

8 November 2018

Parliamentary Officer
Natural Resources Committee
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Dear Committee Members

Inquiry into the SA Livestock Industry

Thank you for the opportunity to provide comment to the Committee's inquiry into the SA livestock industry. We commend the House of Assembly for taking the proactive step of undertaking this inquiry in light of the current uncertainty facing the live sheep trade.

It is now clearer than ever that the live sheep export trade has a limited future in Australia. It has lost its social licence and can no longer be considered a sustainable trade. The animal welfare scientific evidence is clear and it is in conflict with the trade's business model. Recent footage from an on-board whistleblower has for the first time brought vision to what the scientific evidence has been saying for some time - that stocking densities are too high and the Middle Eastern climate is too hot to maintain acceptable standards of animal welfare.

In acknowledgement of this reality, the Australian Labor Party, the Australian Greens, several Liberal Party members, and the majority of the crossbench have expressed support for legislation to phase-out the trade over a five-year period. Together, this amounts to the majority of the Australian Parliament. The only barrier to the legislation passing is party convention preventing members of the Ministry from crossing the floor. But even in the absence of such legislation, the new regulatory requirements imposed in recent months combined with those to be imposed following the outcome of current reviews into the Australian Standards for the Export of Livestock (ASEL) and the industry's Heat Stress Risk Assessment (HSRA) model, are likely to lead to the end of the trade in any event.

In a submission to the Australian Productivity Commission's 2016 inquiry into the regulation of Australian Agriculture, LiveCorp stated that stocking density reductions of a mere 10% would impact exporter profit margins by between 35-100%.¹ In July this year, the Government reduced stocking densities for sheep being exported to the Middle East during 1 May to 31 October by up to 28%.² This reduction is likely to be even higher once the review of the HSRA model is complete and the new risk parameters are applied in time for the 2019 Northern summer period. Stocking density reductions for the rest of the year - that is 1 November to 30 April - have been flagged at 20% by the ASEL Technical Advisory Committee.³

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¹ LiveCorp submission to Productivity Commission inquiry into Australian Agriculture 2016, p.78.

² *Australian Meat and Livestock Industry (Export of Sheep by Sea to Middle East) Order 2018*.

³ Stage 2: Draft Report - Review of the Australian Standards for the Export of Livestock 2018.



Reductions of this magnitude, which still fall short of meeting basic animal welfare requirements,⁴ are likely to destroy the already tight margins under which the live sheep trade operates. When combined with the vast array of additional regulatory requirements related to the costs of independent observers, the provision of bedding, automated watering systems, enhanced and independently audited ventilation systems, the phase out of double-tier vessels, increased inspection requirements, and the Department of Agriculture's strict cost recovery policy, it is clear on any assessment that the live sheep trade will struggle to remain economically viable.

In light of this, South Australia must prepare for the end of the live sheep trade. Fortunately, South Australia's sheep industry does not rely heavily on the trade and independent economic analysis has shown that ending the live trade would have limited impact on the local industry. From its peak in the early 2000s of 1.3 million head, South Australia now exports approximately 260,000 sheep. This makes up about 10% of the trade nationally with the rest coming out of Western Australia. South Australia now exports 10 times the volume, and 20 times the value, of live sheep in lamb and mutton carcasses, much of it going to the Middle East. Unlike the live trade, the trade in boxed lamb and mutton products to the Middle East has significant growth potential.

The good news for South Australia is that the local meat processing industry has ample capacity to absorb the entire quantum of sheep currently exported live to the Middle East. This would have limited to no impact on sheep prices and will have a positive material impact on the South Australian meat processing industry. This information is outlined in further detail in the [attached report](#) by Pegasus Economics - *Economic Issues Associated with the South Australian Live Sheep Export Trade*.

While the RSPCA is opposed to the live sheep export trade, we support South Australian producers and would like to see them assisted in any adjustment process. We hope the South Australian Government can lead the way in assisting SA sheep producers towards a live export free future.

We trust this information has been of assistance. Please do not hesitate to contact our office if you have any questions or would like further information.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'P Stevenson'.

Paul Stevenson
Chief Executive Officer
RSPCA South Australia

A handwritten signature in blue ink, appearing to read 'Heather Neil'.

Heather Neil
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⁴ In its submission to the McCarthy Review, the Australian Veterinary Association recommended that voyages between May to October cease completely because "irrespective of stocking density, thermoregulatory physiology indicates that sheep on live export voyages to the Middle East during May to October will remain susceptible to heat stress and die due to the expected extreme climatic conditions during this time", and that densities for the November to April period be reduced by 28%.