



30 March 2023

Summary of key points

1. By committing to phasing out live sheep exports from Australia by sea, the government has economically provided a minimum 3-year notice period for the transition (i.e., from the time of the announcement until the new parliament) for affected farmers to pivot to new markets.
2. Given the length of the notice period, already 50% longer than was required in New Zealand to ban all live exports, an immediate ban is appropriate with the new parliament.
3. No compensation should be provided, as the notice period allows farmers to continue to earn income from live exports as they pivot back to markets they relied upon prior to the availability of live export or else to new activities, such that by the end of the notice period there should be no live sheep exports.
4. The existing infrastructure and market conditions favour an increase in domestic supply of lamb for sale on the assumption the farmers revert to producing sheep of the quality they produced before access to the live sheep export market.

Mechanism

1) How should the government implement the phase out of live sheep exports by sea? Why should the government use this approach?

In terms of the mechanism, the government has effectively already economically implemented the phase out of live sheep exports by sea, by committing to phasing out live sheep exports from Australia by sea. This implementation has economically provided a minimum 3-year term for the transition from now until the new parliament.

All that remains is for the government to pass with immediate effect a ban of live sheep exports and to ensure the government does not repeat the mistake of the Gillard government in respect of live cattle exports that resulted in a successful legal challenge for compensation. The Australian community must not be put in a position to be required to provide any compensation to this sector.

Timeframe

2) What is an appropriate timeframe to phase out live sheep exports by sea? What are your reasons for proposing this timeframe?

As noted above, the fact that the Labor government has chosen to defer the enabling legislation to the next parliament automatically provides a minimum 3-year timeframe to end live sheep exports i.e., the 3-year timeframe to the next parliament, plus the time taken to then immediately pass the legislation to impose the ban.

Other countries that have banned live animal exports, with industries of substantially greater scale, have taken effect in shorter timeframes than three years without compensation and without dislocation of the industry i.e., farmers moved on to new or old (i.e., pre-live export) activities. Below are notes of the bans imposed in Brazil and New Zealand in respect of cattle (noting that New Zealand had previously banned live sheep exports), the reasoning given for those bans and the scale of those markets at the time of the announcement vs the value/scale of the Australian industry.

Farmers now have 3 years to:

- a. accept that their loss of social license to operate is a direct consequence of the industry being continually (over a period of 40 years since their practices first came to light) found to be failing to meet the expectations of the Australian community in respect of the treatment of animals; and to
- b. either:
 - i. pivot back to the farming activity they undertook before commencing live exports of sheep by again producing sheep that satisfy the requirements of the domestic market; or
 - ii. undertake a new activity.

Brazil April 2023

Brazil's exports of live animals were valued at US\$304.43million during 2022, i.e., multiples of the scale of the Australian live sheep export market.

Timeframe

A decision in April 2023 of the Brazilian federal court resulted in an immediate country-wide ban coming into force.

Reasoning

Federal Brazilian judge Djalma Gomes wrote in her ruling regarding the treatment of cattle when exported live and no longer having the protection of Brazilian law: "*Animals are not things. They are sentient living beings, that is, individuals who feel hunger, thirst, pain, cold, anguish, fear*". Reference in the case was made to "the suffering caused to animals ... in an activity similar to human trafficking at the time of slavery." The defendants failed in their argument that the jurisdiction of Brazil did not economically extend to the destination market. To deliver an animal into the hands of markets with well-documented animal welfare violations, that would result in police action if committed in the exporters' country, did not absolve farmers or exporters of accountability.

No compensation was offered to the supply chain. The court did not seek compensation for the Brazilian community from farmers, notwithstanding for the reputational damage caused by the farming sector as a consequence of the practices.

The RSPCA should consider instituting a GoFundMe page to fund hiring the same Brazilian legal team to run the same arguments in a court case in Australia and we could shorten this whole process by letting the court shut the industry down overnight.

New Zealand, April 2021

In 2020 New Zealand exported NZ\$255.89 million of live cattle to the rest of the world i.e., multiples of the scale of the Australian live sheep export market.

Timeframe

New Zealand banned live exports of all animals by sea with a timeframe for implementation of 2 years.

Reasoning

Citing reputational risk from poor animal welfare practice, Damien O'Connor, Minister of Agriculture and Minister for Trade and Export Growth explained at the time of the announcement: "At the heart of our decision is upholding New Zealand's reputation for high standards of animal welfare." "There's a lot of public pressure here, a lot of concern" Mr O'Connor said. "We must stay ahead of the curve in a world where animal welfare is under increasing scrutiny.

No compensation was offered to the supply chain. The New Zealand government did not seek compensation for the New Zealand community from farmers, notwithstanding for the reputational damage caused by the farming sector as a consequence of its practices.

Australia

The total value of sheep exported from Australia in 2022 was approximately A\$82 million, i.e., a fraction of the scale of the Brazil or New Zealand industries.

Timeframe

The timeframe of 3 years to end live sheep exports is already 50% longer than the timeframe required in New Zealand for the banning of all live animal exports. This length of timeframe means that Australia will continue to suffer reputational damage in respect of this practice during this timeframe with no financial consequence for the farmers.

Reasoning

The reasons provided in the cases of phase out of live exports in Brazil and New Zealand are equally applicable in Australia.

This is the international image of Australian live sheep exports:

Emanuel Exports and two former directors charged after more than 2,400 sheep died of heat stress on voyage to Middle East, leading to federal crackdown



The so-called crackdown referred to in the Guardian Australia article resulted in fines of \$50,000 for two directors, a tiny fraction of the profit, and no jail time, albeit the charge provided for jail time, and no other commercial consequences. More than 2,400 sheep died of heat stress on the Awassi Express voyage in August 2017.

As noted above, no compensation was paid to the supply chain or farmers in either of Brazil or New Zealand and, given the far more generous timeframe to end this practice in Australia, no compensation should be paid to the Australian sector. Farmers must bear primary accountability for the mistreatment of sheep by their industry. To deliver an animal into the hands of markets with well-documented animal welfare violations, that would result in police action if committed in the exporters' country, does not absolve farmers or exporters of accountability. If farmers did not elect to sell sheep to this market, the market would not exist in this country, and we would not today be discussing a ban i.e., no one compels farmers to sell to this market. It is for this reason that compensation of farmers is not appropriate.

Notwithstanding the cost to the Australian community of the continuing reputational damage of live sheep exports during the three-year phase out, it is not proposed the farming sector pay compensation to the Australian community.

The ban will not take affect for over 3 years and, once in place, does not to preclude farmers from grazing or farming but simply to not have access to a single market. What remains open is for farmers to either:

- c. improve their sheep husbandry and meet the requirements for sale of sheep in Australia i.e., to return to the way they grazed sheep before the live sheep export market was available; or alternatively,
- d. pivot to a new activity.

Accordingly, it is not reasonable to assume that farmers, or the supply chain that directly participate in this industry, will be economically impacted.

Impact and adjustment

3) Will you or your business be impacted by the phase out of live sheep exports by sea? If so, please provide details of the impact.

I will not be commercially impacted by the phase out of live sheep exports by sea as the tax currently collected on the profits of this activity has a lower value than the sum of tax to be collected on the profits of the activities the sector will pivot to over the next three years plus the value the community will realise from the end of an activity with no social license as a consequence of the mistreatment of animals.

4) What will the phase out mean to you, your employer or employees, suppliers, customers, friends and family, and/or your community?

The Australian community will benefit from an end to the mistreatment of animals by farmers selling their sheep into the live export market.

The Australian community demands better treatment by farmers/industry of animals and various sectors have either positively responded when required by the community to do so, or else have lost their social license:

- a. in every Coles and Woolworths, the community is voting every week with their dollars when they elect to buy higher-priced free range or barn laid eggs over caged eggs, by the ever-shrinking caged eggs section in stores – farmers have pivoted to providing for their chickens' welfare while staying in business and building trust with the community;
- b. dairy farmers are not altering their practices in respect of the treatment of male calves or milking cows and this sector is shrinking as its social license is progressively withdrawn by the community. In the period 2018-2023, revenue from sales of soy and almond milk production in Australia has grown at an annualised 4.8% over the past five years, including a 3.2% rise in 2022-23 to total \$464.6 million while domestic sales volumes of dairy milk have been generally flat over recent years.
- c. In the context of the treatment of pigs at abattoirs, Woolworths economically closed an abattoir overnight by highlighting their concern over the treatment of animals being totally inconsistent with their brand. In a statement, Woolworths said it took animal welfare seriously and was concerned by these allegations, which should be referred to the regulators for formal investigation.

Unfortunately, Coles and Woolworths are not in a position to directly influence the live sheep export market, as this would have been the fastest way to end the industry many years ago.

5) What barriers and/or constraints might there be for exporters, farmers, and other participants across the supply chain to transition away from live sheep exports by sea?

The barriers are:

- a. a focus on maximising profit at the expense of animal welfare;
- b. a lack of willingness to improve the standard of the sheep grown so as to meet Australian standards;
- c. an expectation of the sector that it should be allowed to continue in its practices, notwithstanding the regular documentation of mistreatment of animals over decades when exported;
- d. an expectation of the sector there should be compensation paid to the farmers by the Australian community, notwithstanding the reputational damage caused to the Australian community by this sector.

Prior to the availability of the live export market farmers sold their sheep to other markets.

Unfortunately, the live sheep export market has provided an opportunity for a relatively small group of farmers to be paid by exporters to raise sheep that, according to the Independent Panel's own findings as advised in the online information session, would otherwise be rejected by Australian abattoirs on account of the quality of the animals raised. As the destination market does not require quality, farmers have been able to drop their standards and farming practices from their previous standards in the pursuit of higher profits, at the expense of animal welfare. The requirement of the Middle East market is not one of quality, but simply that the animal is delivered alive (subject to the substantial enroute deaths) so the sheep can then be slaughtered by households in conditions and ways that would result in police action in Australia.

The Independent Panel then explained that the excuse offered by the industry for the lower quality of the sheep sent for export was a function of the Mediterranean climate of the farms. However, the Independent Panel was unable to explain how farmers with the same climatic conditions of a Mediterranean climate in SA, Victoria, NSW and Tasmania, and without access to the live sheep export market, manage to thrive?

Finally, the Independent Panel related that shipping costs from WA to the Middle East were lower than shipping costs for frozen meat to any of the eastern States or Southeast Asia or even live sheep to the eastern States. As transport costs are determined by kilometre travelled and as the Middle East is multiples of the distance to these markets, this simply cannot be true, or else the analysis must be flawed.

As a minimum, if farmers are too young to remember, then they need to sit down with their parents or grandparents and simply ask what did they do for a living for the decades before the live sheep export market? Or alternatively sit down with their children and grandchildren, and together watch video evidence of the mistreatment of Australian sheep enroute, and at the destination market, over the decades since the 1980s when the Australian public first was made aware of what was happening in this sector, and what continues to this very day, and then take a long look in the mirror before explaining to their children and grandchildren why they don't need to do better, why it is their right to deliver animals up to mistreatment and their right to demand the people of Australia owe them compensation if the industry is banned.

6) How should supply chain participants be supported as they transition away from live sheep exports by sea?

No support or compensation should be provided.

The industry has 3 years' notice that live sheep exports will end. The government has higher priorities than to provide subsidies to a sector where the average farmer has a net worth in the tens, or hundreds of thousands, if not millions, on account of their farm ownership. As an example, young Australians that are trapped in the rental market as a consequence of real estate values are a much higher priority for the government than assisting farmers with substantial relative net worth.

The industry has a minimum 3-year notice of the end of live exports and so should be taking advantage of this period to transition to old or even new activities so there are no exports of live sheep by the time of the next election.

7) What would you or your business and/or other supply chain participants need to do to transition away from live sheep exports by sea?

N/A as our business does not make a living from this activity as we have managed to find other activities to make a living that do not result in the harming and mistreatment of sheep.

8) How long do you think it will take for you and/or other supply chain participants to transition away from live sheep exports by sea?

N/A.

9) What can be learnt from other countries that have ceased live sheep exports? What lessons can be learned from Australian states or territories that no longer export live sheep by sea?

- a. That a thriving sheep industry can be had without resorting to supplying animals to markets with substantial documentation of practices of the mistreatment of animals that would result in police action if committed in this country.
- b. That farming communities that previously engaged in live export have continued and thrived by adapting and altering their farming practices and destination markets.

Opportunities

10) What opportunities should the government and/or industry pursue in the lead up to and following the transition out of live sheep exports by sea? (e.g., expanding domestic processing and value adding, increasing sheep meat exports, other)

It is a poor use of the resources of the people of Australia to consider any of these activities. High school economics will teach you that the purpose of the government is to provide services required of a community that would not otherwise be provided by the private sector and not to become entrepreneurs in sectors in which they have no purpose, skillset or understanding.

As noted above, the initial problem is that farmers are not producing a product that meets Australian standards. What was clear is that farmers need to either produce a product that is considered acceptable in Australia and to supply the Australian market or else adopt another activity with a three-year runway.

The price of lamb is one of the highest of the meats for sale in the supermarket. High school economics indicates this is a consequence of the substantial domestic demand for the product as compared with supply. The point is that the current retail price indicates there is substantial scope for the Australia market to absorb increased supply. Abattoir owners are in the business to make money and they make more money if they supply more product into the wholesale market. If there was greater supply of lamb that met the industry standard, then the abattoir sector would expand to take advantage of that supply to meet the demand in the pursuit of profit until the price of lamb fell from its current heights to more reasonable levels.

We have existing rail infrastructure (and excess capacity heading from west to east) connecting WA to the eastern states for the transport of processed lamb if the local WA market is too small to absorb the supply of lamb.

The market has three years to expand WA abattoir capacity, if this is even required, and for farmers to improve their farming practices.

11) What would industry participants need, or need to do, to take advantage of opportunities?

Imagination and an attitude that it is not the responsibility of the Australian people to pay them a living or to employ lawyers to otherwise seek to make the Australian community pay them compensation to end live sheep exports.

12) What are the barriers and/or constraints to pursuing opportunities?

Existing infrastructure provides all that is required for the balance for the sheep industry in Australia, so why not these farmers?

- a. Greed in demanding continuing access to the live export market that will pay a premium for a sub-Australian standard product, regardless of the mistreatment of animals, rather than improving the quality of their product for domestic sale;
- b. a lack of imagination;
- c. a lack of memory of what their farming practices were before the availability of the live export market or a lack of sheep husbandry skills;
- d. an attitude that the people of Australia should pay farmers and other groups compensation to stop an activity with no accountability for the welfare of their animals once they leave our shores.