

**INQUIRY INTO IMPACT OF THE PHASE-OUT OF
AUSTRALIAN LIVE SHEEP EXPORTS BY SEA ON NEW
SOUTH WALES**

Organisation: Australian Alliance for Animals

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Inquiry into the impacts of the phase out of live sheep exports on NSW

Submission prepared by the Australian Alliance for Animals





About the Australian Alliance for Animals

The Australian Alliance for Animals is a national charity leading a strategic alliance of Australia's key animal protection organisations to achieve systemic change for animals. Through our six core member organisations, we have a combined supporter base of over two million people.

Learn more about our work on our website: www.allianceforanimals.org.au

**Animals
Australia**
for a *kinder* world

voiceless
the animal protection institute

COMPASSION
in world farming



**HUMANE SOCIETY
INTERNATIONAL**
AUSTRALIA



Australian Alliance for Animals Ltd ABN 686 544 286 90

In the spirit of reconciliation, we acknowledge the Traditional Custodians of country throughout Australia and their enduring connection to land, sea and community. We pay respect to their Elders past and present.

Inquiry into the impacts of the phase out of live sheep exports on NSW

20 September 2024

1. Introduction

We thank the Committee for the opportunity to provide evidence to the Inquiry into the Impacts of the Live Sheep Export Phase Out on NSW (the Inquiry). This submission is made on behalf of our six core member organisations – Animals Australia, Humane Society International Australia, World Animal Protection, FOUR PAWS Australia, Compassion in World Farming, and Voiceless, the animal protection institute.

The live sheep export trade is fundamentally incompatible with acceptable standards of animal welfare. The available scientific evidence and decades of experience demonstrate that exporting Australian Merino sheep into the Middle East for slaughter gives rise to a long list of inherent and intractable animal welfare issues. These issues are built into the very nature of the trade and cannot be avoided through changes in regulation or management. It is for these reasons that we, along with millions of Australians, support the phase out of the trade.

The available evidence suggests the phase out will have little to no effect on the NSW sheep industry. Live sheep exports have not taken place from a NSW port for decades. Prior to 2018, some NSW sheep were sold into the trade and exported via ports in Portland (Vic) or Port Adelaide (SA). However, no sheep have been exported from a port outside of Fremantle, Western Australia since 2018. The NSW sheep industry therefore has very little exposure to the trade. The trade is also now so small and isolated that it has no discernible effect on sheep prices nationally. Conversely, sheep meat export values are forecast to rise by 16% to \$5.6 billion in 2024–25, driven by both rising export volumes and export prices.¹

Our submission outlines the extensive animal welfare concerns which led to the phase out and which remain embedded within the trade today. It canvasses the overwhelming community opposition to the trade and support for the phase out, and it discusses the negligible impacts the phase out will have on the NSW sheep industry. We commend the Australian Government for phasing out the live sheep export trade. Our members and their 2 million-plus collective supporters call on the NSW Parliament and the NSW Government to support animal welfare and the wishes of the NSW community by supporting the phase out.

¹ ABARES, Sheep Meat Outlook, 3 September 2024 <<https://www.agriculture.gov.au/abares/research-topics/agricultural-outlook/sheep-meat#value-of-exports-to-rise-with-increased-export-volumes>>

Table of Contents

1.	Introduction	1
2.	Animal welfare concerns	3
a)	Mortality rates are not a measure of animal welfare	4
b)	Sheep continue to suffer heat stress	4
c)	Slaughter without stunning continues as standard practice	6
d)	Influencing global standards without live export	6
3.	Community views on live sheep export	7
4.	Economic impacts of the phase out on NSW.....	8
a)	Pegasus Economics analysis	8
b)	Independent Panel analysis	9
5.	Conclusion – a more humane, sustainable future	11

2. Animal welfare concerns

Despite claims by industry groups, recent regulatory reviews have not “fixed” the trade. The fundamental welfare problems, including high rates of heat stress and slaughter without stunning remain, and there are no feasible options for overcoming them in the future.

The live sheep export trade has caused untold suffering to countless Australian animals for decades. As far back as 1985, a senate select committee on animal welfare concluded that:

if a decision on the future of the trade were made on animal welfare grounds alone, there was enough evidence to stop the trade.²

The committee encouraged the Federal Government to:

Promote and encourage the expansion of the refrigerated trade to the Middle East and other countries, with the aim of eventually substituting it for the live sheep trade.³

Despite this recommendation, the trade continued unabated for the next three decades. In addition to the inherent suffering caused by the routine nature of the trade, dozens of major incidents and disasters took place over this time on a periodic basis.⁴ The regularity of these incidents was permitted to continue only because they were “out of sight, out of mind,” occurring thousands of kilometres out at sea or in importing countries far away from the visibility of the Australian public, media or other third parties.

That all changed on 8 April 2018 when vision of the conditions faced by Australian sheep on live export vessels was finally brought to public attention.⁵ The public response was swift and decisive and compelled the then Minister for Agriculture to order a series of reviews of the trade.⁶ Ultimately these reviews confirmed one thing – that live sheep exports to the Middle East are fundamentally incompatible with basic standards of animal welfare.

While the former federal government did enact a series of reforms that saw the trade decline by over 70% since 2017, the inherent problems within the trade remain. They cannot be regulated out because they are built into the trade’s very business model.

² Senate Select Committee on Animal Welfare, *The Export of Live Sheep from Australia*, 1985.

³ Ibid.

⁴ See, RSPCA Australia, Timeline of Tragedy, <https://timeline.rspca.org.au/>; and Petrie, C. (2019) Live export – a chronology, Laws and Bills Digest Section, Parliamentary Library, <https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1920/Chronologies/LiveExport>

⁵ 60 Minutes Australia, *Sheep, Ships and Videotape*, 8 April 2018.

⁶ Independent Review of Conditions for the Export of Sheep to the Middle East during the Northern Hemisphere Summer 2018; Review of the Regulatory Capability and Culture of the Department of Agriculture and Water Resources in the Regulation of Live Animal Exports, Philip Moss AM, 27 September 2018.

a) Mortality rates are not a measure of animal welfare

The live export industry is quick to point out that mortality rates have declined over the past three years since the new regulations were introduced. While this is true (primarily because the trade has been banned for three months of the year), mortality is not a scientifically valid measure of animal welfare. Mortality rates only record the number of sheep that die, which is of limited utility to welfare assessment and not consistent with contemporary animal welfare science, nor community expectations.

The reality is Australian sheep continue to endure hot, humid conditions during the 2-3 week long sea voyages to the Middle East where they are forced to stand, lie and sleep in their own faeces. They are exposed to multiple and cumulative stressors, including inanition (failure to eat), lameness, salmonellosis, infection, and respiratory diseases due to the high ammonia levels on board.

In many cases, sheep may suffer on board a vessel but still survive the voyage. This is why one of the central recommendations of the 2018 McCarthy Review was for industry to move away from using mortality rates as a measure of the trade's performance:

It is time for the industry to come together as a whole, and place a much stronger emphasis on animal welfare and move away from measures that use mortality as a benchmark.⁷

The continued reliance on mortality rates six years on from this seminal review of the trade simply provides further evidence of industry's inability to progress and to change.

b) Sheep continue to suffer heat stress

Australian Merino sheep do not cope well with high humidity environments yet these are the conditions they are forced to endure within the live export trade. In 2019, the Australian Government commissioned a review of the trade's heat stress risk assessment model. The review concluded that subjecting sheep to prolonged periods of open mouth panting was an unacceptable welfare outcome. The expert review panel recommended changes to the regulatory settings to avoid this outcome, however, the changes would have effectively prohibited the trade for the entire Middle Eastern summer period of May to October, inclusive. The Department of Agriculture outlined the implications as follows:

The revised HSRA model would have the impact of effectively stopping live sheep exports for the Northern Hemisphere summer period. The revised HSRA model would destock

⁷ Independent Review of Conditions for the Export of Sheep to the Middle East during the Northern Hemisphere Summer 2018, p. 4.

voyages entirely or permit stocking rates that are too low to be economical, which effectively prohibits the trade for 6 months.⁸

Figure 16 Expected stocking rates for 3 classes of sheep, under the revised HSRA model as a percentage of ASEL (version 2.3) requirements

Sheep class	Destination	May	Jun	Jul	Aug	Sep	Oct
40kg merino adult, shorn, zone 3	Kuwait	0%	0%	0%	0%	0%	40%
	Qatar	0%	0%	0%	0%	0%	20%
	UAE	0%	0%	0%	0%	0%	40%
	Turkey	0%	0%	0%	0%	0%	20%
	Jordan	0%	0%	0%	0%	0%	20%
52kg merino adult, shorn, zone 3	Kuwait	0%	0%	0%	0%	0%	20%
	Qatar	0%	0%	0%	0%	0%	0%
	UAE	0%	0%	0%	0%	0%	20%
	Turkey	0%	0%	0%	0%	0%	0%
	Jordan	0%	0%	0%	0%	0%	0%
40kg awassi, zone 3	Kuwait	20%	0%	0%	0%	0%	80%
	Qatar	20%	0%	0%	0%	0%	70%
	UAE	50%	0%	0%	0%	0%	85%
	Turkey	40%	0%	0%	0%	0%	60%
	Jordan	40%	0%	0%	0%	0%	60%

Stocking rates	
	81-100%
	61-80%
	41-60%
	21-40%
	1-20%
	0%

This outcome was inconsistent with the Morrison Government’s policy of maintaining the trade and, accordingly, the Government chose to implement different regulatory settings that would allow exports to continue during May, late September and October, despite knowing this would result in sheep suffering severe heat stress.

This outcome has been confirmed in recent reports by Independent Observers onboard voyages during these shoulder months. The Department of Agriculture’s review of the Northern summer export regulations noted that 87% of voyages during this period experienced wet bulb temperatures that exceeded the heat stress thresholds of the exported sheep⁹ and 100% of voyages which had an Independent Observer onboard reported heat stress in the sheep.¹⁰

More recent analysis conducted by RSPCA Australia of data collated by Independent Observers confirmed that over 60% of voyages since 2018 have reported heat stress in sheep while traversing the equatorial, Persian Gulf and Red Sea regions.¹¹ With the warming climate and

⁸ Live Sheep Exports to or through the Middle East – Northern Hemisphere summer – Draft regulation impact statement, 2019 OBPR ID: 23822, p. 53.

⁹ Review of live sheep exports by sea to, or through, the Middle East during the Northern Hemisphere summer, Draft report, December 2021, p. 33.

¹⁰ Ibid, p. 30.

¹¹ RSPCA Australia (2024) *Independent Observer Report Analysis – Live Export Journeys 2018-2023* <<https://kb.rspca.org.au/wp-content/uploads/2024/06/Independent-Observer-Report-Analysis-Live-Sheep-Export-Journeys-2018-2023.pdf>>

increasing incidents of extreme weather events, these issues are only likely to get worse in the future.

c) Slaughter without stunning continues as standard practice

While the recent focus has been on the conditions onboard the vessels, it is important not to overlook the conditions faced by the animals in the importing countries. In Australia, sheep are slaughtered with stunning, even under Halal slaughter for the lamb and mutton export trade. This does not occur in the Middle East where Australian sheep continue to be subjected to slaughter while they are fully conscious. Slaughter without stunning causes considerable pain and distress to sheep as they experience the manual restraint, cutting of tissue, and exsanguination. There are no reasonable prospects for Middle Eastern abattoirs and Halal authorities to change this practice and accept stunning in the foreseeable future.

For these reasons, it is not possible to protect animal welfare within the trade, and accordingly, the only feasible way to prevent these negative outcomes is to phase the trade out in favour of onshore slaughter and processing which includes stunning. Exporting Australian chilled and frozen Halal accredited lamb and mutton products to the Middle East improves animal welfare standards on a global stage.

d) Influencing global standards without live export

Australia can influence global standards of animal welfare by setting the example of discontinuing its participation in a cruel trade and working through international fora such as the World Organisation for Animal Health and international trade agreement negotiations to encourage nations to lift standards.

The Independent Panel on the Phase Out of Live Sheep Exports acknowledged that as a major agricultural producer, Australia has the ability to influence animal welfare standards globally. Importantly, it recognised that this could be done without exporting live sheep to the Middle East:

The Panel considers that Australia can play an important role in influencing global animal welfare standards up to and beyond the closure of live sheep exports by sea. Australia can contribute to improved global animal welfare standards without participating in the trade, by raising awareness through its diplomatic channels and through international forums and agreements, as it has done on other animal welfare issues.¹²

The Panel also noted the importance of maintaining high standards of animal welfare for international trade:

¹² Phase out of Live Sheep Exports by Sea, Independent Panel Report, 2023, p.141.

Animal welfare is of increasing importance to many of Australia's trading partners. As noted above, several countries have taken steps to end or limit live exports by sea. The Australia–UK Free Trade Agreement, which entered into force on 31 May 2023, includes a chapter on animal welfare – a first for Australia. The Panel believes that Australia could continue to use bilateral agreements as a forum for discussing and advancing positive animal welfare outcomes.¹³

The Australian Government also recently concluded a groundbreaking trade agreement with the UAE which includes an obligation on both parties to improve their standards of animal welfare protection and to engage in country-to-country cooperation on the issue.¹⁴ The UAE was once a major destination for Australia's live sheep trade but is now a major importer of chilled and frozen lamb and mutton, with exports valued at \$266 million in 2023. The successful conclusion of the agreement reinforces the increasingly redundant role of the live sheep export trade, with the UAE agreeing to the elimination of tariffs on frozen Australian sheep meat. This will further incentivise the shift away from live exports towards more value-adding opportunities in local Australian supply chains and provides another example of how Australia can provide leadership globally on animal welfare without participating in a cruel trade.

3. Community views on live sheep export

Social research has consistently found high levels of support within the community for phasing out the live sheep export trade. Periodic research commissioned by RSPCA Australia has found that this support has increased over time.¹⁵ In 2015, 63% of Australians supported the phase out if affected farmers were provided with assistance to transition. While in 2018, that support rose to 77%, and in 2022, it was 78%. Notably, this support was largely consistent across states, including WA, where 71% of West Australians expressed support for phasing out the trade in the most recent research.¹⁶

This support was also reflected in submissions to recent inquiries on the phase out. Of the 800 submissions and 3,300 survey responses received by the Independent Panel on the Phase Out of Live Sheep Exports in 2023, over 80% supported the phase out. And of the 13,000 submissions and items of correspondence received by the House Agriculture Committee Inquiry into the *Ending Live Sheep Exports by Sea Bill 2024*, over 85% expressed support for the Bill.

¹³ Ibid, p.142.

¹⁴ Department of Foreign Affairs and Trade, Australia-UAE CEPA – Key Benefits for Australia, 2024
<<https://www.dfat.gov.au/trade/agreements/negotiations/australia-uae-comprehensive-economic-partnership-agreement-cepa/australia-uae-cepa-key-benefits-australia#animal-welfare>>

¹⁵ McCrindle Research 2015, 2018, 2022.

¹⁶ RSPCA Australia, 'More than 7 in 10 West Australians still want live sheep export to end', 19 June 2023
<<https://www.rspca.org.au/latest-news/media-centre/breaking-news-more-7-10-western-australians-still-want-live-sheep-export-end/>>

4. Economic impacts of the phase out on NSW

Live sheep exports have not taken place from a NSW port for decades. Prior to 2018, some NSW sheep were sold into the trade and exported via ports in Portland, Victoria or Port Adelaide. However, no sheep have been exported from a port outside of Fremantle, Western Australia since 2018. The NSW sheep industry would therefore appear to have very little direct exposure to the trade. However, economic impacts can be indirect and changes in market dynamics in one part of the country can affect prices in other parts of the country. Alliance member Animals Australia therefore commissioned independent economic consulting firm Pegasus Economics to undertake an analysis of possible impacts on the NSW industry due to the phase out.

a) Pegasus Economics analysis

The analysis by Pegasus Economics (full report attached) concluded the following:

- Since May 2018 and the *Awassi* incident, there have been no live sheep exports by sea for slaughter from Eastern Australia.
- The available evidence does suggest that sheep reared by NSW sheep farmers did find their way into the live sheep export trade by sea supply chain in the past (prior to May 2018).
- While NSW has not been directly involved in the live sheep export trade by sea as no sheep are loaded for export through NSW seaports, it is also now the case that NSW sheep farmers are no longer even indirectly involved as they have been unable to sell their sheep to the live sheep export trade since May 2018.
- Similar to sheep farmers in South Australia, Victoria, and possibly even Queensland, sheep farmers in NSW have been unable to supply sheep to the live sheep export trade since the *Awassi* incident and the imposition of the prohibition on live sheep exports by sea during the Northern Hemisphere summer as no live sheep shipments for slaughter have departed from the traditional ports of Portland (Victoria) and Port Adelaide (South Australia).
- Given that it is international commodity prices for lamb and mutton that underwrite farm gate prices paid for Australian sheep, the phasing-out of the live sheep export trade is unlikely to have any discernible impact on NSW sheep prices.
- The level of sheep transfers from WA to the Eastern States is usually under half a million on average although it can occasionally escalate quite significantly.
- The major factor behind any significant escalation in the level of transfers appears to be changes in climatic conditions either in WA and/or the Eastern States.

- In the absence of the live sheep export trade, WA sheep farmers will transition towards what they perceive as their next most profitable option or options.
- Given that WA sheep farmers still have over three years to decide what the next best option available to them will be with the phase-out of the live sheep export trade, this should provide a sufficient period for them to facilitate an orderly transition.
- In turn, this should ensure there are no undue market disruptions imposed on NSW sheep farmers.¹⁷

b) Independent Panel analysis

Pegasus Economics' conclusion is also consistent with the Independent Panel on the Phase Out of Live Sheep Exports' extensive report which did not identify any impacts on the sheep industry outside of Western Australia.

In fact, the Panel's 225-page report, which systematically addresses every possible impact of the phase out, only refers to NSW five times and none of these references are in relation to impacts upon the state or the NSW sheep industry.¹⁸

The Panel's report proposed a range of strategies for mitigating each potential impact in Western Australia. It identified the value adding and job-creating opportunities presented by the phase out and how these could be harnessed by the WA sheep industry, and it proposed a balanced transition plan and timeframe for moving away from the live trade towards more onshore processing. Ultimately, the Panel came to the conclusion that "the WA sheep industry can be profitable and sustainable during the transition period and beyond the end of live sheep exports by sea."¹⁹

The Panel's report painted a clear picture of a trade in decline. From its peak in the early 2000s exporting almost 7 million head a year, the trade has declined by over 90%, exporting only 652,000 in 2022-23, valued at \$77 million.²⁰

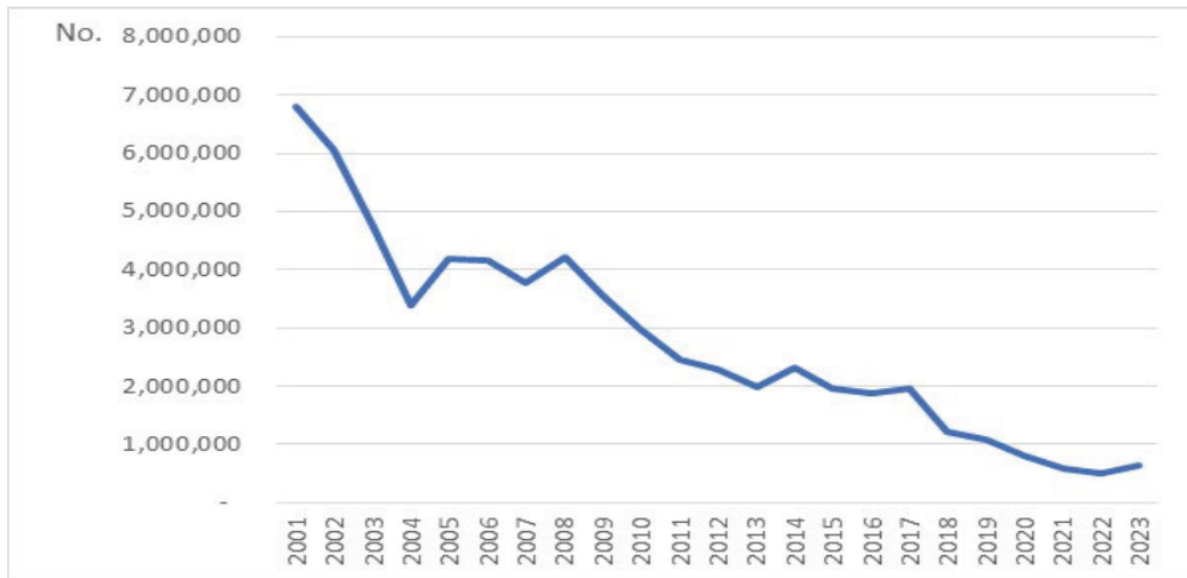
¹⁷ Pegasus Economics, Submission to the Inquiry on the Impact of the Phase Out of Australian Live Sheep Exports on New South Wales, 2024.

¹⁸ Phase out of Live Sheep Exports by Sea, Independent Panel Report, 2023.

¹⁹ Phase out of Live Sheep Exports by Sea, Independent Panel Report, 2023, p.1.

²⁰ Ibid, p.104.

Figure 1: Australian Live Sheep Exports – 2001 to 2023



Sources: Department of Agriculture, Fisheries and Forestry (2023) and Australian Bureau of Statistics (2020b).

In 2022-23, the live sheep export trade made up 5.4% of the total value of WA sheep and wool exports, 1% of the total value of Australia’s sheep meat and wool exports, and around 0.1% of the total value of Australian agriculture exports.²¹

The Panel reported that “sheep exports from WA have increasingly favoured sheep meat over live sheep exports by sea, with lamb and mutton exports now being valued at \$647.8 million compared to \$76.9 million for the value of live sheep exports by sea.”²²

The Panel highlighted a range of opportunities presented by the phase out. It noted the great potential of the processing sector to capitalise on the opportunities presented by the increasing international demand for Australian chilled and frozen sheep meat.²³

Export processors indicated to the Panel that they had additional facility capacity to process more sheep than their current numbers. In 2022-23, processing throughput was the highest it has been in more than a decade with the Panel noting that this suggested a positive outlook for the processing industry. Export processors informed the Panel that they had investment plans for expanding their capacity and throughput, which the Panel took to be “a sign of confidence in the industry.”²⁴

²¹ Ibid, p.35 and 43.

²² Ibid, p.105.

²³ Ibid, p.80.

²⁴ Ibid, p.81.

In this context, the Panel highlighted the potential for the phase out to promote the functioning of a *value chain*, in which “each stage adds to the value of the product,”²⁵ rather than purely as a supply chain exporting a raw commodity.

5. Conclusion – a more humane, sustainable future

The passing of the *Ending Live Sheep Exports by Sea Bill 2024* (Cth) was a momentous occasion. It was about much more than live sheep exports. It was about our national character and the values of our community. Australians are compassionate. They care about animals and support measures that protect and promote their welfare. As such, the NSW community supports the phase out of live sheep exports. Fundamentally, they support it because they know there is a better way.

Processing sheep on Australian shores protects animal welfare and value-adds to Australian supply chains at the same time. Supporting farmers and industry in WA to make the necessary adjustments to achieve this outcome is something that all Australians can get behind, and it is precisely what the federal government’s \$107 million assistance package aims to achieve.

The available evidence suggests the phase out will have little to no effect on the NSW sheep industry. The NSW industry has not relied on the trade for decades and the trade is now so small and isolated that it has no discernible effect on sheep prices nationally.

We therefore call on the Committee to express its support for the phase out, consistent with the wishes of the NSW community.

²⁵ Phase out of Live Sheep Exports by Sea, Independent Panel Report, 2023, p.74.