territory Legislative Assembly
- INALL, Mr David, Chief Executive Officer,
  Cattle Council of Australia
- KANE, Mr Peter Robert, Chairman,
  Australian Livestock Exporters' Council
- MacKINNON, Mr John Lachlan, CEO,
  Australian Livestock Exporters' Council

- MULDOON, Mr Chris, Deputy Chair, Top End Branch,
  Northern Territory Cattlemen's Association
- PRINCE, Mr Ian, Executive Director,
  Department of Business and Employment, Northern Territory Government
- SETTER, Mr Troy Robert, Chief Operating Officer,
  Australian Agricultural Company Pty Ltd
- SULLIVAN, Mr Rohan McDonald, President,
  Northern Territory Cattlemen's Association
- UNDERWOOD, Mr John, Director,
  Riveren Nominees Pty Ltd
- UNDERWOOD, Mr Patrick, Owner/Manager,
  Inverway Station
- VATSKALIS, The Hon. Kon, Minister for Resources,
  Northern Territory Legislative Assembly
- WARRINER, Mr David Mackenzie, Vice-President,
  Northern Territory Cattlemen's Association
- WRATTEN, Mr Ben, Northern Regional Manager,
  Australian Agricultural Company Pty Ltd

Wednesday, 10 August 2011 – Canberra, ACT

- ALDRED, Mr Thomas, Executive Manager, Climate Change Division,
  Department of Agriculture, Fisheries and Forestry
- BEER, Mr John, National President,
  Australian Livestock and Rural Transporters Association
- CALE, Ms Lee, General Manager, Animal Export Reform Taskforce,
  Department of Agriculture, Fisheries and Forestry
- CHALK, Ms Lisa, Communications Manager,
  RSPCA Australia Inc.
- CRAWFORD, Mr Brian Patrick, Federal Secretary,
  Australasian Meat Industry Employees Union
- EVANS, Ms Joanne Leigh, Executive Manager, Trade and Market Access Division,
  Department of Agriculture, Fisheries and Forestry
- FARLEY, Mr David, Chief Executive Officer and Managing Director,
  Australian Agricultural Co. Ltd
- HALTON, Mr Philip, Executive Director,
  Australian Livestock and Rural Transporters Association

- JANKEVICS, Mrs Jodie, Campaign Officer,
  World Society for the Protection of Animals
- JONES, Dr Bidda, Chief Scientist,
  RSPCA Australia Inc.
- MAUDSLEY, Mr Grant, President, Cattle Board,
  AgForce
- MORRIS, Mr Paul, Acting Deputy Secretary, Live Animal Export Taskforce,
  Department of Agriculture, Fisheries and Forestry
- MURNANE, Mr Simon, General Manager, Livestock Industries and Animal Welfare,
  Department of Agriculture, Fisheries and Forestry
- NEIL, Ms Heather, Chief Executive Officer,
  RSPCA Australia Inc.
- NORRIS, Mr Lee George, Industrial Officer,
  Australasian Meat Industry Employees Union
- OOGJES, Ms Glenys Kay, Executive Director,
  Animals Australia
- PENM, Dr Jammie, Chief Commodity Analyst,
  Australian Bureau of Agricultural and Research Economics and Sciences
- SCHIPP, Dr Mark, Acting Australian Chief Veterinary Officer,
  Department of Agriculture, Fisheries and Forestry
- SCHNEIDER, Ms Karen, Executive Manager, Animal Division, Biosecurity,
  Department of Agriculture, Fisheries and Forestry
- SIMPSON, Mr Andrew John, Policy Director, Cattle,
  AgForce
- TENSEN, Ms Melina Caroline, Scientific Officer (Farm Animals),
  RSPCA Australia Inc.
- WHITE, Ms Lyn, Campaign Director,
  Animals Australia

Thursday, 1 September 2011 – Broome, WA

- ANDERSON, Mr Keith Clifford
- ARCHER, Mrs Elsia, President,
  Shire of Derby/West Kimberley
- BROCKHURST, Mr Kevin Stephen,
  Pastoralist

- BURTON, Mr Jamie Peter (Jack),
  Kilto Station
- CAMP, Mr Peter James
- CHENNELL, Mr Kevin, Executive Director, Livestock Industries,
  Department of Agriculture and Food, Western Australia
- COOK, Mr Garry, Director, Business Operations,
  Indigenous Land Corporation
- CRAIG, Ms Lynette Jean,
  Central Kimberley Cattle Producers
- ELEZOVICH, Mr Kurt, Member,
  Western Australian Beef Council; Country Downs Station
- FORSHAW, Mrs Kirsty Elizabeth,
  Nita Downs Station
- GALVIN, Mr David John, General Manager,
  Indigenous Land Corporation
- GILLAM, Mr Rob, President,
  Pastoralists and Graziers Association of WA Inc.
- GREY, Mr Murray Allan,
  Glenflorrie Station, West Pilbara
- HAMS, Mr Phillip Edward,
  West Kimberley Primary Industry Association
- HISCOCK, Mr Tony, Chairman,
  Western Australian Beef Council
- MEERWALD, Mr Stephen Michael, Managing Director,
  Wellard Rural Exports Pty Ltd
- MILLS, Mr Robin Frederick,
  Warrawagine Station
- MOTTER, Mr Jim, Chairman, Kimberley Division,
  Pastoralists and Graziers Association of WA Inc.
- PETERSEN, Ms Maryanne, Executive Officer,
  Broome Chamber of Commerce
- REDMAN, Mr Donald Terrence,
  Minister for Agriculture and Food, Forestry, Corrective Services, Western Australia
- SALE, Mr Haydn Cawthorne
- SMITH, Mr Glenn Andrew, Broome Manager,
  Road Trains of Australia

- STEWART, Mr Andrew James, Agency Principal,
  Landmark, Broome
- STOATE, Mr David,
  Anna Plains Cattle Co. Pty Ltd
- THOMPSON, Mr Michael John,
  Bunda Station
- WEBB-SMITH, Mr Nathan Daniel
- WEBB-SMITH, Ms Ruth, Chair, Pastoral Committee and Vice President,
  Pastoralists and Graziers Association of WA Inc.
- WESTLAKE, Mr Nigel Bruce, Manager,
  Mount House Pastoral Partnership
- WESTLAKE, Mrs Caitilin Claire, Partner,
  Mount House Station

Friday, 2 September 2011 – Katherine, NT

- ARMSTRONG, Mr John Francis, Director,
  Gilnockie Station
- BAKALIAN, Mr Steven
- BAKALIAN, Mrs Cynthia Ann
- BLOOMFIELD, Mrs Joanne Michelle
- CLIFFORD, Ms Kathleen
- DOWNES, Mr Rod
- DYER, Mrs Valmai (Val) Dorothy,
  APN Pty Ltd
- FRASER, Mr John Lawrence, NT Representative,
  IOR Energy, Katherine Depot
- GRAY, Mr David Robert
- HART, Mr Stefan Benjamin John
- HOWIE, Mr Christopher Vance,
  NTAG and Maneroo Station
- HOWIE, Mr Philip James, Owner Manager,
  Maneroo Station
- JAYAWARDHANA, Dr Gehan Anthony
- MacDONALD, Mr Neil
- MacFARLANE, Mrs Bettina Margaret

- NEWTON, Mrs Julie, Owner/Manager,
  The Top Saddlery
- O'GARA, Mr Fergal, Executive Officer,
  Northern Territory Agricultural Association
- RATHSMANN, Mr Markus Anthony, Owner-Manager,
  Mount Ringwood Station; Manager, Gulin Gulin Buffalo Co
- SULLIVAN, Mr Rohan McDonald
- TREMBATH, Dr Peter Richard, Owner/Veterinarian,
  Katherine Vet Care Centre Pty Ltd

Wednesday, 14 September 2011 – Canberra, ACT

- ALDRED, Mr Tom, Executive Manager, Climate Change Division,
  Department of Agriculture, Fisheries and Forestry
- BIDDLE, Dr Robert Richard, General Manager, Animal Health Programs,
  Department of Agriculture, Fisheries and Forestry
- CALE, Ms Lee, General Manager, Live Export Reform Taskforce,
  Department of Agriculture, Fisheries and Forestry
- CAPLE, Professor Ivan William,
  Veterinary Practitioner
- CULLEN, Mr Ron, Chief Executive Officer,
  Sheepmeat Council of Australia
- DOYLE, Mr Michael, Producer, Four Corners,
  Australian Broadcasting Corporation
- EVANS, Ms Jo, Acting Deputy Secretary,
  Department of Agriculture, Fisheries and Forestry
- FERGUSON, Ms Sarah Anne, Reporter, Four Corners,
  Australian Broadcasting Corporation
- HALL, Mr Cameron, Former Chief Executive Officer,
  Australian Livestock Export Corporation Ltd (LiveCorp)
- JOSEPH, Ms Kate, President,
  Sheepmeat Council of Australia
- MERRILEES, Mr Dean, General Manager, Animal Export Operations,
  Department of Agriculture, Fisheries and Forestry
- MORRIS, Mr Paul, Acting Deputy Secretary,
  Department of Agriculture, Fisheries and Forestry
- MURNANE, Mr Simon, General Manager, Livestock Industries and Animal Welfare, Department of Agriculture, Fisheries and Forestry

- NIEPER, Dr Roly, Chairman,
  Australian Livestock Export Corporation Ltd (LiveCorp)
- SCHNEIDER, Ms Karen, Executive Manager, Animal Division, Biosecurity,
  Department of Agriculture, Fisheries and Forestry
- SUNDERLAND, Mr Alan, Head of Policy and Staff Development, News,
  Australian Broadcasting Corporation
- SUTTON, Mr Robert Gordon, Chief Executive Officer,
  Australian Livestock Export Corporation Ltd (LiveCorp)

Tuesday, 20 September 2011 – Canberra, ACT

- FINUCAN, Mr Michael, Manager, Livestock Export Manager,
  Meat and Livestock Australia
- HANSEN, Mr Scott Anthony, Managing Director,
  Meat and Livestock Australia