

Funding A Transition Away from the Australian Live Export Industry: A Policy Analysis Report



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Abstract

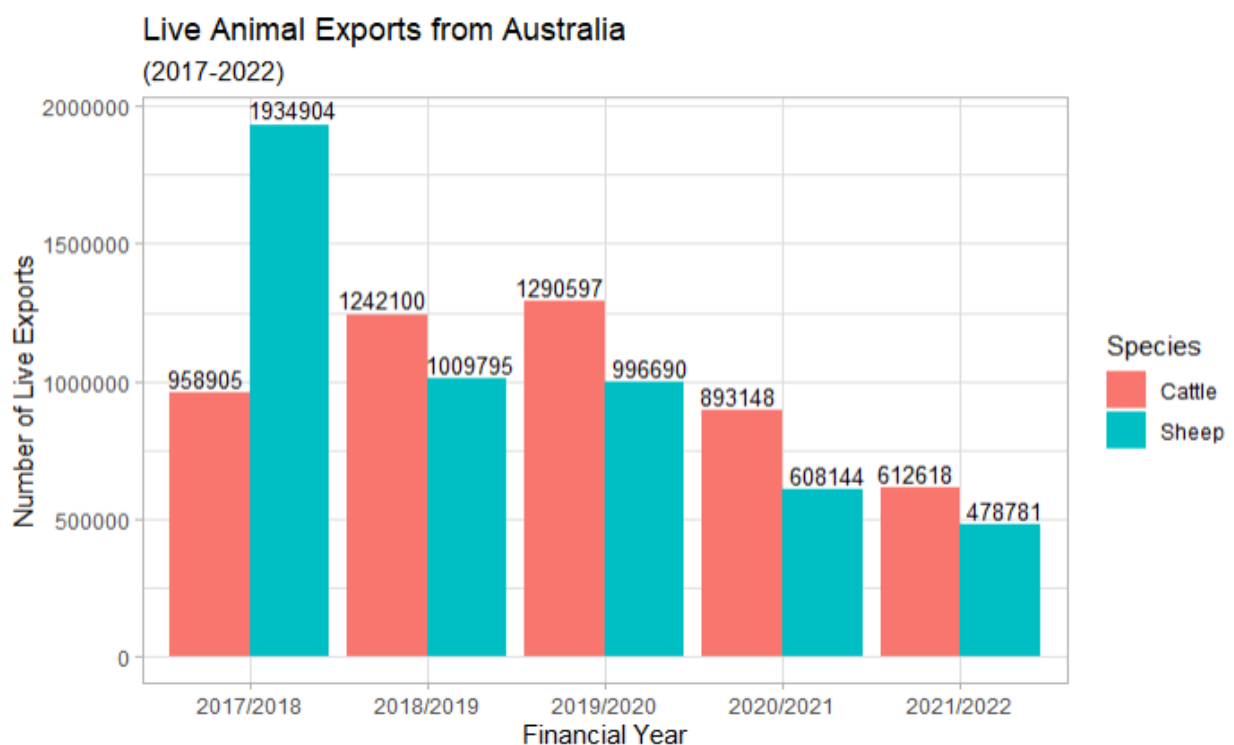
The profitability of the live animal export industry is faltering in Australia. Furthermore, it is marred by a ever growing number of animal cruelty incidents, which are deeply unpopular with the general public. Yet, simply banning the live export of animals would both leave many people out of a job and hurt the Australian economy. As such, there needs to be a policy that tackles the problems of animal cruelty and decreasing profitability as well as ensuring continued livelihoods for those involved.

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Background, Context and the Policy Problem

Live animal export involves transporting livestock while still alive to countries overseas, where they are generally killed for meat after arrival. In Australia, cattle and sheep are the primary animals involved in this trade. The industry has made up a small, yet not insubstantial part of Australia's trade, with live export being 4.3% of Australian trade or \$2.2 billion as of 2019. Yet, since the 1980's there have been a staggering number of incidents involving large-scale deaths of livestock on ships. One of the most egregious of these was the deaths of 40,000 sheep, burnt alive on the Farid Fares in 1980 (RSPCA Australia, *A timeline of tragedy*). These incidents continue to occur frequently, two notable instances were in 2017 and 2018 with approximately 3,000 sheep dying of heatstroke en route to the Middle East in both these cases. Furthermore, the live sheep export industry in particular has been in decline over the past three decades and continues to reach historic lows. In 1988, approximately 7,000,000 sheep were exported live from Australia, while in 2022 that has dropped below 500,000 (Department of Agriculture, Fisheries and Forestry, 2022). Cattle export has also dropped in recent years, halving from 1.2 million cattle exported in 2018, down to 610,000 in 2022. The Australian Labor Party (ALP) has recently taken a stance on this issue leading up to the 2022 federal election, with a proposal to ban the live export of sheep, while the Liberal and National Coalition oppose this plan on the basis it would lose thousands of rural jobs (Sullivan et al., 2022).



(Data Sourced from the Australian Bureau of Statistics)

Potential Policy Options

Of the types of policy problems discussed by Michael Mintrom (Mintrom, 2019), the primary nature of the problem here is a social one, that of harm, not to humans but to animals. There are a number of potential policy options that could be taken in regards to this issue. The first is to continue the operation of the live export industry essentially unchanged. Second, the industry could be allowed to continue but under even heavier regulations and oversight than currently in relation to animal welfare standards. Finally, there could be a ban placed upon live export, which uses subsidies as a policy tool to create a funding program that assists farmers and others involved to divest into different industries.

The first option does not adequately take into account the presented evidence. As mentioned previously, the live export industry has continued to have repeated animal welfare issues, despite a number of reforms.

The second option may reduce animal welfare concerns, but it is unlikely to come even close to eliminating them, as even if transport conditions were made as animal-friendly as possible, the countries they are being exported to often have inhumane slaughter practices that do not meet Australian standards, despite supposed regulations designed to prevent this (RSPCA Australia, 2019). Furthermore, an increase in conditions for animals on the ship would likely result in an even further loss of profitability for the already struggling sector.

The final option would eliminate these animal welfare concerns, as animals will not be exported overseas, while also helping to address the looming issue of the industry slowly losing profitability. This will be the policy option that is examined in greater detail throughout this paper.

An Investment Analysis

The investment approach of viewing policy as outlined by Mintrom (Mintrom, 2019) is especially helpful for this proposed policy. This proposes that we should view public policy as investment opportunities for bettering society. In reference to the policy in question, it allows analysis on the basis of whether this monetary investment in industry change would be a net positive to society and if not, how we should alter the policy.

There have been a number of other similar subsidised divestment programs that have been used in Australia, one of which is the Victorian Forestry Plan. This program by the Victorian government provides funding in a number of different ways to move loggers and logging communities away from using native growths (Department of Jobs, Precincts and Regions, 2022). This includes a one-off payment to saw-mills to give up their licences to take lumber from native growth forests, grants for companies whose work will assist in the transition, vouchers for native logging companies which they can use in exchange for tailored assistance in how they will transition their business and grants to towns significantly affected by this transition to divest into other areas. While still ongoing, the program has been running since 2019 and has been met with favourable feedback from those involved. The program provides \$200 million in funding towards moving away from a native logging industry that is having highly detrimental effects on the Victorian environment and which faces substantial opposition from environmental groups. This can be seen as quite analogous to the live export industry, which has dwindling public support, with a recent independent poll showing more than two-thirds of Australians support a ban on live export (RSPCA Australia, 2022). For a policy to be durable it needs a positive public perception, thus this lends credibility that a ban on live export could be a politically durable policy. A similar program to this could be a potential solution for transitioning out of this industry.

To determine whether or not a transition would even be beneficial, it needs to be understood what factors should be considered desirable outcomes. The most glaring factor for consideration, in this case, is animal welfare, which is seemingly in conflict with economic profit in the live export industry. For these companies, animals only need to be in a good enough condition to be sold, providing them with any extra welfare beyond this would be cutting into profitability. A conclusion could be drawn here that these concerns about animal welfare should come second to economic contributions. Yet, there are laws that govern how we treat animals in each state, which indicates that society does put a value on the welfare of animals. It is inconsistent to have one standard for livestock within Australia and a different standard for those exported overseas. As such, animal welfare needs to be a key outcome that is sorted by any suggested policy. This needs to be balanced, not completely subsumed by the economic livelihood of those within the live export industry.

When considering whether to divest or not, it is relevant to distinguish what would be the benefits and drawbacks of each approach. If we were to maintain the status quo and continue with live export, this would mean greater short-term stability and profitability for those in the industry, as well as avoiding the costs associated with a potential divestment program.

However, this would not serve to address any of the animal welfare concerns and it is very likely the industry will continue to lose profitability in the coming years. If we were to enact a divestment policy, this would eliminate all the animal welfare concerns associated with live export as well showing the foresight to realise live export may not have an economically viable place in Australia's future and thus ensuring the livelihoods of those working in the live export industry in other industries which are expected to remain or become more profitable going forward. One drawback to the program is the requirement to re-educate industry professionals into new careers, which may cause upheaval in their lives. The other major drawback is the program would of course be more costly in the short term. This may not be too substantial a cost however. The live export industry in Australia only employs roughly 10,000 people, while the Victorian native logging industry directly employed 15,000 workers and had an additional 40,000 jobs supported by them (Hampton, 2020). This industry produced roughly \$7.3 billion for the economy in 2016/17, while Australian live export produced less than \$2 billion in the same time span. Given this, the divestment program for the live export industry would likely cost substantially less than the \$200 million provided by the forestry plan. This cost may however climb in the future if the government needs to bail out the live export industry in the event its profitability collapses. While it is difficult to put a monetary value on animal welfare and future losses and gains should be discounted to some extent, the profitability of divesting into other industries and the comparatively small amount it may cost to run this program makes it an appealing opportunity to invest in the future of Australia.



Institutional Arrangements and Implementation

Before policy such as the divestment program is applied, there should be consultation programs run with relevant stakeholders, most prominently animal welfare groups and the workers and corporations in the live export industry. Care needs to be taken however to not let these consultations be dominated by the groups with the greatest funding. Often such groups may take over these processes and amplify their message to seem like it has far greater support than it actually does.

Any implementation of a ban must also be a tightly coordinated effort between the federal government and the state governments most affected by such bans, especially in the case of live sheep export which almost exclusively comes from Western Australia.

In regards to policymaking as a whole, it needs to be taken into consideration that any current trends are not certain to continue. Therefore, it needs to be understood the reasons behind any implemented policy, if such reasons the policy was initially implemented upon changes, the policy should also alter to accommodate such shifts in predicted trends.

Other Considerations

A strong consideration in a proposed ban on live export is the discrepancy in performance between the sheep and cattle industries. While sheep export has been in decline for a number of decades, cattle export was on the rise until a number of years ago, before starting to drop off just before the start of the COVID-19 pandemic. Therefore, it is not certain whether it will recover again after the effects of the pandemic lessen, or if it will continue to drop. As such, the proposed ban and divestment policy should first be trialled in the sheep export industry to gauge its success. If successful, then it should be considered whether it should also be applied to the cattle export industry as well.

Policy Recommendations and Concluding Remarks

Given the above, it is recommended that a divestment program and ban first be applied to the live sheep export industry in Australia and then be expanded to the cattle export industry if successful.

The divestment program could provide;

- Experts who are available to live export businesses who can provide tailored advice on how to transition their businesses

- Funding to individual companies to assist them in transitioning their assets to other industries

- A paid career re-education program for live export workers

Ideally, all of these programs would be provided simultaneously alongside a ban on live export, in order to maintain the livelihoods of workers as well as address the long-term economic and animal welfare concerns raised previously.

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