

**REPORT ON PROCEEDINGS BEFORE**

**PORTFOLIO COMMITTEE NO. 4 - REGIONAL NSW**

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

**CORRECTED**

**At Macquarie Room, Parliament House, Sydney on Wednesday 18 December 2024**

**The Committee met at 9:15 am**

**PRESENT**

The Hon. Mark Banasiak (Chair)

The Hon. Scott Barrett

The Hon. Greg Donnelly

The Hon. Emma Hurst (Deputy Chair)

The Hon. Aileen MacDonald

The Hon. Peter Primrose

**PRESENT VIA VIDEOCONFERENCE**

Ms Abigail Boyd



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**The CHAIR:** Welcome to the first hearing of the Committee's inquiry into the impact of the phase-out of Australian live sheep exports by sea on New South Wales. I acknowledge the Gadigal people of the Eora nation, the traditional custodians of the lands on which we are meeting today. I pay my respects to Elders past and present, and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of New South Wales. I also acknowledge and pay my respect to any Aboriginal and Torres Strait Islander people joining us today.

My name is Mark Banasiak. I am the Chair of the Committee. I ask everyone in the room to please turn their mobile phones to silent. Parliamentary privilege applies to witnesses in relation to the evidence they give today. However, it does not apply to what witnesses may say outside of the hearing. I urge witnesses to be careful about making comments to the media or to others after completing their evidence. In addition, the Legislative Council has adopted rules to provide procedural fairness for inquiry participants. I encourage Committee members and witnesses to be mindful of these procedures.

**Mr XAVIER MARTIN**, President, NSW Farmers, sworn and examined

**Mr SAMUEL MILLER**, Principal Economist, NSW Farmers, affirmed and examined

**Mr SCOTT KOMPO-HARMS**, Deputy Chief Executive Officer, Australian Livestock Exporters' Council, before the Committee via videoconference, sworn and examined

**The CHAIR:** I welcome and thank all our witnesses for making time to give evidence. Mr Kompo-Harms, would you like to make a short opening statement and then we will take one from NSW Farmers, if they wish.

**SCOTT KOMPO-HARMS:** Thank you, Chair. The Australian Livestock Exporters' Council, or ALEC, is a member-based peak industry body representing Australia's livestock export sector, which contributes over \$1 billion in export earnings annually while employing 13,000 mainly regional Australians. ALEC members account for more than 96 per cent of Australia's annual livestock exports by volume and value. Our membership also extends to supply chain participants, including registered premises operators, shipowners, feed suppliers and other service providers to the trade.

As you and your Committee members would no doubt be aware, the markets for sheep on the east and west coasts of Australia are separated by thousands of kilometres. Nevertheless, they have a strong influence on each other. There are several ways New South Wales sheep and wool producers, as well as grain producers, will be impacted by this policy. It is abundantly clear that the phase-out of live sheep exports by sea will harm Australia's sheep and wool sectors beyond the Western Australian border. It is already happening. The mere announcement of the end date for the trade is driving greater than normal turn-off. Many of those sheep have already been sent to the eastern States and this has undoubtedly suppressed prices. The WA sheep flock is set to shrink and farmers are leaving the wool industry. The effects over the long term on merino production will be permanent unless this reckless policy is reversed.

The October sheep producer sentiment survey conducted by Meat and Livestock Australia and Australian Wool Innovation shows that, on a national basis, woolgrower net sentiment has dropped four points to minus 19, while Western Australia woolgrowers' sentiment sits at a massive minus 30. Just yesterday we were greeted with a headline from the ABC that said Australian wool production would drop to the lowest level in 100 years. Wool production is forecast to drop to 280 million kilograms of greasy wool in 2025-26, down from 318 million kilograms in 2023-24 and 328 million the year before. The number of sheep shorn will fall to 63.2 million nationally.

The hardest hit State was and is Western Australia. It is this fall in confidence in Western Australia that triggers all of the negative consequences for the rest of the country, including New South Wales. In New South Wales, sheep farmers will not be able to access a reservoir of high quality sheep from the west to restock rapidly after a drought. This will raise their risks of production and therefore lower their flock numbers over the long haul. It will lessen the climate and drought resilience that the Australian and State and Territory governments say that they want to enhance.

These impacts need not happen at all. The animal welfare performance of the industry is exemplary. The industry has invested and continues to invest significant resources in improving the welfare of animals in their care, both in Australia and overseas. The industry has successfully implemented major reforms over the past six years in response to community expectations. These are a reduction in stocking densities onboard vessels; an industry-initiated moratorium, now enshrined in regulation, during the hottest part of the Northern Hemisphere summer; increased ventilation verified by independent audits of the vessels; and an accelerated phase-out of two-tiered vessels. Since 2000, mortality rates on vessels have fallen by 88 per cent. Since 2018, the impact of these reforms is clear: The fall in mortality rate has been 66 per cent.

Daily mortality rates on vessels are now under 10 animals per day per 100,000 sheep exported. Comparable rates on Australian and New Zealand farms are slightly higher but, as these are estimates, any differences are unlikely to be statistically significant. The Commonwealth Department of Agriculture, Fisheries and Forestry knows full well these impacts will spread beyond Western Australia. They are advertising in print and on radio nationally, telling producers across Australia to get ready for D-day, 1 May 2028, when live sheep exports by sea are due to end. There was an ad in *The Sydney Morning Herald* on Monday telling people to apply for grants for marketing purposes.

To be clear, though, there is no compensation available for anyone whose business is affected by this reckless policy. Where the real pain will be felt is in the regions. It is the businesses that supply producers in the sheep and wool industries that will suffer and magnify the effects. Shearers will shear fewer sheep. Livestock truckies will transport fewer sheep. Regional towns will have less money flowing through their coffers.

Community groups and sporting clubs will have less sponsorship available to them and fewer members, as the people who used to support them fight to survive.

Let's not forget, our industry also supports food security of our trading partners. It underpins fundamental geopolitical relationships. Yet the Australian Government uses our industry like a plaything to garner preferences, like in the recent Federal by-election in Dunkley, Victoria. The Albanese Government delivered the payback by ramming the legislation through the House of Representatives inquiry, only allowing one week for submissions and guillotining debate in the Senate. Such urgency, all for something that doesn't come into law until 2028. This is all such a sad waste. It is an attack on regional communities by inner-city activists who want to impose their misguided and misinformed values on everyone with little concern for the impacts these will have on the lives of real people in Western Australia and across the country. Thank you.

**XAVIER MARTIN:** NSW Farmers supports live exports of sheep by sea from Australia. I want to express our deep support for our farming colleagues in Western Australia who are most impacted by the phase-out proposal. They are the ones, at least initially, who are tossing and turning at night, wondering how they will feed their families, how they will afford fuel to get their kids home from school, whether their farm skills will support a new career, whether they need to sell their farm or, more likely, forfeit it to the bank and start a new life. These farmers could never have imagined that their own Federal Government would turn against them and close their legal legitimate industry—an industry that has exemplified the highest standards of stock welfare, including when those animals have left Australia's shore; an industry that has adapted and innovated to implement the best scientific practice in husbandry; an industry that has invested to continue learning how to do better, and every day it strives to push further to care for their animals, to be good shepherds, not only while they're on vessels but when they arrive in their export destination.

On that point, what other country continues to care for their animals when they are in another country? What other country's government supports the monitoring and evaluation of the care of their livestock in the market? None. This is why today's inquiry is such an important inquiry. This inquiry is a positive signal to the livestock, grain and fodder producers in New South Wales that those in this place have identified the significant lack of impact assessment in the Albanese Government's decision to phase out live sheep exports by sea by 1 May 2028 on their businesses, livelihoods, families and communities. The independent panel's report on the phase-out of sheep exports did not sufficiently consider the flow-on impacts that the end of live sheep exports by sea will have, not only on farms in WA but on those in other States.

The WA sheep industry trades animals with central and eastern States, influencing the market dynamics that see prices ebb and flow, and is considered by our members in their business decisions. The exodus from sheep production in the west impacts hay and grain supply and demand which, in the national market, will impact prices for feed in New South Wales and other States. Accessibility to shearers and rouseabouts will decline once sheep no longer leave Fremantle, impacting the shearing workforce across the nation. This inquiry will delve deeper into the issues that the independent panel's report should have but did not.

It is clear that the Australian Government acknowledges the impact of the ban on New South Wales producers, given that right now, Committee, being broadcast across the radio stations in this State is advice from the Australian Government that "the Australian Parliament has passed laws to phase out the live export of sheep by May 2028" and that there is a \$139 million package for sheep producers and supply chain businesses to transition away from the live export of sheep by sea. Committee, it encourages people in this State, in New South Wales, to prepare for the deadline. But if there is no impact to New South Wales or other States, why is the Federal Government broadcasting this advice across the State? The question remains: What is the support available to non-WA sheep producers from the published \$97.3 million in assistance for "sheep producers and the supply chain, particularly in WA"?

This is the question that the New South Wales Parliament, that your Committee, should be asking the Federal Minister: What will be provided to adequately support sheep farmers in New South Wales? It must be additional funding to support what has been announced, given the insufficient funding being made available for farmers in west. This inquiry must also consider the importance of the ability for sheep producers in this State to turn to live export opportunities to uphold animal welfare. In December last year I co-signed a letter with my fellow State farm organisation presidents from Queensland, South Australia and Victoria, seeking support from the former Federal Minister for agriculture to bring vessels to Adelaide to take sheep from our States during the drought conditions and market failure that were impacting so many of our members.

Prices had dropped, with sheep selling for as little as \$2 per head. Feed was scarce and farmers had two options. They wanted the best option to keep their sheep healthy and in a state of good welfare. The solution was an export vessel from Adelaide until, fortunately, the season turned for the better. Committee, we had market failure. The hooks were unpriced. You could book a hook, but you couldn't get a price on it. That's market failure.

That's when you need your next best option of loading a vessel. Live exports of sheep by sea remain legal from New South Wales. We just need the infrastructure. But Victoria isn't far away, nor is Adelaide. In fact, those places are closer than Sydney for a good number of farmers.

For Minister Moriarty to say on 21 February 2024 and again on 27 August 2024 that she had not spoken to her Federal counterparts about the ban because we don't export by sea from New South Wales is very disappointing, especially as I have discussed this issue with her. While the impacts presented in our submission—that we welcome your questions on today—are based on our analysis of available data, what is most important is that you leave here today with one message: Remember the people, the farmers, who sent you here to represent them; never stand by and allow their legitimate, honest work and their good shepherd effort to be shut down by any government of this nation. If such a situation was to arise, NSW Farmers members asked that you use your political allegiances not to protect your colleagues in Canberra but to protect the New South Wales farmers who will lose businesses, the workers who will lose their jobs, the regional communities that will subsequently dissipate and the landscape that will suffer.

Hopefully the Australian Government support made available to transition out of live-ex will not be needed in New South Wales and the decision will be reversed by the Albanese Government. But, again, I refer to these radio ads being broadcast as we speak today across New South Wales, advising producers to prepare and the question this raises. If the Albanese Government is re-elected, funding to adapt to life without live exports by sea must go first to our Western Australian colleagues who need it the most, initially. But I dread what we may find in New South Wales and other States as the markets dysfunction. The Federal Government will need to support any Australian farmer who suffers from the impact of this ill-thought-through decision closing down the live sheep exports by sea. Those in this place must do all they can to ensure Federal support reaches those that you represent.

Again, it is important to state that this support has to be additional to the funding announced under the transition package. It must not be taken from the funds allocated to help our Western Australian peers. New South Wales supports may only need to be small, but they will be vital and will need to be well targeted, especially to the farmers and communities where sheep and wool are the principal forms of agriculture and landscape management, as the alternatives are often limited. It is vital that this Committee acknowledges the impact of the live sheep export by sea ban on the New South Wales agricultural industry. Thank you for your time today and for your consideration of our submission. We look forward to your questions.

**The CHAIR:** The Committee has agreed to have free-flow questions. I might start and then the questions will come from various members. This is to both sets of witnesses: Will the banning of live sheep exports hurt not only the sheep industry but also related sectors like grain and fodder? Additionally, more broadly, will this discourage investment in farming in New South Wales, do you think?

**XAVIER MARTIN:** Absolutely. It creates—I use the word dysfunction. It just absolutely changes the paradigm of landscape management, of how we manage our land, water and vegetation. What happens is, instead of the land being used for its best option, you start looking for your second and third best option. That might be to grow barley, fodder, run goats or whatever, but it then has a knock-on effect on others that are already in that sector. The gross dysfunction becomes apparent quite quickly. Already, Chair, we've seen in Western Australia the collapse in ram sales. This time last year 13,000 rams were sold; this year, 6000—less than half. That's the same effect we can look forward to importing into this State if this ill-thought-through idea goes ahead.

**SCOTT KOMPO-HARMS:** I wanted to say that one of the concerns for producers for a long time has been competition in their markets, and what the removal of live exports does is it removes competition. The other thing that we'll see is—as Mr Martin has outlined, we're certainly seeing in Western Australia some farmers getting out of sheep farming altogether and going into cropping. That option is not available to all sheep farmers; a lot of the land in WA is not suitable for cropping. But, to the extent that cropping increases, it makes production systems more vulnerable, and it also suppresses prices nationally for grains. More people going into grain farming in Western Australia will also reduce prices, everything else being equal, for New South Wales producers.

**The CHAIR:** Just sticking with you, Mr Kompo-Harms, you mentioned in your opening statement the importance of live sheep exports in terms of our relationship with our trading partners. From an animal welfare perspective, if people are concerned about animal welfare, isn't it a concern that this ban will then actually push those countries to less ethical suppliers like Somalia and Sudan, in terms of getting their proteins?

**SCOTT KOMPO-HARMS:** Thank you, Chair. Yes, that is absolutely correct, and I can say that our chairman, Mr David Galvin, and our CEO, Mark Harvey-Sutton, recently travelled to the Middle East to go and see this for themselves. The Australian products in the market at the moment are very sought after. They went to Morocco, as one of the markets they visited. We're actually trying to get a protocol in place for Morocco at the moment. They have been experiencing very severe drought. They have had a lot of their flock wiped out. They

are desperate for livestock and for animal protein suppliers. They are trying to get livestock from wherever they can.

They want Australian livestock. They know it's more expensive than livestock from other countries, but our product is the best quality available, and it is produced to high welfare standards. One of the key things that our livestock are sought for is the fact that we are free from a lot of exotic animal diseases. Importing animals from those countries causes a lot of problems—like you mentioned, Somalia and even a lot of parts of Europe. They're actually not just importing the livestock; they're importing diseases into their own flocks that they have there. There are lots of reasons why Australian livestock is absolutely the best in the world and is highly sought after.

**The Hon. SCOTT BARRETT:** Thank you for your submissions in which you've both outlined the impacts that you believe it will have on New South Wales, in quite a lot of detail. Yet we've got other submissions from the likes of the Australian Alliance for Animals and RSPCA, and we've even heard from the New South Wales Minister for Agriculture, who have all said or implied that it won't have an impact on New South Wales. Why do you think they're coming to that conclusion, which is quite contradictory to yours?

**XAVIER MARTIN:** Obviously, they're not out in the landscape managing the plants and animals like my members are. I'm sure they're good-willed people—the ones you just referred to—but they clearly don't understand what we do and how we do it. The reality is that our day-to-day management and caring for our plants and animals results in how the vegetation, the water and the landscape responds—its effect on native animals and native plants. It's all critically and carefully managed; it's not an accident. So the impact, once you go and change the equation, is dramatic. It's not incremental or of no import; it's actually significant. To the extent we need to treat those sorts of inputs with care—and I respect that they've got an opinion, but it's a theoretical opinion; it's not practical.

**The Hon. SCOTT BARRETT:** I might come to you, Mr Kompo-Harms, more specifically on that. You said it's already having an impact here in New South Wales. How does that make you and your members feel when the New South Wales Minister for Agriculture essentially says it's not her problem and it's a problem for Western Australia?

**SCOTT KOMPO-HARMS:** What I would say to that is, producers in New South Wales clearly have been suffering already. Like I said, the flow of animals coming over from the west has suppressed prices already. Confidence is low, and that is spreading from WA elsewhere. Like I said, the impact will be felt over a longer period as well. It's that loss of live exports as a risk mitigation measure for WA producers, and that then leads them to reduce their flock numbers. Once their flock numbers reduce, it becomes a lot harder for New South Wales producers to restock after a drought, so their production becomes more risky. These are facts. These are backed by the evidence. This is what we are seeing now. I would just ask you to closely scrutinise what these other groups—what evidence they have put up in their submission, because we have put real facts and real evidence to you. We'd ask you to take that into account.

**The Hon. SCOTT BARRETT:** The opinion that's been landed on by the Government—I guess through the Minister—that this isn't going to have an impact on New South Wales, has that been informed by consultation with your organisations?

**XAVIER MARTIN:** No. I think the inability to engage with those making decisions in New South Wales about some of these key matters is a considerable problem for our State. There's an ongoing need to not just consult but to then act. For example, if there is such a conviction that we've got a climate effect that's going to cause flash droughts and we've got to manage our domestic and native animals more carefully, then the reality is we're going to need access to be able to destock faster and more efficiently with appropriate welfare. If we take the subject animals, we may very well need pop-up facilities at other ports in this State, as opposed to the ones that exist in Victoria and South Australia that have been accessed by the major flock. We are the major State in this nation for sheep. West of the divide, there is an enormous number of sheep—well over 20 million. Caring for them is going to be critical and relies on this option of loading vessels.

**The Hon. SCOTT BARRETT:** So you've spoken to them? You did mention, though, you've spoken to the Minister on this.

**XAVIER MARTIN:** I've raised it with the Minister in terms of, "This is a key issue for my members," but I have little confidence that either her department or the Minister's office comprehend what it is we're dealing with.

**The Hon. SCOTT BARRETT:** You also mentioned, Mr Martin, that we have quite a lot of fingerprints on the care that we have for animals at the destination. Do we do the same coming the other way? When we're

importing from countries, do we dictate what their environmental or workplace conditions should be, or their welfare conditions in general?

**XAVIER MARTIN:** We have a very light touch. It's largely the market that decides. We've got a very commercial, demand-driven expectation for imports, yet we place all sorts of penalties on ourselves for exports. Committee, if you've been to any of the souks in the Arabian Peninsula and East and North Africa, like I have, it is quite clear when you look down the laneways—the back lanes in the souks—you can see the New Zealand Romneys and the Australian Merinos and crossbreeds, because what we do is we get the animal right for purpose. They stand out. All the other origins—just extraordinary. If that's the future for the half of the population of the planet who don't have fridges and freezers, who are going to lose access to our well-prepared animals, then what are we doing to those four billion-odd people who don't have access to that fresh protein, or have to take a second- or third-class animal and skin? They want their protein fresh. They actually wear the skin seasonally. They sleep on it and under it. It is a critical part of their life.

**The Hon. SCOTT BARRETT:** Mr Kompo-Harms, maybe you're best to comment on this. Is it realistic that we just stop this and replace that protein in these countries with chilled and frozen boxes?

**SCOTT KOMPO-HARMS:** No, I don't think it is. It is really driven by customer demand in a lot of countries. Like I said, our CEO and chairman recently visited a number of countries in the Middle East. One of the things that stood out was that Australian meat sourced from Australian livestock that were imported and processed in that country are marketed as a separate product. They are marketed as fresh meat, and that is a strong consumer preference. The other thing is that's probably the most affordable source of protein for them. That fresh meat product is actually cheaper than the imported meat that we and other countries send over to these markets as well.

So that choice is already available to them, but these customers are making the choice to buy meat processed in their own country, and they perceive it as being much fresher. It is slaughtered much closer to their point of consumption, and that's a choice that they've made. It's very naive to say that we can just replace that with exported meat products. These other countries have that choice already, so they will just seek livestock from elsewhere. But they will do so knowing that it causes a whole heap of other problems for their own markets and, like I said, introduces lots of diseases into their flock that they don't have to deal with when they import Australian livestock. The quality of the carcasses and the yield of meat is much higher for Australian livestock, so we're actually really harming our trading partners.

**The Hon. SCOTT BARRETT:** I could keep going, Chair, but I'm aware there are others on the Committee as well.

**The Hon. EMMA HURST:** I might start with some questions to NSW Farmers. In your submission you provide what you've described as economic impact modelling on the impact of the live sheep export in New South Wales. Was this work that was undertaken and funded by NSW Farmers internally?

**XAVIER MARTIN:** I believe so, but I'll pass to my economist, Mr Miller, to answer that question definitively.

**SAMUEL MILLER:** Yes, this is work that was done by us, with assistance from our staff and our committees.

**The Hon. EMMA HURST:** Were you running that program, Mr Miller?

**SAMUEL MILLER:** Yes.

**The Hon. EMMA HURST:** So you were the one that oversaw it being done within NSW Farmers?

**SAMUEL MILLER:** Yes. You could call me the principal author of the report.

**The Hon. EMMA HURST:** Was there any independent oversight of that report? Did you get anybody external from NSW Farmers or was it just the NSW Farmers team that put that report together?

**SAMUEL MILLER:** There was no external peer review of the report. However, we did test the assumptions with our external colleagues—ALEC, Sheep Producers Australia and others—to strongly test the assumptions in the report and ground-truth them.

**The Hon. EMMA HURST:** You mention one external group, ALEC sheep exporters. I understand you might not have the list in front of you, but on notice can you provide who else you ran that through?

**SAMUEL MILLER:** I can take that on notice.



**The Hon. EMMA HURST:** Thank you. In response to the survey that was conducted by this inquiry—we put out a survey—97 per cent of people supported the phase-out of live sheep export, which is consistent with other community surveys in recent years. Do you accept that this is what the community want?

**XAVIER MARTIN:** Thank you for the question. I wasn't aware of that survey. I'm used to surveys, though, where if you ask a particular question, you can very easily get a particular answer. But in the absence of knowledge—

**The Hon. EMMA HURST:** This was a survey that we put out from the New South Wales Parliament. The Committee had all agreed to those questions.

**XAVIER MARTIN:** I'm not casting aspersions on whoever constructed it. I'm just saying that, by the colour of my hair, you'd be aware that I've seen a lot of surveys over the decades. If you ask a particular question, you'll get a particular answer.

**The Hon. EMMA HURST:** Sure. But do you accept that—when we've got in this inquiry 97 per cent of people saying they support the phase-out—that is the position of the broader community?

**XAVIER MARTIN:** No, I don't. I think you've asked a particular question and you've got a particular answer. I think if they were out in the paddock with the shepherd, I think they would potentially have a very different view to whatever was asked of them in this survey.

**The Hon. EMMA HURST:** Mr Martin, are you suggesting that the survey that was put out by this inquiry was pushing for a particular answer and that it was biased from the beginning?

**XAVIER MARTIN:** I make no comment apart from the fact that if you ask a particular question, you will get a particular answer.

**SCOTT KOMPO-HARMS:** Excuse me, Chair. May I make a comment here?

**The Hon. EMMA HURST:** Yes, you may.

**SCOTT KOMPO-HARMS:** I'd like to point you in the direction of the community sentiment research that is undertaken by a group called Voconiq. This is a multi-year project that has been undertaken by the Australian live export corporation, which is our research and development services provider. As they receive Australian Government funding and also use levy funds from producers, they are strictly bound to be apolitical in their activities. Voconiq are a spin-off from the CSIRO. They are a well-regarded firm in conducting these types of community-sentiment research projects. They have been running community-sentiment research on the live export industry since 2019. They do a survey each year of roughly 4,000 participants. This sample is stratified so that it actually matches and is representative of the Australian community as a whole.

I would direct you to actually examine the research in detail yourself. But what it reveals is a nuanced picture. The number of people who agree that the costs and benefits are equal or that the benefits outweigh the costs is actually around 70 per cent nationally—similar figures for New South Wales. They ask lots of different questions about attitudes towards the trade and whether the live export industry makes an important contribution to Australia. I think the last result that we had from the 2023 survey was that around 79 per cent of participants agreed with that statement and around 80 per cent in New South Wales.

**The Hon. EMMA HURST:** Sorry, agreed with what statement?

**SCOTT KOMPO-HARMS:** That the live export industry makes an important economic contribution to Australia. Basically, the picture is far more nuanced than just a single question that would be conducted. I'm not sure what methodology was used, but I'm presuming that the survey conducted by the Parliament was not a random sample that was stratified, and is, therefore, I would say, less representative of the community at large.

**The Hon. EMMA HURST:** I'm definitely happy to look further into that and to look at any questions they asked about support for the phase-out. Obviously, completely different questions are hard to compare when you're looking at support for a phase-out versus whether or not people think that it is economically viable. They are very different questions. But I'm definitely happy to look further into that research as well. I am going to move on, because I know there are others with some questions and I've just got a couple more. I want to go back to NSW Farmers about financial assistance. I know you have two positions you are coming here with today with regard to whether there is a phase-out around the compensation. Looking at the compensation, is your position that the funding should come from the Federal Government, given they were the ones that made the decision, or is your proposal that funding for New South Wales farmers should come from the New South Wales Government?

**XAVIER MARTIN:** It's the decision-maker that should fund it. No-one should take actions that damage others without funding it. It'll be ongoing funding because this will change the landscape if it goes through.

**The Hon. EMMA HURST:** So you're advocating for Federal compensation?

**XAVIER MARTIN:** It's not just a compensation amount; it is an ongoing cost to the nation as to how our landscape will be managed less well and will suffer because there will be second, third, fourth, fifth and sixth best options utilised because the best option has been legislated against.

**The Hon. GREG DONNELLY:** I will start with NSW Farmers. Thank you for your submission to the inquiry. I understand from reading your submission that the live sheep export industry has declined by around 92 per cent between 1988 and 2023. Forgive me if this is picked up in your submission and I have missed it, but in terms of understanding what impact that has had on New South Wales producers, is there any insight into that or any information on what the impact has been?

**XAVIER MARTIN:** I think the most important corollary of what your question is is that the very fact that there exists that next best option of access to a global vessel, despite its declining utilisation, as you've outlined in your question. The fact that it exists means it underwrites those other options at the saleyards and the processor. Just having that next best option available is fundamental to how our landscape is managed, to how my members stay in business and use their farm for its best option. I hope I've answered your question.

**The Hon. GREG DONNELLY:** To some extent.

**SCOTT KOMPO-HARMS:** May I make a quick comment there, please? I would like to challenge the assertion that the industry is in some kind of terminal decline. We actually saw a strong increase in the number of sheep exported in 2023, which—

**The Hon. GREG DONNELLY:** In fairness, I don't want to interrupt but that wasn't the proposition I put forward. It was trying to understand what the effect hitherto has been on producers with respect to that trend. That's what I'm trying to understand.

**SCOTT KOMPO-HARMS:** Yes, I understand that there is a longer term trend of the number of head being exported declining, but we did see quite a strong increase in recent years. I'd just like to make the point that we have recently opened new markets for sheep. We've seen the reopening, after more than a decade of closure, of Saudi Arabia as a market, as I mentioned. Morocco is very close to signing a protocol for sheep exports, and they are absolutely desperate for our livestock. So I don't accept that there is some kind of terminal decline here. We are seeing new markets, and the number of head being exported is increasing.

**The Hon. GREG DONNELLY:** In your submissions there's the obvious consideration of sheep exports for meat consumption, for live protein, available through being slaughtered and consumed overseas, and the wool element and its impact on that part of the sheep industry. I'm wondering—it may not be able to be done easily—in terms of understanding the interaction between the movements between export and wool, and export for meat, is there a relatively easy way of understanding how those two interlock?

**XAVIER MARTIN:** There's definitely published material that answers your question, so can I take that on notice to get that material to you. Mr Miller, did you want to respond to that, or would it be better to take it on notice?

**SAMUEL MILLER:** I think the only thing I'll add is that there is a close connection between the two. What I've been given to understand is that sheep that are exported do need to be shorn prior, and so the live meat export trade is closely interlinked with the work for shearers and wool production in Western Australia. That has an impact on the shearing workforce, which is highly transient, which impacts the New South Wales workforce as well. It is a highly interlinked economy. I couldn't put precise numbers on it for you.

**The Hon. GREG DONNELLY:** No, that's fine. It's been taken on notice.

**SCOTT KOMPO-HARMS:** I might just add a point here, Mr Chair. I'd just like to point out in rather simple terms that, basically, the sheep that go for meat production overseas—in other words, they're being exported live to be processed overseas—are predominantly wool sheep, used for wool production here in Australia. So it's the wool sheep, once they reach the end of their productive life producing wool, it's more valuable to actually export them to a country that wants those specifications of sheep. Domestic meat processors here in Australia, and export-based meat processors here in Australia, are looking for different specifications of sheep. So the sheep that are turned off, particularly from Western Australia, are older, heavier, producing mutton and hogget type meat rather than lamb, which is what we consume here. It comes down to consumer preferences, really.

**The Hon. PETER PRIMROSE:** I had three questions, but I'll put them on notice. I think that might be easier.

**The Hon. AILEEN MacDONALD:** I can put my question on notice too, if we have run out of time.

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**The Hon. SCOTT BARRETT:** Should we get Mr Kompo-Harms to table that survey report he was talking about?

**The CHAIR:** Mr Kompo-Harms, are you able to table that survey report for the Committee to consider?

**SCOTT KOMPO-HARMS:** Yes, the Voconiq community sentiment research—happy to do that.

**The Hon. PETER PRIMROSE:** And that will also include the methodology section?

**SCOTT KOMPO-HARMS:** Absolutely.

**The CHAIR:** Excellent. That concludes our time with you. Thank you very much. I'm sure there will be a few supplementary questions on notice coming your way, and you did take some questions on notice, so the Committee secretariat will be in touch regarding both of those. Once again, thank you for your time.

**(The witnesses withdrew.)**

**Mr ADAM DAWES**, General Manager, Wool Producers Australia, before the Committee via videoconference, sworn and examined

**Ms BONNIE SKINNER**, Chief Executive Officer, Sheep Producers Australia, before the Committee via videoconference, sworn and examined

**The CHAIR:** We will now go to our next set of witnesses, who are both online. Did either of you want to make a short opening statement? By short, I suggest about two to three minutes, just so we can get stuck into some questions. Ms Skinner?

**BONNIE SKINNER:** Yes, that would be great. The Australian sheep industry is an essential component of the regional landscape in Australia. In agricultural-dependent rural and regional communities, the industry provides direct economic benefit, including employment opportunities and investment. The Australian Government's decision to end the live export of sheep by sea in May 2028 is ill-founded, damaging to many Australian sheep-producing businesses, supply chain operators, regional communities and, importantly, our reputation amongst trading partners. It must be revisited. Given the Australian Government's indifference to the outstanding improvements to the performance of the live sheep export trade since 2018, and the inadequate consultation and due diligence on the implications of the phase-out decision, an alarming precedent has been set for future agricultural decision-making.

Sheep Producers Australia has consistently called on governments to make policy decision for agriculture that are evidence based, strategic, inclusive and collaborative. To divert from this threatens the future of industries, businesses, families and communities across Australia. Sheep Producers Australia has made its opposition to the Federal Government decision to phase out live sheep exports by sea very clear. The decision was politically motivated and is already causing damage and a severe decline in confidence in sheep-producing regions of Western Australia, where the live sheep trade is a critical part of production systems and regional economies. We welcome the opportunity to provide a submission to this inquiry, which implicitly recognises that the impacts of the Federal Government's phase-out decision will be far-reaching and have not been fully considered.

The Western Australian sheep flock plays an important role in sustaining the national flock, ensuring that vital breeding stock is maintained to support periods of rebuilding on both the east and west coast of Australia after drought. This is critical for not only the long-term success of the Australian sheepmeat industry but also the wool and meat processing sectors. WA remains an important pool of merino ewes and lambs for the east coast to ensure that its flock remains viable, particularly after tough years of drought that have resulted in significant destocking. However, for sheep producers in Western Australia to sustain their systems in the face of isolation, strong farm gate competition for sheep, driven by access to markets including live sheep exports, must be maintained.

As per our submission, SPA will defer to NSW Farmers on matters relating to specific economic and social impacts related to New South Wales. The economic modelling presented in NSW Farmers' submission is supported by the association's on-ground experience and direct connection with sheep producers across the State, and we commend it to the Committee. Sheep Producers Australia brings a national perspective to this inquiry and, as raised through our submission, we've highlighted a number of issues, including the context and dynamics of the west to east coast trade in sheep, the national contribution of the live export trade, the economic implications of the 2018 cessation and the shortcomings of the Australian Government's decision-making process that has left many producers feeling removed from a decision that will impact their families, businesses and communities.

**ADAM DAWES:** Wool Producers Australia welcomes the opportunity to present to this inquiry as the peak industry body representing Australia's woolgrowers. Our address is focused on ensuring that the needs and concerns of the wool industry are represented and articulated in this important forum. As a national body, Wool Producers strongly opposes the ban on the live sheep trade, as we know that the impacts of this decision will impact not just the Western Australian wool industry but also the national wool industry. We also know that this ban is an ideologically driven policy that disregards the interests of woolgrowers, their suppliers and rural communities for political gain. The banning of live sheep exports will have long-term financial repercussions for New South Wales farmers, limiting their ability to effectively manage drought and post-drought conditions. This, in turn, will make sheep and wool production less attractive to New South Wales producers and will see the industries being lost to competing land uses.

The wool industry is proudly labour intensive when it comes to supporting regional economies. Take sheep out of areas and the jobs, businesses, services and people also leave. While the live sheep export trade is primarily concentrated in Western Australia at the moment, New South Wales will face changes in market and supply chain dynamics due to the removal of live exports from the national feed production system. For example, during the post-drought periods, there are generally significant transfers of sheep from west to east, as occurred

following the breaking of the eastern Australian drought in 2020-21, where 1.36 million sheep moved from Western Australia to eastern States, primarily benefiting New South Wales farmers, who found restocker lambs from Western Australia to be approximately 38 per cent cheaper than those available from New South Wales and Victoria.

There will also be impacts on the current wool harvesting labour supply. In recent years, there has been a significant shortage of both shearers and wool handlers, which has seen shearing rates paid significantly higher than the current award rate. The Western Australian shearing association estimates a 20 per cent reduction in shearers due to the decline in live sheep exports, which may lead to increased reliance on interstate shearers from New South Wales, while removing Western Australian shearers completely from the labour pool. This could increase seasonal demand, making it harder for New South Wales producers to find wool harvesting staff when needed. While many think this is a Western Australian problem, it simply is not. The removal of a viable trade anywhere in Australia removes competition, reduces stock and diminishes workforces, all of which will impact New South Wales producers and their communities.

The October sheep producer intention survey reported that Australian woolgrower sentiment currently rests at minus 19 nationally, dropping to minus 17 in New South Wales and minus 30 in Western Australia, with direct reference to the legislated live export ban being a contributing factor to this sentiment. The recently released report from the Australian Wool Production Forecasting Committee estimates that the Australian wool clip will decline to 279.4 million kilograms in 2024-25, the lowest in 100 years. We urge the Committee to consider these facts during this important inquiry. Thank you for the opportunity to present on behalf of Australian woolgrowers. We welcome the Committee's questions.

**The Hon. GREG DONNELLY:** Thank you both for what are comprehensive submissions which contain much information. Mr Dawes, if I could just take you to your submission on page 8, running through to pages 9, 10, 11 and 12, under the heading "Impacts of a ban – intended and unintended consequences". For my benefit, could you please elucidate and expand on the unintended consequences which form part of your submission, and maybe any others that you would like to touch on—in other words, the unknown unknowns or the known unknowns?

**ADAM DAWES:** Absolutely. Drawing on a few points, to date a lot of the attention has largely been focused on Western Australia and the potential impacts that that has. New South Wales has the largest sheep flock in the country on a State basis. On the most recent estimate from a sheep producer intention survey, New South Wales holds 38 per cent of the national sheep flock and, as referenced in my opening address, it was in the order of 1.36 million sheep moved from Western Australia to eastern Australia following the 2020-21 break in drought conditions.

Obviously the increased competition that ALEC referenced earlier is of benefit to Western Australian producers. By "increased competition" I mean that there's competition from the live export trade, the slaughter trade within Western Australia and potentially eastern restocker trade. The competition obviously on those 1.36 million sheep was of a benefit to both Western Australian producers and eastern States producers, predominantly New South Wales. If we remove that potential benefit to both WA and New South Wales producers, we drop the profitability of both States. There is decreased competition for Western Australian producers to offload sheep and there's decreased supply from which eastern States producers, including those in New South Wales, can draw cheaper animals, which enhances their profitability.

In terms of the unintended consequences, it has been acknowledged in some work that has been undertaken in Queensland in relation to wild dog impacts that the wool industry is labour-intensive. In terms of labour units per sheep or labour units per hectare, wool does demand a lot more than meat production and a substantial amount more than cropping. Once we start to remove those labour units from rural communities, we start to see the potential collapse or consolidation of community services that support those larger numbers of people—education and health care, just to name two. I think they're some of the unintended consequences.

As to direct impacts to industry, we mentioned that labour shortage is a particular pressure point. If we start to see a decline in flock numbers, particularly in WA where shearing is quite seasonal, we'd start to see a decrease in the labour pool that is potentially available to move between eastern and western States that can keep shearers and wool handlers, which are skilled labour units, employed year round, and potentially those people will start to move towards other areas of work, so we'd lose our wool harvesting labour force that can be engaged year round.

**The Hon. GREG DONNELLY:** In regards to the capacity of WA, using the instance we've heard already—being able to make available a large number of animals to be transported to the east coast for re-flocking purposes—does that capacity, that surplus to domestic need in WA, exist because there is a live trade export

component to the sheep industry in WA, or are there other factors in play over there? If you're not sure, feel free to say you're not sure.

**The CHAIR:** Sorry, Mr Dawes, before you do that, I've just had advice from Hansard that you're coming in a bit muffled and garbled. If you could turn your video off, that might save you some bandwidth and your audio might pick up a little bit. Sorry to interrupt.

**ADAM DAWES:** Yes, absolutely. No problem. Thank you. I think that the key factors that are at play in South Australia are the largely variable seasonal conditions and—

**The Hon. GREG DONNELLY:** WA, you mean?

**ADAM DAWES:** In WA. If we try to use an analogy, the ability to offload stock quickly via live export is akin to a pressure relief valve where, if seasonal conditions turn, they have the ability to offload those animals in a timely manner and it also removes the need to finish animals to a specification that domestic processes might demand. That is one of the key factors at play and, perhaps while the pressure release valve isn't quite as expedient for transporting animals from west to east, that is still a point of pressure release where Western Australian producers can offload animals relatively quickly, or it can supplement what can be offloaded via live export. If Western Australian producers lose that ability to offload animals quickly, they might start to move away from sheep having as significant a role in their production systems, which obviously means that our ability in the east to off-take and benefit from that offload will be diminished.

**BONNIE SKINNER:** Could I just add to that as well, just to really bring home the point? If we're thinking about the national ewe base as well and just in terms of, in particular, the merino ewe, which remains a significant proportion of the breeding flock in Australia, as Adam has mentioned, WA has shorter seasons, limited pasture availability, and really the merinos have always been a strong breed of choice in Western Australia compared to more resource-intensive maternal and terminal breeds of sheep. It does comprise a pretty important component of the flock over there and it means that they've actually got the highest volume of maternal merinos in Australia. It is a really important reservoir in terms of breeding stock.

Live export, the value that it provides there, it's in a flexible market so producers are able to adapt their marketing strategies to seasonal conditions. They're able to manage their risks associated with the short growing season in spring. As Adam said, it provides an important release valve when turn-off is required in a short period of time. The merinos over there in WA really do represent, in a mixed farming enterprise—they actually yield gross margins similar to cropping but with much lower risks. So they are a really important part of the system over there in Western Australia, but it also contributes to the national reservoir as well.

**The Hon. GREG DONNELLY:** In the NSW Farmers' submission, they put forward the proposition that at least in the short term the phase-out of live sheep export will lead to a reducing of the flock size in WA, and that will have a knock-on effect of more sheep being sold at saleyards on the eastern seaboard, and this will have the consequential effect of reduced sheep prices in New South Wales. But that didn't seem to square with the evidence about what's been the decline, between 1988 and 2023, of live sheep exports. I am just wondering how there's a squaring of that. You may not be able to do that, or perhaps take it on notice, but there just seems to be a contradiction in that there hasn't seemed to have been, as far as we can gather from the evidence, a negative or downward or certainly a significant impact on eastern seaboard prices.

**ADAM DAWES:** Circumstances have changed quite substantially since the late '80s and early '90s. To the point I referenced before, the Wool Production Forecasting Committee forecast that we were looking at in the order of 278 million kilograms for this financial year production. In the late '80s and early '90s we were exceeding over one million tonnes, so almost four times the production volume that we are looking at now. That will be approximately proportionate to the number of sheep that were available in the national flock, and therefore the number of sheep that could potentially be exported. Numbers have declined overall, proportionately, across the sheep industry, and that would roughly correlate to the decline in live export numbers over the same period of time.

**The Hon. SCOTT BARRETT:** Thank you very much, again, for your submissions. I'm going to follow a similar tack. You have both outlined the impacts it will have on New South Wales, as the biggest sheep flock, by State, in the country, and supported NSW Farmers in their explanations for that—all of which you've put evidence for in here. Why do you think others, including the Minister for Agriculture, are suggesting this won't have an impact on New South Wales? How have they got it so wrong?

**BONNIE SKINNER:** I'm happy to go first. I think that's the question we've been asking since this policy was initiated. For me, I think it points to a failure in policy processes to really consider the science, the evidence and the lived experience of people involved in the trade. What was concerning for me were some of the quotes and some of the justifications for pursuing this policy position that were presented by the Government,

which really relate to things like public expectations and animal welfare as key arguments supporting its decision to end the trade.

Concerningly, we recognise that the Minister at the time, Murray Watt, was regularly quoting statistics from research which was based on responses from just 800 people—and those surveys were conducted on behalf of the organisation RSPCA, which has been vocal in its disapproval of the trade. Some of these things are misleading for the public, and I don't think they reflect the true evidence of the trade and the regulatory reforms that it has undertaken in recent years to improve its performance and also its standing with the rest of Australia. Australians do hold very mature and balanced views of the trade.

**ADAM DAWES:** Please let me know if the audio declines again. I think it is fair to say that there has been some level of disregard for the complexity of farming systems. We regularly see the headline rolled out that the live sheep export trade is only worth \$70 million or \$80 million per year. Yes, in terms of export value that's the case, but there hasn't been genuine consideration of the butterfly effect. As I mentioned in the opening address, that flows onto rural communities; it flows onto farming systems beyond the export value. New South Wales producers of sheepmeat and wool have benefited from a large, dynamic flock in Western Australia that has allowed sheep to move from west to east so that producers in States like New South Wales can be more profitable. It's the complexity of farming systems, and many of the inquiries and the hearings to date at both State and Federal levels have had a disregard for that level of complexity and failed to acknowledge all of the repercussions and flow-on consequences of this flawed policy decision.

**BONNIE SKINNER:** I will add one more point. We're still yet to see any analysis that has been undertaken by the Government on competition forces, economic impacts in Western Australia and the rest of Australia, community sentiment surveys, business cycles and how they'll be impacted by the pulling out of a market and a trade, what their market development and analysis has been on this issue, and how sheep genetics and businesses will be impacted, not to mention a variable climate on top of all of that. There has been no evidence that that analysis has been undertaken at any level yet to inform any of this policy-making, and it's something which we have urged the Government to do in terms of considering this policy decision.

**The Hon. SCOTT BARRETT:** When the New South Wales Minister for Agriculture has consulted with you on the impacts this is going to have on New South Wales, what have you told her? Does it feel like she's seemingly ignored that advice?

**BONNIE SKINNER:** The New South Wales Minister has not approached Sheep Producers Australia for consultation on the impacts within New South Wales on sheep producers.

**ADAM DAWES:** I believe it's a similar situation for Wool Producers Australia, where direct engagement has gone through NSW Farmers as our member.

**The Hon. SCOTT BARRETT:** Have you discussed it with the New South Wales department?

**ADAM DAWES:** No.<sup>1</sup>

**BONNIE SKINNER:** It's not an issue that's been raised with us by the New South Wales Government department.

**The Hon. PETER PRIMROSE:** Sorry—have you approached them?

**BONNIE SKINNER:** We have maintained our engagement with that through our member organisation, NSW Farmers, who takes the lead on engagement with our consultation.

**The Hon. PETER PRIMROSE:** So you didn't actually approach the Government.

**BONNIE SKINNER:** No, we agreed that NSW Farmers would be the lead organisation to engage with the Government on this issue.

**The Hon. PETER PRIMROSE:** I just wanted to clarify that, thank you.

**The Hon. AILEEN MacDONALD:** I wanted to touch on the trade and policy risk and then also some animal welfare considerations. I was wondering how the phase-out might impact Australia's trade relationships with key sheep export markets.

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<sup>1</sup> In [correspondence](#) to the committee dated 18 December 2024, Mr Adam Dawes, General Manager, Wool Producers Australia clarified his evidence.

**BONNIE SKINNER:** I'm happy to lead on this one, and I know there was a little bit of commentary in the previous session. It really can't be overstated enough in terms of the importance and the significance of the relationship that Australia has with countries in the Middle East and the North African regions in particular. These relationships go back over 50 years. In fact, when I was visiting several countries within that region last year, we were consistently told that sheep are the official ambassador for Australia. They've been pretty open in their disgust and alarm at the way that this decision has been arrived at and the lack of communication and consultation that's been undertaken with their countries on this decision to pull out a very important market to them.

As it's been discussed before, the significance of this trade to these regions—these are regions, countries, cultures that prefer freshly processed meat due to cultural and religious reasons and customs. They've been very open about the fact that they will source their livestock from other countries. They have also been very open about suggesting that there will be retributory action towards Australia for other commodities that are supplied if this supply of live sheep is pulled out. Alarming—I would hope that none of that comes to pass. I think what has concerned us is the lack of due diligence and care that our Government has shown, which implies a level of disdain towards our trading partners, when these are really well-developed and trusted relationships that have gone back for a long period of time.

**The Hon. AILEEN MacDONALD:** Do you think that that decision would erode confidence in agricultural policy stability affecting other industries in New South Wales? You did touch on that, so can you expand on that?

**BONNIE SKINNER:** That has certainly been what we have understood from representatives from some of the countries in the MENA region. Flow-on effects to major commodities like grain and others—again, Australia's reputation and the reason why we're a preferred trading partner is because we are a reliable supplier. We are generally good to do business with. Decisions like this, with lack of communication, certainly cast a shadow of doubt on not only the reliability but also the trust that trading partners can place on Australia to stand by their word and their ability to provide the produce that they have done for many decades.

What is really a critical link to that, I would say, in terms of the significance of this, is this is a sovereign issue for countries in the MENA region in particular. We're seeing increased demand from countries in the MENA region around food security issues, and this was really heightened during COVID. We're in the privileged position in Australia of exporting over 70 per cent of our agricultural produce. MENA region has to really make sure that it's investing into safeguarding its citizens to be able to access safe and high-quality food. A lot of the strategic plans that you're seeing coming out of countries in the Middle East region, in particular—for example, Saudi Vision 2030 really talks about earmarking funds and deliberate strategic activities towards increasing the country's food security processing capability and reducing their dependence on, ultimately, oil to diversify their economy.

**The Hon. AILEEN MacDONALD:** Did you have anything to add, Mr Dawes?

**ADAM DAWES:** Whilst we have relatively limited export and trade of wool to the MENA region, we have certainly seen significant investment in our biggest trading partner for wool in recent years—that's the Chinese wool processing sector. Australia nationally sends in the order of 85 to 90 per cent of all the wool that we grow to China for early-stage processing, and if we start to have government policies that undermine our ability to supply that wool, that starts to compromise the viability of Chinese processors. They might start to look at investing in other countries to source their wool from and investing in, indeed developing, the wool production capacity in those countries so that they can keep their mills and their garment manufacturers running at full capacity.

**The Hon. AILEEN MacDONALD:** How do you respond to claims that live export welfare standards remain insufficient?

**BONNIE SKINNER:** I'm happy to go first. I would certainly disagree with that statement. The 2018 temporary suspension prompted significant changes, particularly related to heat stress and animal welfare requirements. Subsequently, we saw substantial reforms. There was a voluntarily imposed trade memorandum that has been put in place, which has also made a significant contribution to the welfare performance on vessels. Where we were in 2018 is not the place that the trade is at now, and the performance in terms of the improvements in mortality rates certainly reflect that improvement. They are 81 per cent lower than a decade ago, so they're now at 0.18 per cent in the last financial year. Certainly this has been in line with the expectations that, it's important to note, the production sector places on the welfare performance of this trade for producers to have confidence to supply their animals, and that has certainly been made by the raft of changes that have been put in place.

**The Hon. AILEEN MacDONALD:** Do you think that there are any additional safeguards or reforms that could address concerns without actually banning the trade?



**BONNIE SKINNER:** I think the suite of reforms that have been addressed since 2018 are certainly comprehensive and have already addressed a number of issues that we saw were contributing to poorer welfare outcomes, including space available for each animal on vessels and improved ventilation requirements. We did have the LGAP program, which was initiated certainly through industry development and the Australian Government, to be able to provide a new quality assurance program in market. Unfortunately that program has not been able to continue, and the program has not been able to attract ongoing government investment to continue that. Certainly the trade being withdrawn or the proposed ban for the trade in 2028 has put a shadow of doubt over the viability of implementing that LGAP program in place. That certainly would be the next step that we would want to see incorporated, should the sheep live ex trade be able to continue, and it will be an important part of the cattle trade.

**The Hon. EMMA HURST:** Thank you, both, for your time today. The Committee has received an independent report from Pegasus Economics that shows that there is no adverse financial impact on New South Wales. Then, of course, we have also seen the modelling done at a Federal level by an independent panel also showing no impact in New South Wales. On the other side, we have seen one report funded by industry and also written by industry. Why hasn't there been any independent expert reports from economists or other experts by the actual industry itself?

**BONNIE SKINNER:** I can only say that, obviously, NSW Farmers has contributed important economic analysis on behalf of many of its members within New South Wales. That is certainly the evidence that we would defer to. I can't answer your question as to why nobody else has provided independent analysis, but the point that I would make is that what we've seen through the Australian Federal Government process is that the entire consultation and the lack of supporting evidence has left producers—and producers are the people primarily impacted by this decision—completely feeling like they've got no means and ways to have their voices—

**The Hon. EMMA HURST:** Sorry to interrupt, but is this in regard to the independent panel modelling?

**BONNIE SKINNER:** I was making the point that, broadly speaking, the evidence that has been contributed by NSW Farmers is an important contribution to the consideration of this. It reflects the lived experience of farmers in New South Wales. But I can't answer your question as to why there has been no contribution of independent analysis on top of that.

**The Hon. EMMA HURST:** I suppose, as a Committee, it's hard when we've got an independent report and then we've got modelling done at a Federal level by an independent panel. They're saying one thing, and then we've got a non-independent industry-based report. How do we then juggle that when we've got two independent processes making one conclusion that's the complete opposite to what the industry report is? I understand that you support the industry report but, as a Committee, it makes it very difficult when we've got these two independent processes saying the complete opposite. I'm wondering why we would put more weight towards an industry report over and above those two independent processes.

**BONNIE SKINNER:** My question would also be to you to suggest, as to the New South Wales Government's economic analysis of this, if there is more evidence that's required that makes your decision difficult, that the New South Wales Government should also be providing an arms-length economic evaluation of the impacts within New South Wales. I'm not sure if that has been provided, but certainly you would need that as a source of information as well.

**ADAM DAWES:** If I can just add, it might come down to the time and resources available for some of those processes. Certainly I think that the Commonwealth House of Representatives inquiry that was undertaken after the independent panel report was released showed, with the level of engagement from industry who are invested in the consequences of this policy, there was a tremendous amount of engagement. It was very passionate but civil and, I think, quite composed engagement from those who are directly impacted by this policy decision. It's fair to say that, largely, many of those views that were put forward, particularly by Western Australian farmers, were disregarded and not given sufficient weight when the final report from that House of Representatives inquiry was handed down.

**The Hon. EMMA HURST:** Can I just clarify, when I'm talking about the independent report and the independent panel modelling, that was about the impact on New South Wales rather than the sentiment and consultation. Are you talking more broadly now about the consultation process on the bill rather than the impact modelling?

**ADAM DAWES:** Again, it comes back to I don't believe that any of the processes that have been undertaken recently have had the resources or time to thoroughly consider the systemic impacts of the ban—some of those unintended consequences. I don't believe that the processes have had sufficient resources or time to delve

into those. Indeed, we're digging up more and more evidence to support some of those unintended consequences as industry is trying to catch up with what the impacts of the policy decisions are.

**The Hon. EMMA HURST:** I've just got one other question. Assuming the ban does remain in place, is it your view that any decisions around financial assistance should be made by the Federal Government? Should compensation be put forward by the Federal Government, or are you advocating for State funding? I'm happy for either of you to jump in.

**BONNIE SKINNER:** My point would be that we need to make sure that—the Australian Government's got a responsibility on behalf of all Australians to make sure that it undertakes adequate analysis to understand the consequences, which includes what Adam has raised and what you're referring to and does touch on some of the issues that I raised earlier around the lack of evidence that we've seen on this. Certainly, once that is determined, who are the people who require some form of financial support to ensure that we have a sustainable and viable sheep industry in this country? If that's the Australian Government—they're leading the policy determination on the Federal ban—I would expect that they would take the lead on this. But, certainly, we would also expect that the New South Wales Government represents the needs of its stakeholders and its farming communities in terms of the impacts of this decision-making.

**ADAM DAWES:** Until we get clear quantification of what the direct and indirect consequences of the ban are, it's very difficult to point to who needs to pay what and when. There's certainly still the need to undertake further work to understand fully what the direct and indirect consequences of this policy are before we start to draw on who pays what.

**The CHAIR:** Just briefly—and you've probably covered this already, but I'll just double-check—if farmers can't destock during dry spells, wouldn't you say that this proposal to ban live export will increase both environmental and animal welfare risk and, therefore, will essentially be counterproductive to what the proponents of this ban want to achieve in terms of animal welfare improvements in the industry?

**ADAM DAWES:** Yes, absolutely. At a national level, farming is about risk management. Every decision is based on risk management. If you lose one of those risk management tools—one being live export and the ability to offload stock quickly—risks to animals on farm increase. As part of the enterprise-level risk management, producers will make decisions on whether risks that might present themselves to their enterprise are intolerable, and they might opt to transition away from sheep farming because it's too risky in terms of animal welfare and environmental impacts to their enterprise. If producers need to keep sheep on for too long, there could be issues with animal welfare. Also, excessive grazing pressure on pastures could compromise soil retention and could compromise biodiversity. Absolutely, those risks start to become more apparent and less controllable if we lose the tools to manage them.

**BONNIE SKINNER:** Just to add to that, one of the points that we've consistently raised and that has been raised with us by many producers, particularly in Western Australia, is the issue of critical mass. The Government's intended aims, or goals, are that we've got a really strong sheep sector and that we've got the ability to supply all this processed meat. You need critical mass within your sheep flocks to be able to supply processors, whose businesses need to be viable.

For there to be a critical mass, you need to have producers who are confident in having strong business models. It's really important to recognise the role that sheep play in a mixed operation and the suitability of certain country for sheep enterprises which are largely unsuitable for cropping, and the role that sheep play in things like weed management and crop preparation activities. Things like constant chemical spraying are not practical or sustainable. Sheep provide a natural and effective means of managing paddocks. Really, what we're talking about is reducing the risk of herbicide resistance issues, which is pretty critical going forward and is a huge consideration for the industry. Sheep, as a farming system, have really positive environmental outcomes. They contribute nitrogen and nutrient benefit for soils and crops. So there are a broad range of contributing factors that sheep play in a mixed operation, and certainly these concerns around pulling sheep out of these systems would have impacts on the environment.

**The CHAIR:** I've only got one minute left, but on notice can you come back to us with your views and analysis on the Pegasus Economics report? I would be interested in your views on that report, particularly given the lack of coherent and clear terms of reference in what they are investigating.

**BONNIE SKINNER:** Yes, I would be happy to take that on notice. Related to the questions before, I have not seen their submission, so I would be happy to do so.

**The CHAIR:** Thank you.

(The witnesses withdrew.)

**(Short adjournment)**

**Dr SUZANNE FOWLER**, Chief Science Officer, RSPCA Australia, before the Committee via videoconference, affirmed and examined

**Dr LYNN SIMPSON**, Retired Live Export Veterinarian, affirmed and examined

**The CHAIR:** Welcome back to today's hearing. We now have witnesses from the RSPCA Australia. Would either of you like to make a short opening statement?

**LYNN SIMPSON:** Thank you for inviting me to address this inquiry. I am Lynn Simpson, a former live export veterinarian. I've been involved with live exports since 1999. I worked as a wharfie, loading ships in Fremantle and at export feedlots, and then as a shipboard vet, doing 57 voyages to and through the Middle East, including Russia, Turkey, Libya and Madagascar. My lived experience includes work for LiveCorp and MLA in slaughterhouses in the Middle East, as well as training shipboard crew. I've worked for the department of ag a few times, helping rewrite the Australian standards for exporting livestock. I have advised AMSA on the interface of animal health and ship designs. I took what was probably the last voyage from New South Wales in 2007. It was so naively prepared that 50 per cent of the animals actually had to be left behind. That proved to me—well, it didn't have to, but it indicates that New South Wales is clearly not a primary live exporting State.

I now analyse and advise on live export matters voluntarily. It's my opinion that this trade cannot be fixed or made safe for a multitude of reasons, including mechanical breakdowns, loss of propulsion and steering on ships. I've worked on broken-down ships in the middle of the ocean. I've had a rudder fall off. Twice, I've had propeller blades fall off. There have been an untold number of blackouts that stopped air supply to livestock. I've had broken freshwater plants mid-ocean. We've had pirate interactions. I've expected our ship to capsize in rough seas, only to be thrown back by fortunate waves. Those rough seas have included times when the captains have banned the crew from going on deck for fear of us being washed overboard, resulting in no medical care or feed to the livestock for multiple days. I've had at least two engine fires and numerous galley fires. I've had importing vets reject our sheep due to politics. We now have the Houthi risk, as we all know.

Sheep are the most vulnerable animals that we live export by sea. Sheep cope well with dry heat but they suffer really badly in humidity, which is what they're exposed to on these ships; hence, they are not farmed in the tropics in Australia. Unlike cattle, we cannot hose sheep or sheep decks to mitigate heat stress. The warm waters of the Middle East heat up lower sheep decks. The two most critical waypoints for sheep to the Middle East are always the hottest on the globe for sea surface temperature, and are notorious points for heat stress events and deaths. There would be more dead sheep lying on the seafloors there than anywhere else that I can imagine. Sheep pose a unique stability risk to ships due to their weight distribution throughout the voyage and increase rolling and risk of capsizing.

The global number of ships has plummeted recently. Hundreds of ships existed when I first started with the trade in the 1990s, with 80-plus ships trading in Australia alone in the 1990s. Now there are only 111 ships on the entire planet that do live export, with only about 18 of those appearing to be willing and able to trade from Australia. Sheep exports have dropped 90 per cent in the past 20 years, which marries up with the ship numbers. Since 2010, 65 per cent of the carrying capacity for livestock from Australia has left. Those ships no longer return here. The remaining ships are mostly small, suited to the short-haul cattle trade and engaged in that. Small ships are not financially viable for long-haul sheep exports. You really need an economy of scale for sheep to make money. You need lots of them on a ship, not small consignments. This is making our sheep export trade essentially redundant.

Mass numbers of sheep cannot be exported long distances by sea without experiencing unnecessary suffering. New South Wales farmers that I speak with don't want their animals on ships. They're only thinking about live export when disasters are aired on TV. To that point, they're grateful that they have not contributed because they're not sending them out of this State. It simply doesn't factor into their business model. As far as sourcing animals during a drought period, for example, each and every one of them has told me, "There are other States we'd go to before we transport animals that long distance."

**The CHAIR:** Dr Fowler, do you have an opening statement?

**SUZANNE FOWLER:** Yes, we do. The RSPCA exists to prevent animal cruelty and to make animals' lives better. To that end, we have advocated to end live sheep export for decades because of the inherent animal welfare issues caused by the trade. The RSPCA is an evidence-based organisation, and we rigorously apply contemporary animal welfare science and evidence to inform our position. We expect this inquiry to reinforce the same thing that the Australian public have been saying for decades: that live sheep export belongs in the past because of the inherent and unfixable animal welfare issues.

The pending phase-out of live sheep export by sea will result in significant improvements in sheep welfare, and repeated market research demonstrates the majority of New South Wales residents support a phase-out. We have also seen that there is a lack of independent evidence that the phase-out will have a significant economic impact in New South Wales, but there are a few key points that we would really like to highlight today regarding the support of the phase-out and the overall positive impact it will have. Those key points include the poor sheep welfare outcomes that are inherent to the trade and cannot be fixed, the majority support from the New South Wales community to support the phase-out, and the significant lack of evidence on the impact in the New South Wales sheep industry.

If I can come to the poor sheep welfare outcomes from sheep being on these vessels, we know that these include, but are not limited to, the extended periods of multiple modes of transport that the sheep have to be exposed to just to get to the live export vessels, and then be transported and then be off-loaded; and heat stress, starvation, infection, disease, injury, high stocking densities, 24/7 exposure to artificial light and engine noise, all of this leading to cumulative stressors for the animals. At the end of it, in most countries in the Middle East, sheep are exposed to fully conscious slaughter, which we know has a significant animal welfare impact. Exporting sheep by sea from Australia to the Middle East is one of the world's longest transport routes for animals. Ending this mode of transport will have a significantly positive impact on sheep welfare, given the number of sheep impacted and the severity of the welfare challenges it can cause.

Despite industry claims that the regulatory changes have addressed welfare issues, in particular since 2018, our analysis of independent observer reports—which is the only data available to general public—that have been published from 2018 to 2023 refutes the fact that animal welfare issues have been fixed. Our analysis shows that 80 per cent of the reports refer to cases of inanition, which is starvation of sheep on board, often because of gastrointestinal disease or the inability to adapt to the type of feed provided on the vessels. Over 60 per cent of the reports documented heat stress, and 30 per cent reported severe heat stress to the point where sheep were panting with their open mouth and necks extended on board these vessels. These reports have come through since the industry claimed they have made improvements.

The RSPCA has also done substantial polling of the community which shows that, over many decades, there is strong, consistent and majority community support in Australia and, indeed, in New South Wales to end live sheep export. In 2022, the results showed that 77 per cent of people surveyed in New South Wales, and 78 per cent surveyed nationally, support the ending of live sheep exports. In fact, that is further supported by the fact that 95 per cent of the submissions to this inquiry support the phase-out.

Further to that, there is a significant lack of evidence on whether the phase-out will have an impact on New South Wales sheep industry. New South Wales has not been directly involved in the live sheep export trade for many years, and the independent panel did not report any notable impact on New South Wales sheep industry with the phase-out planning. We acknowledge that New South Wales sheep producers have had a difficult few years, and that continues. However, economic analyses do not correlate this with the phase-out policy but, rather, with prevailing dry conditions, workforce shortages and processing bottlenecks.

Climate, international demand and trade deals are all much more significant factors in the future of the New South Wales industry and, indeed, the Australian sheepmeat and wool industry. If the New South Wales Government wants to ensure a strong and competitive future for farmers, this is where it should be focusing its attention, not on the already decided and legislated end to live sheep export. The New South Wales Government's own DPI website acknowledges that New South Wales is not directly involved in the live export trade and there is no export of live animals through New South Wales seaports. New South Wales DPI forecasts make no mention of live sheep export as a factor in the future prospects of the New South Wales industry. The best way for New South Wales to thrive in the future is to encourage a strong reputation for a high-quality product, raised under strong animal welfare standards, processed as close as possible to the farm gate, to encourage the purchase of wool and sheepmeat domestically and internationally.

**The Hon. EMMA HURST:** Thank you both for coming today and for those opening statements. This morning we heard from NSW Farmers that they have written an internal report that claims that farmers in New South Wales will be impacted by the phase-out. Is there, to your knowledge, any independent evidence to support this claim that the New South Wales sheep industry will be impacted by the phase-out of live sheep exports from Western Australia? I'm happy for either of you to jump in.

**LYNN SIMPSON:** I certainly haven't heard anything. The experience I've had talking to farmers from New South Wales is to the contrary—they're not going to be impacted and they've not been following this whole process. Suzie might know more.

**SUZANNE FOWLER:** I'm not aware of any independent economic analysis. We don't purport to be economic specialists at the RSPCA, but we are aware of the independent panel's report and also the Pegasus Economics report, both of which refute any claims of impact in New South Wales.

**The Hon. EMMA HURST:** Dr Simpson, in your submission you commented a few times that the terms of reference for this inquiry seem more relevant to Western Australia and that references to New South Wales have been substituted in. In your opinion, is there any basis to even be holding an inquiry about the alleged impact of the phase-out on New South Wales when there doesn't actually seem to be an impact in New South Wales?

**LYNN SIMPSON:** No. Sorry.

**The Hon. EMMA HURST:** That's all right.

**The CHAIR:** We can go then.

**LYNN SIMPSON:** That'd be great.

**The Hon. EMMA HURST:** Dr Fowler, you mentioned in your opening statement the large amount of community support. This inquiry put out a survey, and the result was 97 per cent of people who answered that survey supported the phase-out. Why is the community so passionate about and committed to phasing out live sheep exports?

**SUZANNE FOWLER:** I think that's a really interesting insight, the fact that the submissions to this inquiry have been so significantly in support of the phase-out, and that survey as well. It really does support the surveys done by the RSPCA. We also did a survey, last year in Western Australia specifically, which surveyed 800 Western Australians. They also support a phase-out. That landed at about 70 per cent, I believe, including 69 per cent in regional and rural areas. I think that the reasoning goes to the fundamental reason why we're here and why we have a phase-out—because of the severe and significant animal welfare impacts. Australians really care about farm animal welfare: 95 per cent of Australians listed it as of significant or great concern to them in a department of agriculture survey that was done a few years ago by Futureye. So we know that animal welfare is critically of concern to Australians, and that really supports why they are in support of an end to live sheep export because of the clear evidence that the issues are inherent to the trade and cannot be resolved.

**The Hon. EMMA HURST:** We heard from NSW Farmers and the Australian Livestock Exporters' Council this morning. They said, "The Australian live export industry has the highest standards of animal welfare in the world." Sheep Producers Australia states in its submission that the animal welfare is exemplary. There were claims that if it's phased out it would push supply to overseas where there are less animal welfare measures put into place. What is your response to those claims? I want to get an answer from both of you. I might start with you, Dr Simpson.

**LYNN SIMPSON:** It's a really interesting question, and thank you for it, because we're hearing a lot of, I would say, fearmongering about this. The fact of the matter is that you can only fit a certain number of animals in these ships. We've dropped the stocking density recently, and that helps. But these animals from Australia are doing the longest voyage. They are experiencing the tyranny of distance because of where we live and where they're going to. That's a longer accumulative stress that they're all experiencing. When you compare it to somewhere like Sudan, which gets brought up quite a lot, everyone says, "Sudan's obviously terrible and awful."

I don't know why they're making these assumptions. They're expecting it to be a terrible Third World country that is being horrible to sheep. But the fact of the matter is that if you compare a three-week voyage from Australia to the Persian Gulf or somewhere in the Middle East—one of the normal destinations—with a Sudanese voyage, which is about 12 hours from Suakin Port across to Jeddah, that's a whole different thing. Those animals coming from Sudan are already climatically acclimatised to that area, so they're coming from like to like, versus our animals, which are traversing from the Southern Hemisphere to the Northern Hemisphere and so are getting a lot more of a thermal challenge and are at more risk of heat stress. Even if those animals from Sudan were not provided with food or water, it's 12 hours on a ship.

We have to keep in mind that we've got land transport standards in Australia. Somebody can correct me, but it's 36 or 48 hours that sheep are allowed to be loaded on trucks in Australia, in all sorts of heat, humidity and whatever, and not taken off, watered and fed. So I don't think we can stand here with our land transport standards and say that we can do this for a couple of days but Sudan can't do that for 12 hours. I know firsthand from being on ships in Saudi Arabia, when I'm unloading livestock from Australia, that they're fatigued. They get off and they're happy to get off. They want to get off the ships—trust me. They'll get off the ships and ours look quite bedraggled. They've been lying in moist faecal pads for the whole voyage, and you can see a tideline on their wool that is discoloured, to indicate what they've been through.

They mill around on the wharf, waiting for the trucks to come. Then I've had ships come across from Sudan that are sitting next to us, and those sheep seem to bound off. They're not excited either, but they seem a lot more fresh compared to ours. Based on that alone, I think we're doing a disservice to our sheep. More deeply, the disservice we're doing to our sheep is that the sheep from Sudan were never going to be afforded the relative animal welfare luxury of a stunned kill, whereas our sheep are. If they're killed in Australia, they're going to be stunned, be it halal or whatever. They'll be pre-stunned and then sent as chilled and frozen meat.

**The Hon. EMMA HURST:** Dr Fowler, did you have anything to add?

**SUZANNE FOWLER:** Lynn had made a lot of the significant points regarding, in particular, the acclimatisation difference and the fact that most of the sheep are coming from southern Australia where they can't cope with the hot and humid conditions, not just where they arrive but also during the journey and, in particular, crossing the equator where we know it's very hot and humid. Those wet-bulb temperatures often reach a point where heat stress is known to occur and, in fact, the evidence shows that it does continue to occur. Despite the Northern Hemisphere summer prohibition, these vessels are still reporting high incidences of heat stress for these animals.

The other point I would make is that animal welfare goes a lot further than just mortality rates. We expect and know from the evidence that these animals suffer so many different consequences from being on the vessel that are inherent to the fact that you're putting sheep on a vessel for three weeks. They're standing in their own waste for that period of time, which brings with it increased risk of disease. Irritation to the eyes and lungs from the ammonia build-up occurs. That also gets worse the higher the heat and humidity because, as the environment gets hotter, the ammonia is released from the urine and that wet faecal pad that the sheep are standing in. In addition to that, you have the environment itself. As I referred to in my opening statement, the ongoing sound and light is unnatural for the animals, and that's a source of stress. There is the seasickness, on which there are published evidence and reports.

What we refer to in the RSPCA is what the published data shows us. As well as that, there is the fact of just how many sheep are still suffering from starvation, inanition and gastrointestinal disease, some of which are lucky enough to get treated. But certainly there are reports that sheep can get missed and that they're not eating well, and they end up dying, unfortunately, from starvation. Often that is because they can't adapt to the pelleted feed that is provided. These sheep are coming mostly from Australian paddocks, where they're used to eating green feed. They try to adapt in a feedlot before they're exported, but some animals just don't adapt well and, as a result, they can starve on these ships. As I said, the lucky ones get picked up by the onboard vets and stockies and provided with extra support, but unfortunately the independent observer reports still refer to large numbers that don't.

**The Hon. EMMA HURST:** Dr Simpson, I want to touch on something that you mentioned in your submission and in your opening statement, which was that, even if the Federal Government hadn't actually legislated a phase-out date, the industry would likely have declined by that time due to "the loss of ships as they age out of the Australian Maritime Safety Authority compliance requirements". Can you explain what you mean by ships ageing out? Does it mean that the ships that are currently being used can't technically be used beyond 2028 anyway?

**LYNN SIMPSON:** They're all built to different standards, depending on when they were built initially, and standards have improved as the world evolves. If you look at shipping in general, the average age of a ship that gets scrapped due to the general wear and tear on a ship and the strain that the metal goes through, the welds go through, the engine goes through, means that the average ship on the planet—and there are about 105,000 other ships, not just our 111—usually gets retired and scrapped at about the age of 25 now. It used to be about 20. They're sort of getting them a bit better, but at 25 most companies will certainly get rid of them because these ships start to become a bigger hazard to shipping in general and safety. They become less reliable.

With our ships, there's a handful of ships that have been seen historically as sheep ships, but they can carry cattle as well. For example, there are two on their way back to Australia right now. You've got the *Al Messilah*, who turns 45 in January, and you've got the *Maysora*, who turns 36 in January. I don't know about you; I love an old classic car, but I'm not doing a long road trip in one, so I'm certainly not going to sea in one requiring life-preserving measures. And with these ships, there's not an evacuation plan for these animals. It's not like an intensive dairy, piggery, henhouse, whatever, that if there's a fire or something goes wrong you can open gates and let them out. That doesn't happen with these ships. I went through those mechanical issues because they are a massive inherent thing that we rarely hear about, but they're real, and that is why ships do sink and they burn and they go to the bottom of the ocean, and the crew might get off—might—but the animals 100 per cent do not get off.

**The Hon. EMMA HURST:** Just to help me understand, when you're saying these boats are ageing out, of the current boats being used, how many do you think we would have had left by 2028 that would be functional?

**LYNN SIMPSON:** I would hope the 45-year-old has gone; the same with the 36-year-old. I would say the four larger ones will have been gone by 2028, leaving 14 small—and when I say size difference, the larger ones are, let's say, 30,000 tonnes. The smaller ones that are doing the cattle trade are between 3,000 tonnes and 10,000 tonnes. It's a massive difference. That's where that economy of scale comes in. They just cannot make money with sheep with those ships—and, of course, the cattle guys have got them completely tied up and they're hanging on to them really tight. They don't want to share them because they're just like, "No, we've got a pretty tidy little business going up and down for the short-haul trade", which is a much better welfare proposition for animals than the long haul of sheep. Those old sheep ships are really just padding out their last days.

**The Hon. EMMA HURST:** I have just one more question, because I know other members have questions. With that in mind, with the fact that a lot of these ships won't even be functioning anymore, the claim from the industry that they want a much bigger payout, potentially—and it's unclear whether that should be coming from Federal or State. Would it be fair that there is an increase in taxes, for example, or that money is taken away from hospitals or something, with everything that you've put into place here—that the ships are kind of phased out, the community wants this and the independent reports show that there is no actual effect on New South Wales?

**LYNN SIMPSON:** The writing's on the wall. Since 1985, the sheep trade has been on notice through Senate select committees, through Parliament, saying that the trade's inimical to decent animal welfare, so anybody that says they're blindsided by this, seriously, has not been listening, and I wonder why the leadership of these industries has not been basically warning the farmers, "You're going to have to brace yourself. This is going to happen. Transition away", and they can use their skills to help them do so as best as they can.

But I would say the farmers who have been paying more attention have already done so, so 90 per cent of the trade's already disappeared through natural attrition anyway. The 10 per cent of animals that are being sent—you've got to wonder are these farmers not paying attention? Are they not getting the advice that they need, because they're the ones that will struggle, or may be struggling now and feeling blindsided by a trade that was already always going to go away. It's just an old draconian trade, you know? There are such parallels with the banning of the slave trade to this that it's quite incredible that there's still pushback, wanting to keep this trade and/or try and grow it.

The other big thing with the ships is there's zero financial confidence in building a ship, a new one, or converting them at this stage, so the global pressure to end the trade in all countries—there's lots of pressure from in South America, in South Africa and in Europe about tightening up regulations, which is going to get rid of more and more ships as regulations and standards tighten. Nobody is exhibiting the financial confidence to build, which is really expensive, and it's also a long-term process. If we all decided to pool our money today and go, "Right, let's hand the cap around and find \$100 million"—just a lazy \$100 million—and phone around the shipyards and get one to say, "Yes, we'll build your ship", there's a good chance that they can't find shipyard space to start that build for about three years and then, depending on the size of the ship you're going to build, it's going to be a one- to two-year build.

So you're projecting a global trade. And remember, these ships aren't tied to our country, so if we do something that they don't want, even if it's not banning it, or if they see a better deal somewhere else, they'll just go, "Thanks, we'll take those ships but then we'll go off to Brazil and then we'll go to Uruguay and Colombia and Spain." You're asking investors to use their crystal ball and see what's going to be happening, how they can make a profit for a ship that they'll want to run for 30 years as of 2029. I wouldn't be putting my hand up for that.

**The Hon. AILEEN MacDONALD:** I have just one question and it's to Dr Fowler. With regard to your submission, on page 6 under "Social impact", you state that you've "advocated for a government-supported transition for stakeholders". How would the RSPCA support any phased transition for farmers and processors?

**SUZANNE FOWLER:** The RSPCA has been advocating and supporting that initiative to ensure that producers, and others in the supply chain on the Australian side, are supported through a transition. We have been working with the Government to talk about that for a long time, and really our priority there is to ensure the welfare of animals in the longer term, to ensure that there are no unexpected and unintended consequences on animals. That's a key focus for us, but we also acknowledge and accept that this transition will need a change, in particular in Western Australia.

But, even still, I'd just like to narrow the focus a little bit to say that the Western Australian market is still—about 11 per cent of Western Australian sheep are turned off through live sheep export. I believe that figure may even be reducing further this year, so the impact is not dramatic in an overall sense to the sheer numbers, and



there is zero impact on New South Wales farmers in regards to the number of animals that they turn off to live export, which is zero. There is a massive opportunity here to set up a longer term successful industry for the whole of the country, I think. Again, I come back to my opening statement where I say that that's really focused on improving our international trade reputation and improving our animal welfare standards, so that there is further growth, which has already been dramatic this year, in the success of sheepmeat and wool exports.

**The Hon. AILEEN MacDONALD:** In the submission it states that you want:

... relevant peak bodies to ensure producers and communities directly impacted are well-supported through the transition.

How would the RSPCA ensure that farmers and producers are well supported?

**SUZANNE FOWLER:** It's not necessarily in the remit of the RSPCA to have that direct support. I think that comes through our advocacy with the Government to ask for that support to be provided to Western Australian farmers and those in the supply chain, which we have consistently done ever since our initial submissions and meetings with the independent panel.

**The Hon. SCOTT BARRETT:** Thank you so much for coming and for your submissions. Both have leaned heavily on the fact that we don't export sheep out of New South Wales, but surely that doesn't necessarily rule out any impacts on New South Wales?

**SUZANNE FOWLER:** I refer back to that independent Pegasus report and the panel's report that suggests that there is no economic impact to New South Wales. Again, the RSPCA isn't a team of economists, but we do refer to those independent reviews that have been done.

**The Hon. SCOTT BARRETT:** Dr Simpson, I think you said in your opening remarks that there was no movement of sheep from WA to New South Wales. Did I hear that correctly?

**LYNN SIMPSON:** No. I said that farmers I speak to about this issue in New South Wales say that—some of the talk has been of replenishing during drought times and wanting to bring sheep over from WA. The farmers I speak to have all said, "Why would we get them from WA when there are other States around?"

**The Hon. SCOTT BARRETT:** But we do it, though. We just heard from NSW Farmers that \$1.36 million came out after the drought.

**LYNN SIMPSON:** They might do.

**The Hon. SCOTT BARRETT:** So the evidence is there that we do move them across.

**LYNN SIMPSON:** That's not my remit—vet and ships.

**The Hon. SCOTT BARRETT:** Dr Fowler, you also pointed to the conditions in the Middle East when the sheep arrive and that they're not ideal. How important is that to the RSPCA?

**SUZANNE FOWLER:** It's very important. The responsibility for ensuring animal welfare through the entire supply chain is reflected in ESCAS and ASEL. But, unfortunately, the reality is that most of these countries are still killing these animals in an unstunned slaughter, which means that they're suffering through the slit of their throat—sorry to talk about something that might not be so palatable at this time of day. These animals do suffer being killed in that way, and that's why Australian regulations don't actually allow it here in Australia. We have long advocated for animals to be slaughtered as close as possible to the farm gate, to avoid the cumulative welfare impact but also to ensure that they can be slaughtered to Australian standards.

**The Hon. SCOTT BARRETT:** Does the same approach apply to where we import our product from?

**SUZANNE FOWLER:** I'm not sure what you're referring to, sorry. Can you clarify?

**The Hon. SCOTT BARRETT:** For instance, we import about US\$300 million worth of animal products out of Vietnam. Are you as active about their animal welfare conditions in Vietnam? Are they all at the same standard that we meet here in Australia?

**SUZANNE FOWLER:** That's an interesting question. I think there have been some changes in Vietnam over the years. Again, it's an example of where the department of agriculture can continue that. We also have other mechanisms where we can influence the welfare of animals internationally. Indeed, the RSPCA is part of international collaboration groups where we advocate for and make submissions to changes to the World Organisation for Animal Health international standards for things like slaughter and transport of animals. We are very much involved in trying to influence the standards for animal welfare internationally.

**The Hon. SCOTT BARRETT:** Just a general question to either or both of you: What Government Ministers or departments have you discussed this with?

**LYNN SIMPSON:** The Vietnamese issue?

**The Hon. SCOTT BARRETT:** No, sorry. Back to the broader issue—well played!

**LYNN SIMPSON:** Very specific.

**The Hon. SCOTT BARRETT:** Back to the broader issue of the exports.

**LYNN SIMPSON:** I've spoken to a handful of them. I'm trying to remember who. By speaking, I should say it was not face to face. I've sent information in to them. Whether they've read it or not, I've got no idea. I've just tried to give them my firsthand lived experience of what happens on these ships and the parts of the overseas journey that I'm aware of, and destination events.

**The Hon. SCOTT BARRETT:** Dr Fowler?

**SUZANNE FOWLER:** I work for RSPCA Australia. Our remit is very much meeting with the Federal department of agriculture and discussing with their various teams our concerns around the welfare of animals exported internationally, as well on many other matters. I'm very aware that our Western Australian colleagues at RSPCA Western Australia have been in conversations. We've invited them to a number of our meetings with departments and with Ministers—or not so much Ministers but submissions and inquiries over the time—because of the fact that it impacts Western Australia so significantly.

**The CHAIR:** I might start with you, Dr Simpson. In your opening statement you made reference to working on ships in 2007. Is that correct?

**LYNN SIMPSON:** I started in 1999 as a wharfie, as one does.

**The CHAIR:** You stopped in 2007? Is that correct?

**LYNN SIMPSON:** No, I graduated vet school and I went to sea on my first voyage in 2001. I sailed to 2011, at which point I then worked for the department of agriculture, helping them rewrite the Australian Standards for the Export of Livestock.

**The CHAIR:** When was the last time you were on a ship that went from Australia—

**LYNN SIMPSON:** In 2011.

**The CHAIR:** When you talk about the improvements, or you dismiss the improvements et cetera, what are you basing that on?

**LYNN SIMPSON:** I'm basing that on the fact that over my 57 voyages, I did multiple voyages, or many voyages, where the ships were not fully stocked. So I'm familiar with the low-stocking density, or the lower stocking density, that we're now using. I'm familiar with ships with better ventilation systems than we had before, and I'm familiar with the single-tiered ships versus the double-tiered ships. They're the three main changes. The moratorium time really makes no difference, because I've sailed across every month of the year and I've had heat stress incidents in every month of the year on these voyages. To different parameters—some of them were terrible and some of them were mild, but they exist. So it's really important to not get bogged down on mortality rates and to think about morbidity. Morbidity is illness, suffering—just things are going badly—and that happens on every voyage. They might not die, but they don't have to die to suffer.

**The CHAIR:** Based on your experience with the boats—you said you were a vet on a boat and you rattled off a couple of figures—can you on notice tell us how many of those 111 boats are above that 20- to 25-year—I'm happy for you to table it if it's a list.

**LYNN SIMPSON:** I can bore you with it now.

**The CHAIR:** We've only got a few minutes.

**LYNN SIMPSON:** What was the question? What age?

**The CHAIR:** How many of those 111 vessels you quoted were above that 20- to 25-year age limit?

**LYNN SIMPSON:** Out of the 111, there's only 95 that are 25 and older.

**The CHAIR:** In your submission you claim that there's no economic impact on New South Wales, yet in response to Mr Barrett's questions, you say, "That's not my remit. I'm on boats and vets." Given that you've also admitted that the sheep do come from WA—

**LYNN SIMPSON:** No, I didn't admit it. He told me.

**The CHAIR:** He told you.

**LYNN SIMPSON:** Yes. I have to take his word on that, and I'm not an economist.

**The Hon. SCOTT BARRETT:** It's not my word, for the record. It's evidence that has come forward.

**LYNN SIMPSON:** They would travel across. They've gone both ways for many years, for different reasons, and they're not necessarily a live export related reason.

**The CHAIR:** But can we accept then that there is a potential for an impact on New South Wales farms, even though you've said that you've spoken to some farmers that say they would get them from other States?

**LYNN SIMPSON:** But why is this impact—there's a lot of fearmongering about all of a sudden there's not going to be a sheep existing in WA because somebody has put a ban in place for—

**The CHAIR:** I'm certainly not saying that. I'm just trying to get some balance to the story that there may be some impact. We don't necessarily know what the extent of that impact will be.

**LYNN SIMPSON:** Exactly—we don't know. But there are still sheep travelling each way, and they're not necessarily sheep that were ever destined for live export. So unless you know these animals in embryonic form have got some live export tag on them saying they're definitely going to go there but now "I was going to go to New South Wales and now that's not going to happen"—we just simply don't know that.

**The CHAIR:** Is it not part of this inquiry to find out—

**LYNN SIMPSON:** It's your inquiry, mate. I'm just here to answer the questions.

**The CHAIR:** But you challenged whether we needed it or not. In your submission you dismissed compensation concerns, implying that the phase-out is a natural decline. But isn't the legislation a hard phase-out? A natural decline would mean that there would be no intervention in that decline.

**LYNN SIMPSON:** I would say a hard phase-out would be what the UK did in May, where they stopped live exports overnight and gave zero compensation to their farmers, and we don't hear anything about that. I speculate as to how much—I don't know how much compensation some of these people need. I don't know how many people actually do need it. I read all—

**The CHAIR:** But then you quoted a figure of 10 per cent—was it you?

**LYNN SIMPSON:** It's unlikely to be me.

**The CHAIR:** It might have been Dr Fowler who quoted that 10 per cent of the market in WA goes to live export.

**LYNN SIMPSON:** I know it has dropped 90 per cent, so you might be thinking of me saying 10 per cent of the historic numbers have been—which will be lower this year, again, by an enormous amount. I just don't think these people have been blindsided enough—I'm not saying I want them blindsided more—to have not seen the writing on the wall and to begin transitioning. So many of them already have. It's up to you guys with the money to work out what you want to throw where.

**The CHAIR:** But you wouldn't be advocating for any money.

**LYNN SIMPSON:** No.

**The CHAIR:** Just to clarify the RSPCA's view on that, are you supportive of a transition arrangement or funding arrangement?

**SUZANNE FOWLER:** Yes. We've been consistent in our request for support for Western Australian farmers and those involved in the supply chain to ensure there are no unintended and unexpected animal welfare consequences and to give them time to phase out and ensure the strength of the market going forward.

**The CHAIR:** If it was shown that New South Wales farmers are impacted to some degree, would you support them being assisted in some way, obviously, to a lesser extent than WA?

**SUZANNE FOWLER:** That would depend significantly on what that impact is, but the economic reports that we have seen to date don't support that there is that economic impact.

**The Hon. PETER PRIMROSE:** If I could just continue in this vein, what we are looking at is—and I will read it—an inquiry into the impact of the phase-out of Australian live sheep exports by sea on New South Wales. I note that live sheep exports declined by 92 per cent between 1988 and 2023, so it would seem to me that the phase-out has essentially already occurred. I understand from the evidence that we have heard, particularly from the RSPCA, that in your view there have not been over that period of time any substantial impacts on

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producers in New South Wales. Can you just comment a bit more on that? It would seem to me that we're not talking about a sudden stop and that the substantial phase-out has already taken place.

**LYNN SIMPSON:** Correct.

**The Hon. PETER PRIMROSE:** Please, over to you.

**SUZANNE FOWLER:** That is very correct. In particular, I think that New South Wales and a lot of the eastern seaboard is actually a really good model for showing that live sheep export is not necessary for a successful sheep industry. Only data released this week—and I've read in reports—shows that the confidence indicator for the sheep industry in the eastern States has climbed significantly over the past few months, which would suggest to me that farmers are really looking forward to the future. Obviously there are challenges with that, like there are in all aspects of farming. I come back to my earlier statement which would reflect that things like climate, international trade opportunities and market access are really critically important for the strong future of New South Wales. That's where I would really encourage more focus to be put.

**The Hon. PETER PRIMROSE:** Dr Simpson, do you have any comments?

**LYNN SIMPSON:** No, I think Suzy covered that really well.

**The CHAIR:** That pretty much takes us right to the end of time. Thank you very much, both of you, for your evidence. I do not believe you took any questions on notice but, if you did, the secretariat will be in touch about them and any supplementary questions we might put to you on notice.

**(The witnesses withdrew.)**

**Dr JED GOODFELLOW**, Director, Policy and Government Relations, Australian Alliance for Animals, affirmed and examined

**Mr BEN PEARSON**, Member, Australian Alliance for Animals, and Director, World Animal Protection Australia, affirmed and examined

**The CHAIR:** Would either of you like to make a short opening statement before we go to questions?

**JED GOODFELLOW:** Good morning, Committee members, and thank you for the opportunity to present to the inquiry today. The Australian Alliance for Animals is a national charity representing six of the nation's leading animal protection organisations, with a collective supporter base of over two million people. Our members and supporters have long been opposed to the export of live sheep by sea to the Middle East, due to the inherent and intractable animal welfare issues associated with the practice. Despite recent regulatory reforms, Australian sheep are still suffering prolonged heat stress on over 60 per cent of voyages as they traverse the equatorial region and enter the Persian Gulf and Red Sea. They're still subjected to a range of environmental stressors, including high ammonia levels associated with the build-up of urine and faeces during the two- to three-week voyages, and they still face slaughter without stunning in importing countries.

These issues cannot be avoided. They're a product of climate, of sheep physiology and of deeply held cultural practices. There's nothing the Australian Government—or, indeed, the industry—can do to overcome these factors. They're built into the very nature of the trade. This is why animal welfare organisations across the globe oppose live sheep exports, and it's why the vast majority of Australians do not support the trade. Independent polling conducted over the course of a decade has consistently shown high levels of opposition to the trade, with around seven in 10 Australians supporting a phase-out. They support a phase-out because they care about animal welfare and they know there's a better way. They know those sheep can be processed here in Australia, in Australian facilities under Australian standards, value-adding to Australian supply chains.

The reality is we export 75 times the value in sheepmeat as we do live sheep. I say that again. It's not double the value. It's not triple the value. It's 75 times the value. Australian sheepmeat exports are expected to hit \$5.6 billion in value this financial year. The value of the live sheep trade is \$74 million. It makes up a tiny fraction of the Australian sheep industry and export markets. Sheepmeat exports from WA alone are valued at over \$648 million and are forecast to grow. Major sheepmeat processors in WA, including Fletcher, WAMMCO—which is a wholly producer-owned processor—and V&V Walsh are investing over \$100 million in their operations to expand their infrastructure and capacity. That's local investment creating local jobs and value-adding to local supply chains. The Australasian Meat Industry Employees Union estimates that the increased investment will create somewhere in the order of 500 to 800 additional direct jobs and many more indirect jobs as a result of the transition.

Evidently they have confidence in the future of the WA sheep industry, so the idea that this is going to impact the New South Wales industry in any significant way is really based on speculation. The reality is there haven't been any exports of sheep from New South Wales ports for decades, so the exposure of the New South Wales industry to the trade is quite low. We're certainly not economists but, in light of that and to provide assistance to the inquiry, one of our members, Animals Australia, commissioned Pegasus Economics to look at the potential impacts on New South Wales for the benefit of the inquiry. We've attached that analysis to our submission. The conclusion was that there are unlikely to be any undue market disruptions to New South Wales due to the industry's limited exposure to the trade, the small and declining value of the trade, and the fact that the industry still has three years to make the necessary adjustments.

As a matter of principle, we're certainly not opposed to the industry being assisted with transition costs. We note that the Federal Government has now increased the assistance package to over \$139 million. But claims for adjustment costs need to be based on tangible evidence and not simply speculation about possible future worst-case scenarios that are unlikely to eventuate. The fact is, the trade has declined by over 90 per cent over the last two decades, well before the introduction of the new regulations and well before the phase-out commenced. The sheep industry has been successfully adjusting over the course of this period, and it will continue to do so beyond the end of the live trade. This will ultimately place the industry in a much better and more sustainable position moving forward. Thank you, Committee members. I am looking forward to your questions.

**The CHAIR:** Mr Pearson?

**BEN PEARSON:** Just briefly, World Animal Protection is an international animal welfare charity with offices in 13 countries. I wanted to give you a bit more of an international perspective on this as well. As we've heard here today, the end of live export of sheep is a policy that enjoys broad community support. It's also one that sees Australia acting consistently with the broad direction of travel internationally, where there is increasing

concern and opposition to the live export of animals. Encouragingly, we see significant jurisdictions seeking to end it. Just in May this year, in the United Kingdom a law was passed to end the export of animals for slaughter.

In New Zealand, while we know the current Government has said that it intends to repeal the phase-out that was introduced in 2023, that has been, shall we say, significantly delayed by the fact that community opposition to that policy is quite extensive and robust. In a welcome sign, the New Zealand Labour Party and Greens have said that if re-elected, they will reinstate the ban. That really demonstrates that what Australia is doing here is something that, again, not only enjoys the support of Australians, in New South Wales and elsewhere, but is consistent with the broader direction of travel because of the inherent cruelty of the trade in the export of live animals.

I also wanted to pick up on something, and the point has been made a couple of times—that, as Mr Primrose said, the phase-out really has been going on now for a couple of decades, and that's correct. Also we should remember that for producers to claim that they are blindsided by this policy is a bit disingenuous. The Labor Party took this policy to both the 2019 and 2022 elections. In the case of the 2019 election, that was one that they were widely expected to win. It was one that they were very clear they intended to introduce. They are essentially honouring an election commitment, and we welcome that. Again, to claim that this was something where producers were blindsided is simply not the case. I will also put on record our support for the transition measures for the industry and for any farmers affected.

**The CHAIR:** I will throw to questions.

**The Hon. SCOTT BARRETT:** Dr Goodfellow, are you a vet?

**JED GOODFELLOW:** No. I'm a PhD in animal welfare law.

**The Hon. SCOTT BARRETT:** You talked a lot about the opportunities we have for chilled and frozen meat. Is your suggestion that the sheep that traditionally have gone to live export should now be diverted into being boxed and sent that way?

**JED GOODFELLOW:** I know it's not as simple as that. Some of the sheep that are currently going out on boats live can go into the local market, but it would require some adjustment to the operations. Breeding and producing more prime lambs is my understanding in terms of the adjustments that would be necessary. But the fact that we've got several major processors investing over \$100 million of private investment, whether the phase-out goes ahead or not, I think is evidence of a strong sign of confidence in the sector over there. Again, that's local investment that's going to create jobs and economic activity in local supply chains in WA. It certainly seems that elements of the industry in WA think—and they've put this on the record—that the shipping industry will not only survive post the phase-out but also thrive.

**The Hon. SCOTT BARRETT:** Mr Pearson, you talked about the support for producers that are affected. If there was evidence found that it did impact New South Wales farmers, would you support that as well?

**BEN PEARSON:** I'm hesitant to give a blanket approval to that statement. Obviously if there was credible evidence that there was an impact on New South Wales producers, we'd be happy to consider it. If that evidence stacked up, obviously that is something we could potentially support. But I'm yet to hear any credible evidence that there is going to be any impact on New South Wales producers.

**The Hon. SCOTT BARRETT:** That leads to my next question, which I will put to both of you. That is despite the evidence we heard this morning from the NSW Farmers, Livestock Exporters Council, Wool Producers and Sheep Producers?

**JED GOODFELLOW:** As a matter of principle, as Mr Pearson was outlining, absolutely, if there is evidence of an impact, we would support Government assistance for accommodating the transition. I'd just say that there needs to be proper independent evidence provided, with due diligence conducted. Where businesses are applying for Government assistance and funds, there does need to be tangible evidence of impact, rather than speculation about worst-case scenarios and basing large packages of compensation on things that may very well not eventuate. I know other witnesses have raised the independent panel's report, which was very, very comprehensive—250-odd pages. I note that it did not look just at the impacts on WA; it looked at the impacts across the country.

Indeed, they interviewed or had a hearing with New South Wales farmers. They did workshops. They did online and in-person seminars to hear from producers all over the country. They've taken into account the evidence that I would assume the industry bodies have provided to you today. But in their very comprehensive report, they did not note any perceived or future impacts on the New South Wales industry. That was an independent panel that made that assessment. We've obviously provided further independent economic analysis through Pegasus. I would just say that if the Government was looking at this, it would need to be based on

independent economic analysis rather than analysis coming from industry groups that obviously have an interest in Government assistance.

**The Hon. SCOTT BARRETT:** You touched on the deeply held cultural practices that are a bit of a hurdle here. Can you very briefly outline what they are?

**JED GOODFELLOW:** In the Middle East, most regions and areas there don't practice stunning before slaughter. The idea that the Australian Government can change that is pretty fanciful. In South-East Asian countries, where we are sending a lot of the cattle, there are much higher rates of stunning because the authorities there are more open to the practice of stunning. In the Middle East, and certainly in Kuwait, where we send most of our sheep, there is zero chance of getting stunning introduced. Halal slaughter conducted in Australian export abattoirs, where we're sending the sheepmeat over to the Middle East, is conducted with stunning. Our authorities permit that to take place.

**The Hon. SCOTT BARRETT:** An argument has come up a couple of times to stop this export trade, because it has been declining anyhow. If that's the argument, a lot of things have been declining. Our dairy industry is declining, union membership is declining and church membership is declining. Is that an argument to end all those things?

**JED GOODFELLOW:** I think it supports the argument to phase out the trade but that's not determinative of the reason for phasing out the trade. Obviously the reason is primarily an animal welfare one and meeting Australian community expectations. That is, of course, the primary reason. As Mr Pearson outlined, there were a couple of election commitments made around it, so it's also a matter of the integrity of the Government to follow through on their promises to the Australian people. But the fact that the trade is also declining because of other commercial and external factors is another part of the reason for the phase-out. Indeed, in our view, it would be reckless for the Government not to be assisting the industry with this transition process.

In the event that the phase-out was overturned under a new government, I imagine the quite generous compensation package, or industry adjustment package as the Government describes it, would not be there. So those producers who are going to lose—the trade's going to continue to decline in any event, independent of the phase-out. That government assistance is not going to be on the table. We think, genuinely, that it is in the industry's interest, under the current Federal Government's policy, to be assisting them in this orderly transition process so there's certainty for the industry, there's certainty for the Australian community and those businesses who are currently relying on the trade to some extent. No business is really relying on it completely. It's a percentage of sheep-producing businesses in WA. They won't get that assistance if there is a change of government and there's a change of policy.

**The Hon. SCOTT BARRETT:** I expect this to be a one-word answer. What engagement have you had with the State Government—be that Ministers or Ministers' officers or agencies—on this matter?

**JED GOODFELLOW:** We've participated in all of the inquiries that have taken place, particularly the Federal department of agriculture—

**The Hon. SCOTT BARRETT:** Sorry, specifically any State agencies.

**JED GOODFELLOW:** Yes, we've met with the WA State Government as well.

**The Hon. SCOTT BARRETT:** Sorry, New South Wales State agencies.

**JED GOODFELLOW:** No, I don't think we've met with the DPI.

**The Hon. AILEEN MacDONALD:** I just have one question. In your submission you say alliance member Animals Australia commissioned an independent report. Did you have any scope into what would be put in that report? If it's a member, would you say that it really is an independent report?

**JED GOODFELLOW:** The report's obviously been commissioned by an entity that has an interest in the issue. I guess the distinguishing feature there is that Pegasus Economics is an independent economic firm and they're putting their name, their brand, on the analysis. You could certainly say that because it's been commissioned by an animal protection body therefore that might colour the analysis, but the analysis speaks for itself. There isn't another independent economic analysis, to my understanding, that's been presented to the Committee. The other economic analysis was conducted in house by a group that has a very significant vested interest in the issue.

**The Hon. AILEEN MacDONALD:** So if they had commissioned a report, then you would accept that theirs was independent as well, but because this organisation has been commissioned, you accept that it's independent.

**JED GOODFELLOW:** Yes, I think that would give it more legitimacy, more credibility, if there was a separate agency that is an expert economic analysis firm conducting the analysis.

**The Hon. AILEEN MacDONALD:** What would you suggest would be the key elements of an effective structural adjustment package?

**JED GOODFELLOW:** Again, I'm certainly not an expert in this area, but I do note that the Federal Government's adjustment package addresses a whole range of different areas. It's not just providing assistance to businesses to diversify reliance on the trade. It's also expanding new markets as well, so there's a package there for promoting Australian sheepmeat products in other markets. I can only defer to the Federal Government's and the department of agriculture's assessment and analysis on that, but can say that we have confidence that they've done the due diligence to identify the relevant areas that are required to make this as smooth as possible, and to support the industry as much as possible in the adjustment period.

**The Hon. AILEEN MacDONALD:** Just one more question to Mr Pearson. What role do you think public sentiment plays in shaping the phase-out policy?

**BEN PEARSON:** I think quite a lot. I think the Government, when in opposition, was responding to the fact that there is clear community concern about this industry, about this practice, about its animal welfare impacts, and they responded to that. I think that seems pretty clear.

**The CHAIR:** Just picking up on my colleague's comments around the Pegasus report, are you able to provide to the Committee the instructions you gave to Pegasus to form that report? My reason for asking is that in other inquiries we've had reports put forward to us by independent organisations and then, when we dig deeper into what was asked of them, we find that the terms of reference were quite narrow and may have missed things. I'm not saying that is the case here, but it would help us to analyse that report a lot better if we knew what you explicitly asked Pegasus to do.

**JED GOODFELLOW:** I'd have to take that on notice, because we didn't commission the report.

**The CHAIR:** I'm happy for you to take it on notice.

**JED GOODFELLOW:** As I mentioned, it was a member of ours, Animals Australia, that commissioned it. That's another entity, another party. But I'm happy to take that on notice. Again, to reinforce the fact, Pegasus Economics are a very professional, legitimate, well-respected economics firm. They do a lot of work with government.

**The CHAIR:** We thought the University of Newcastle was a very respectable entity as well, until we read its report into the Great Koala National Park.

**The Hon. PETER PRIMROSE:** Given that there has been a 92 per cent decline in live sheep exports between 1988 and 2023, if the 1 May 2028 cut-off is repealed, do you expect that decline will cease, or do you think it will likely continue?

**JED GOODFELLOW:** We've heard evidence earlier that there are a range of headwinds that the industry is facing, independent of the legislative phase-out. It would certainly be my view that the industry will continue to decline, due to things like international shipping capacity and very limited—if any—investment in new livestock carrier builds. As Dr Simpson outlined, it would be a very risky investment for companies to invest in building new livestock carriers in the current environment, where you have, as Mr Pearson outlined, countries all over the world phasing out live animal trading by sea. The European Union is likely, also, to be really tightening the regulatory screws on the trade there. Countries like Romania and Ireland are going to face more regulatory pressures, which may decrease the trade out of those countries as well. So, yes, I would say that it's likely to continue declining.

**The Hon. PETER PRIMROSE:** So, effectively, the phase-out will just continue?

**JED GOODFELLOW:** I would say that's a fair assumption.

**The Hon. PETER PRIMROSE:** But there may be no structural adjustment money.

**JED GOODFELLOW:** That's the risk for the industry at the moment. If there was to be a change in policy—and certainly the current Government is not foreshadowing that at all; it's very determined on this. But if there was a change—with a change of government, for instance—yes, the industry could find itself in the same position but without the assistance.

**The Hon. PETER PRIMROSE:** It's up to the market.



**The Hon. EMMA HURST:** Thank you both for your time today. In their submission, NSW Farmers is calling for \$53 million in financial assistance, which is about half of what is being offered in Western Australia. Have you had a look at the money that they're calling for, and do you have any criticisms or concerns about the proposal for New South Wales that they've put forward?

**JED GOODFELLOW:** I haven't analysed it in detail. We haven't asked Pegasus Economics to provide an assessment, an analysis, of it. The fact that it's close to half of what the Federal Government is proposing for assisting the WA industry, it strikes me as probably being a bit excessive. I think I also noted in the submission that they were recommending that it be allocated to a drought resilience fund or something of that nature. Again, certainly we support government assistance in relation to dealing with drought and increasing resilience. But to tie that to the phase-out of live sheep exports in WA is a very long bow to draw in the absence of quite strong, tangible evidence showing a causal relationship between the phase-out of live sheep exports in WA and impacts on the New South Wales industry. My only qualification would be that that evidence needs to be there before the Government would consider that kind of assistance.

**The Hon. EMMA HURST:** Mr Pearson, did you have something to add?

**BEN PEARSON:** No, I just endorse those comments. As I said in my previous response, you'd really want to have some pretty rigorous analysis before you start agreeing on adjustment packages.

**The Hon. EMMA HURST:** It's unusual that you say that they're proposing putting it as part of a drought package rather than specifically for direct causal impacts of a phase-out. Would that make it easier for farmers to access if they're not impacted by the phase-out?

**JED GOODFELLOW:** I guess it would, if it's a general fund open to producers and businesses that are being impacted primarily by drought. But then the question is why would that be in any way associated with the live sheep export phase-out? As we've heard earlier, in the supply and demand dynamics in the industry, the price of sheep correlates more with climatic conditions around the country and international commodity prices for lamb and mutton rather than the 600,000 head that are going out on boats in WA.

**The Hon. EMMA HURST:** The Australian Livestock Exporters' Council has alleged that the policy process and consultation around the decision to phase out live sheep exports has been a "sham" and "driven entirely by politics". What's your response to these claims?

**JED GOODFELLOW:** I certainly wouldn't agree with that. The consultation has been extremely thorough. I don't have the figures in front of me, but the independent panel held an extraordinary number of in-person sessions in regions all over WA. I think there were about 14 or so. We can certainly provide that on notice in terms of the number of people who were consulted and the number of people in the industry who were listened to by the independent panel. There was a parliamentary inquiry as well, at the Federal level. All of that, cumulatively, really was extensive, in my view. The industry bodies and producers in WA absolutely got a fair hearing because, as I said, they went all over the State meeting with people and then also held sessions in other States around the country and, indeed, met with NSW Farmers. I saw that they were one of the stakeholder bodies that they met with and received submissions from.

**The Hon. EMMA HURST:** In regard to both that independent panel and also the Pegasus Economics report, this morning they were described as theoretical opinion. I'm assuming you've read the economics report. Can you give us your opinion around that report and also a little bit more information about the independence of that report? I understand it was funded by an organisation. How is that then different to an internal report put forward by an organisation that has a vested interest?

**JED GOODFELLOW:** Certainly all of their methodology and considerations are explained in the independent panel's 200-plus page report. It really speaks for itself. Likewise, with the Pegasus Economics report, the assumptions, methodology and calculations are all laid out in the report. To suggest that that's opinion is, I think, not accurate. At the end of the day, they're making assessments. They're making conclusions based on data and evidence. As long as they're being transparent about the data, evidence and assumptions that they're making, that's the main thing, so that others can then critique and assess. Again, I haven't looked at the NSW Farmers assessment in great detail. I don't know whether or not they've been as transparent as Pegasus and the independent panel were in terms of making their methodology and assumptions open to the public to see.

**The Hon. EMMA HURST:** What would be the animal welfare consequences if the phase-out of live sheep export didn't actually proceed?

**JED GOODFELLOW:** It would mean that Australian sheep would still be subjected to all of the negative animal welfare outcomes that we've been talking about in this session and in the previous session. You would see there would be a net loss or net decline in animal welfare standards because, as I think Dr Simpson

outlined very eloquently, Australian sheep benefit from the small mercy of stunning before slaughter. So they don't have to experience the pain, the fear and the stress of being slaughtered while they're fully conscious, whereas sheep in the regions of the Middle East, that may be exported to those countries that we're currently exporting sheep to, would not benefit from those increased welfare standards that Australian sheep benefit from.

There is also the difference in the journey times and the climatic conditions that Australian sheep are subjected to as well, going from the Southern Hemisphere to the Northern Hemisphere at different times of the year. Australian merino sheep, again as Dr Simpson outlined, don't cope well with high humidity environments whereas the sheep that are bred in the North African region are in that same climatic zone, so they're acclimatised to that kind of heat and humidity and those conditions. If it continued, we would lose the opportunity to improve welfare standards, essentially.

**BEN PEARSON:** As well as the animal welfare impacts, there would also be a real impact on Australia's international reputation. Australia is doing the right thing here. We recognise that the animal welfare implications and consequences of exporting live sheep are just too great. They suffer, and there's no way of stopping that. You can't reform the industry, you can't stop the suffering and, as a result, we've decided to phase out that practice. Having said that and having gone through with this process—this quite credible consultation process—to get to the end of that, introduce the legislation and then reverse course would be really damaging.

It's interesting, we're seeing that in New Zealand now, where the Government has said that it will repeal the ban on live exports. But one of the most potent arguments being made over there is the damage it would have to New Zealand's international reputation. We have similarities in that both Australia and New Zealand are countries where we have a reputation for high standards of welfare, for sustainable agriculture sectors. Having live export essentially reintroduced, which would be the net effect of repealing the legislation, would really be very, very damaging. We'd certainly counsel against that course of action.

**The CHAIR:** That takes us slightly over time, but thank you very much for the evidence you've given today. I believe you took a couple of questions on notice. The secretariat will be in touch about them and any other supplementary questions we may put to you on notice.

**(The witnesses withdrew.)**

**(Luncheon adjournment)**

**Mr DARREN BAYLEY**, Acting Executive Director, Agriculture, Agriculture and Biosecurity, NSW Department of Primary Industries and Regional Development, affirmed and examined

**Mr DOUGAL GORDON**, Group Director Livestock Systems, Agriculture, Agriculture and Biosecurity, NSW Department of Primary Industries and Regional Development, sworn and examined

**The CHAIR:** Welcome back to the final session of our inquiry. We now welcome witnesses from the department. You have provision for a short opening statement, or we can go straight into questions. It is up to you.

**DOUGAL GORDON:** Yes. We do have an opening statement. The New South Wales Government supports the safe and humane treatment of animals through the supply chain. Exports of livestock by sea, including sheep, is not undertaken in New South Wales, with only a small number of sheep, around 5,000 on average, live exported by air per year. The key potential impact on New South Wales from the phase-out of live exports of sheep by sea is an increase in sheep numbers transported from WA to eastern States, such as New South Wales, leading to concerns about higher supplies and lower prices.

The New South Wales DPIRD expects such impacts to be small and short term in nature. This view is backed up by historical data of eastern States sheep prices when compared to WA sheep numbers transported east with little observable correlation. The reason for our view is due to six factors. Firstly, there is the high cost to transport sheep from Western Australia to New South Wales, which is between about \$45 to \$55 a head and which is about 85 per cent of the value of the animal, meaning that the transport of material sheep numbers to eastern States occurs only rarely, with the majority of those sheep ending up in South Australia, not New South Wales.

Secondly, there is the reduction in live sheep export volumes over time. Specifically, these numbers declined by 92 per cent between 1988 and 2023. Notably, despite this reduction, an increase in WA sheep numbers transported east during this time has not occurred. Thirdly, there is the declining overall sheep numbers in WA over time. In fact, there has been a 30 per cent decline in the WA sheep flock between 2012-13 and 2023-24. Further declines are expected into the future, meaning that there will be a reduced probability of material sheep numbers being transported east.

Fourthly, there is the different type of sheep—live exported versus those transported to eastern States. For instance, 66 per cent of sheep sold for live export are adult wethers that are intended for slaughter, whilst 58 per cent of sheep transported east are lambs intended for restocking. This also helps to explain why there hasn't been an increase in sheep numbers transported east as the live export sheep trade has declined over time. It also reinforces why we don't expect that the phase-out of live sheep exports will lead to increases in sheep numbers transported east into the future.

Fifthly, there is the increasing WA meat processing capacity over time, which means that in future more animals are expected to be processed in that State rather than transported east. This has been driven by the increasing trade of particularly processed mutton and lamb overseas. This also helps explain why we don't expect that the live export sheep phase-out will impact New South Wales. Lastly, there is the large size of the sheep supply chain in the eastern States relative to the small number of sheep transported east. In fact, the average number of WA sheep transported east each year represents on average only 1.7 per cent of New South Wales' annual turn-off. Even if all sheep exported live by WA during 2023-24 were transported east, this would represent only 1.6 per cent of eastern States' annual turn-off.

It is important to point out that the eastern seaboard operates as a single sheep market rather than separate markets in each State. This is why industry has in place the Eastern States Trade Lamb Indicator to reflect an indexed saleyard price across these States. For WA sheep transported east to impact New South Wales sheep prices, the numbers need to be material compared to the eastern States' turn-off and slaughter numbers. This occurs only rarely and only when WA is in drought and New South Wales is seeking to restock post-drought. I would now like to ask the Chair's permission to table hard copies of our opening statement, which include some key statistics and graphs, to assist the Committee and Hansard.

**The Hon. SCOTT BARRETT:** Thank you for that opening statement. Can I confirm that you said there will be no impact or minimal impact on New South Wales?

**DOUGAL GORDON:** No. We think that there will be an impact, but it's small and short term in nature.

**The Hon. SCOTT BARRETT:** Even that seems contradictory to what we heard from peak bodies this morning. How come the numbers are so different? First of all, how have you arrived at that conclusion?

**DOUGAL GORDON:** As I said, Scott, what we have based our assumptions and assessments on is historical data. If you look, for instance, at the number of sheep that are transported east from WA to the eastern

States over time, the big numbers were in 2020 and 2021. We had over 300,000 sheep transported in that particular financial year. That figure, if you look at it relative to the significant size of the eastern States' turn-off, is pretty small. What you see therefore in terms of that correlation—if, in fact, that was a material number relative to eastern coast turn-off and slaughter—you'd expect a significant or material reduction in prices for sheep on the east coast. That did not occur. There could well have been some impact, but that wasn't significant.

As I said in my opening statement, for a range of different reasons, we don't believe the numbers that will go east into the future will be as material as 2020 and 2021. That was a particular anomaly, and the reason why it's anomalous is because of the fact that they had drought in WA and we were restocking post-drought—the 2018-19 drought. The other reason that a lot of people don't appreciate is that in WA at that particular point in time during COVID, the processing sector had significant challenges getting labour, so they didn't process anywhere near the same number of animals during those particular financial years as they would normally. And, as we heard this morning, 85 per cent of WA sheep turn-off is processed in that State, with live export being about 11 per cent.

**The Hon. SCOTT BARRETT:** What was that number you said that came east from WA?

**DOUGAL GORDON:** There were 302,000 that came east during the 2019-20 and 2020-21 financial years.

**The Hon. SCOTT BARRETT:** This morning NSW Farmers suggested that 1.36 million sheep moved from WA to the eastern States in 2020-21.

**DOUGAL GORDON:** You'd have to look at the numbers. I'd want to explore that myself. I heard that figure also talked about. They may well have been talking about over several calendar or financial years. That 302,000 figure is publicly available, and that's where we sourced it as well. I think it's from the WA Government.

**The Hon. SCOTT BARRETT:** How come there is such a disparity between you? Have you met with NSW Farmers on that?

**DOUGAL GORDON:** Yes, we actually met with them last week because we were aware that they had a different opinion to ourselves with respect to economic modelling. Economics is not an exact science, and it's based on the assumptions made. We have made a real effort to use historical data to make our assumptions. We haven't done a full economic analysis, however. But, based on historical data, we think that, as I said before, the impacts are going to be minor and short term in nature.

**DARREN BAYLEY:** If I could add, I think where we do agree with NSW Farmers is in the submission that they made to this inquiry on page 3, where they acknowledged that in typical years the number of sheep moving from WA to New South Wales is small. Their forecast modelling is really building in assumptions around a drought situation in WA and a restocking position in New South Wales or the eastern States. A difference for our assessment, as opposed to theirs, is that theirs is based on forecasting and modelling, and ours is based on current and historical data. I think our opening statement talked about the decline that we're seeing and the real numbers that are actually coming across to the east—noting that, while it is one market, a lot of those sheep will find their way to Victoria and South Australia rather than New South Wales.

**The Hon. SCOTT BARRETT:** It's going to be hard to extrapolate that when the numbers are so different between what NSW Farmers is putting forward and what you're putting forward. Prior to that meeting last week, had there been discussions about live exports between the department and NSW Farmers—and, for that matter, any other peak bodies?

**DARREN BAYLEY:** There are meetings that are held regularly between DPIRD and NSW Farmers, and I'm sure that the issue has come up in those discussions. I can't refer to particular dates and agenda items, but we certainly would have discussed that previously. But the specific meeting that was referenced by my colleague was in regard to the modelling, particularly in the lead-up to this inquiry.

**The Hon. SCOTT BARRETT:** When the Minister says things like, "That's not our problem; that's a problem for Western Australia," is that educated by consultation with the department or external bodies? Does the department share that view?

**DARREN BAYLEY:** Our view is that there will be a low and short-term impact, as we've just described, noting that we don't export from New South Wales. The turn-off, when you look at the eastern market and the percentage coming across, is quite small. Only 5 per cent of that WA market is coming across to the east. That represents about 1.7 per cent of the turn-off, I think, from my memory, from the eastern seaboard.

**The Hon. SCOTT BARRETT:** Traditionally, where have we got our restock of sheep from after a drought like we had—

**DOUGAL GORDON:** Everyone talks about 2020 and 2021 as those big years, but even during those two calendar years, we actually sourced more sheep from Victoria than WA. Generally speaking, because of the high transport costs, it makes sense, from a producer perspective, that you source those animals from as close geographical proximity as possible. That's exactly what happened, even in those big years. We will source them across the eastern seaboard, as I mentioned, because that's how that market operates and sheep are regularly transported between States across that eastern seaboard. But there is a number of sheep—32,000 each year—that come from WA to New South Wales. That 302,000 figure that I mentioned—even in that big year, there was only 24,000 head that came across from WA to New South Wales, not the eastern seaboard. We have to be pretty clear about what we're talking about here.

**The Hon. SCOTT BARRETT:** Putting aside the numbers and that sort of stuff, are people looking forward at restocking options when they're making decisions about what they're doing during a drought, as far as destocking?

**DOUGAL GORDON:** It really comes down to the individual producer and their risk appetite. What is a risk management strategy to one producer, in terms of fodder retention, for example, in terms of what decisions they make with their business and in terms of restocking post-drought—it's an individual business decision on behalf of producers, so it's hard to make a generalised comment in that regard. Producers will always seek to find the cheapest and best genetics post-drought. One of the challenges with those 2020 and 2021 years was that during the 2018-19 drought we had destocking right across the eastern seaboard, so it made it harder for New South Wales producers to find those animals, particularly if they were keen to secure reasonable genetics. Hence, again, why they sourced some of that genetics from WA.

**DARREN BAYLEY:** It's important to emphasise, too, that the live export market by sea is aged wethers. We're talking about restocking, but the bulk—65 per cent—of what's exported by sea is a different class of animal. So we need to build that into our thinking as well and also understand that mutton exports have grown over the last 10 years. We understand too, in terms of WA processing, that there's the ability and there's an intention to expand those processing numbers as well. So we need to think about the class of animals as well and the impact of this decision.

**The Hon. SCOTT BARRETT:** So the Government's position is that the live export of sheep, whether it's in or not, will have minimal effect on New South Wales?

**DOUGAL GORDON:** There will be an impact, as I said, Scott. However, we think that it'll only be for the duration of time that the industry transitions. The processing sector in WA is picking up a large proportion of those animals over time as well. Given the size of that eastern seaboard market—as I've mentioned, the turn-off, the slaughter numbers over here—the numbers aren't material or not material enough to make a significant impact upon sheep prices, and we're talking about sheep prices specifically here. That's our view.

**The Hon. SCOTT BARRETT:** Finally, what industry bodies have you consulted with to help educate that view?

**DOUGAL GORDON:** We've collected the data internally and seen what's available. We've also looked at the National Livestock Identification System database, so that helps us inform our statements about the numbers of sheep moving between States. We've got access to that. We've got a mirror database within the department, so we've been able to look exactly at what those numbers are between each State.

**The Hon. EMMA HURST:** Thank you for your time today and for this opening statement as well; it's really useful. You mentioned that the impacts were small and also short term. You also talked a bit about it's sort of short term during that phase-out period. Can you expand a bit more on what you mean by short term, and why you don't think there'll be any long-term impacts?

**DOUGAL GORDON:** As we've talked about this morning, this has been happening for many years, the decline and phase-out of live exports. We've talked about that 92 per cent reduction since 1988. That's a big reduction and big transition time. So what is short term? It's already happening anyway. It's unclear, really, as to what that period will be, but we've got till 2028, obviously; the Commonwealth has made that decision. But I think that, in terms of the key impacts on producers, they're already happening now over in WA, and we've seen that for a number of years.

As we've heard this morning—and it's true—that sheep flock, not just in WA but nationally, is changing its composition. We're moving away from merino-based wool production sheep, which is primarily based on wethers, and we're moving much more into sheepmeat. Even though that merino is still 80 per cent of that flock, in terms of genetics, the whole industry is transitioning. This is happening on the eastern seaboard as well, and we know—we talked about this morning—there's a decline in the flock in WA. That's exactly what's happening, and it's certainly happening more broadly across Australia. But that's been happening since the actual closure of

the reserve price scheme in 1998. This has been happening for some time; it's just an extension of current supply and demand fundamentals.

**The Hon. EMMA HURST:** The proposal that this Committee has received is for \$53 million, which is nearly half of what WA is getting from the Federal Government's compensation package for the transition. Based on your calculations, does that figure of \$53 million match up, or do you think that is quite extreme compared to these small and short-term impacts that you're talking about?

**DOUGAL GORDON:** We haven't done any modelling as to compensation. We haven't had that discussion. Obviously that's a government decision and not one within the department, so I find it difficult to comment, I'm sorry.

**The Hon. EMMA HURST:** In regard to that, does New South Wales DPI have anything to do with that Federal decision to actually phase out the live exports in WA?

**DARREN BAYLEY:** No, that's a Commonwealth decision—no decision of ours at a State level.

**The Hon. EMMA HURST:** With that in mind, whatever that financial assistance package is, would that be a matter again for the Federal Government, who made that decision?

**DARREN BAYLEY:** Yes.

**The CHAIR:** In terms of the impact, you say it is short and minor. Have you done any work to understand how minor, in terms of a figure, in terms of how it may impact prices by how much et cetera? Have you done any work or are you planning to do any work to understand the impact at any granular level or minor level?

**DOUGAL GORDON:** No, we haven't done that modelling. When the inquiry was first released and submissions were called for, we had an internal discussion as to whether we would put a submission in, and we felt it wasn't warranted at the time. The same goes for the economic modelling. At the time we felt that the impacts and the need for the submission just wasn't justified.

**DARREN BAYLEY:** Do you want to comment on the correlation between the prices?

**DOUGAL GORDON:** In the handout that I've provided to the Committee, you'll see a graph which highlights—I think it's on page 7. I don't have page numbers on mine, but it's that particular graph there. It highlights the correlation between the Eastern States Trade Lamb Indicator along with the WA sheep numbers transported east. You'll see those numbers over time. You'll see the bottom line, which is the WA sheep numbers transported east over time and that 2020-21 year. You'll see the big lift in numbers during that period, hence my comment, Scott, about the 1.3. It might have been the duration of those couple of years or more.

However, you'll also note that, given that big, significant increase in supply headed east, you would expect a significant reduction in the Eastern States Trade Lamb Indicator. That did not occur. That's formed the basis—that historical data—of our conclusion that any future movement of sheep transported east as a result of the phase-out is not going to have a material impact for all the reasons I listed before in terms of declining sheep numbers, declining numbers of live export volumes, the increasing processing capacity and the size of the eastern States seaboard market.

**The CHAIR:** We heard from NSW Farmers and ALEC as well regarding concern around the environmental impact and the impact that sheep have on the landscape in terms of reducing weeds or reducing reliance on chemicals for weed control. Has your department done any work to understand that impact, or are you aware of any research that points to such stipulations made by those two submissions?

**DOUGAL GORDON:** There has been a significant amount of research done over the years about the role of livestock in a business that does—let's say, for instance, in WA one of the roles of livestock that plays a really important factor for them is to graze stubble, for example, for their wheat cropping operations. The same goes in other States, including New South Wales. There's absolutely a key role that livestock plays in terms of weed control and managing weed, among other ground base and feed base. There is absolutely a role, and the research confirms that over many, many years.

**The CHAIR:** Have you done any recent research to understand whether this decision will have any impact on that at all?

**DARREN BAYLEY:** Grazing is part, obviously, of an integrated weed management plan. The New South Wales sheep population, as it stands, is 2.1 million. We're just giving you the sheep numbers that were coming across from the west, some that would be sold for slaughter. The number coming across on an annual basis was 32,000 compared to 2.1 million. Obviously New South Wales has the largest sheep population, and

38.6 per cent of the national flock. Given that number and the fact that livestock are already in use for rotational grazing, maintaining ground cover, reducing the opportunity for weed burdens and reducing chemical inputs, that is part of the farming systems that we already have in New South Wales and as business as usual. I guess NSW Farmers might have been particularly referring to restocking efforts after a prolonged drought right across the eastern seaboard, where you need to get stock back into certain environments quickly. But just looking at those numbers alone, and noting that livestock has been a key part of integrated weed management for decades now, we don't see a significant impact in that regard either.

**The CHAIR:** It's tangentially related, but regarding the National Livestock Identification System, is the department the lead organisation in that in terms of enforcement or police?

**DOUGAL GORDON:** The department maintains that mirror database for National Livestock Identification System. The police do play a role with respect to stock theft, for example. That has a bearing on NLIS. But also the department audits processing facilities, for example, and determines whether they're meeting their NLIS requirements. We're about to roll out electronic identification for sheep and goats, so there'll be a compliance and enforcement role for the department there, along with the police as well.

**The CHAIR:** But in terms of dealing with the individual producer and then moving and selling of sheep, is it your department that deals primarily with the compliance, enforcement and auditing, or is it the New South Wales police?

**DOUGAL GORDON:** The role the police plays is primarily to do with stock theft, whereas the department—and Local Land Services, I should add—its role is to ensure compliance with the NLIS legislation under the Biosecurity Act.

**The Hon. PETER PRIMROSE:** After they appeared here this morning, NSW Farmers issued a media release. The first paragraph states:

The live sheep by sea trade ban could see the value of NSW sheep and lamb sales take a \$125 million hit in just two years, NSW Farmers has warned as it fronted a state government inquiry today.

I also note from your evidence that you've just presented that live sheep exports declined 92 per cent between 1988 and 2023. Given that it has already gone down by 92 per cent, and NSW Farmers are saying that taking it out altogether will see a \$125 million hit in two years, can you elucidate what effects that decline of 92 per cent between 1988 and 2023 had on New South Wales producers? I imagine it must have been absolutely enormous.

**DOUGAL GORDON:** I'd refer you back again to the graph that I mentioned previously. That shows the impact on prices over time, and certainly through the period which you're talking about. Our view is that if it was to have an impact, we would have seen that impact many, many years ago, and that hasn't been the case. There could well have been a small impact over that time, but it certainly wasn't material. So we would have a different view as to what that impact will be now. NSW Farmers in their submission talked about the \$125 million figure. We believe that you need to take account of the other aspects of the supply and demand fundamental equation. For example, the key rationale for that \$125 million is a reduction in availability of stock on the eastern seaboard. They're saying that, in the short term, there will be an increase in numbers coming east. Over time, in the long term, there won't. But in the short term there will be an increase in numbers and, hence, depressed prices.

We would argue that, in actual fact, if producers are seeking to destock post-drought, they'll be utilising those sheep purchased locally. Hence, New South Wales producers who are selling those sheep will be able to take advantage of those increased prices for those animals. I think that NSW Farmers haven't necessarily taken into account the transfers in benefits. They could potentially net each other out. We don't know for sure—economics is hard to determine what those offsets will be—but we would argue that there are other beneficiaries here that aren't being taken into account in that \$125 million.

**The Hon. PETER PRIMROSE:** Am I correct in my interpretation of this that, given that live sheep exports, as I mentioned, have declined 92 per cent between 1988 and 2023, there hasn't been a cataclysmic level of financial impact on New South Wales producers?

**DOUGAL GORDON:** That's our view. WA is a completely different story. I think absolutely producers in WA have been significantly impacted by the decision, but in New South Wales that's our view.

**DARREN BAYLEY:** I was going to add that I think that's a fair assessment. I think the figure that's being used is based on the largest component of their modelling, which was attributed to the supply glut of sheep that was being referred to. But we've given you those historical numbers to demonstrate our difference of opinion.

**The Hon. GREG DONNELLY:** I will start off with a question for Mr Gordon. In terms of trying to, if it's at all possible, go beyond the general statements of the assumption that there will be no change between now and 2025, 2026, 2027 and to May 2028 to the current legislative setting about the banning of exporting, can one

say in any detail at all about what possible areas, other than potentially price, would be looked at to see if there is any impact on New South Wales? Is price essentially the index that's used—and that's looking at how there has not been a dramatic reduction over time—and the primary thing to look at for this period or are there other things that DPIRD will be looking at over that time?

**DOUGAL GORDON:** As I said in our opening statement, we believe that the potential impacts on price are the key potential impacts from the phase-out of live sheep exports by sea on New South Wales. There could potentially be other impacts. I know that the NSW Farmers submission referred to shearers. It's very hard to ascertain what will be the true impact of that, because you'd expect that with the decline in the sheep flock—that 30 per cent figure I mentioned previously, along with the 92 per cent decline in the live sheep export figure—you'd expect there to be a decline in sheep shearers over there in WA, wouldn't you? And so, therefore—

**The Hon. GREG DONNELLY:** Sorry, especially in New South Wales, we're trying to get some eyes on the possibilities, albeit remote, of what might happen over this period. Is it just looking too much into a crystal ball and guessing?

**DOUGAL GORDON:** That's what I was driving at. It's hard to understand, really, what the supply and demand fundamentals will mean for shearers. There will be an expected decline in shearers over time in WA due to the decline in flock over there and the decline in live sheep exports. You'd expect that. What that means for New South Wales—they are very itinerant. Shearers move around. They move from New Zealand to Australia—500 shearers from New Zealand come to Australia every year. That will have price impacts. The increase in price for shearers will increase the potential availability of shearers because shearers will go where the money is. That will benefit the communities where those shearers are located. There are all these different factors that we need to take into account here when we understand what those potential impacts will be. It's not black and white, and it's hard to really understand what the net impacts will be.

**The Hon. GREG DONNELLY:** This is anticipating—and if you don't have an answer, so be it. In terms of dealing with this period—let's call it the three-and-a-bit-year transition period—for the ban to become fully operational, will the DPIRD be doing anything to observe and consider the changes that are going on and, if appropriate, look at what might be appropriate responses?

**DOUGAL GORDON:** We will absolutely monitor that, as we do. It's a role that we play. Our role is to service the industry and ensure the productivity and profitability of the sector as best we possibly can. We do that through policy as well as research and development and through other things—education, training et cetera. We do a whole range of different things to assist industry over time. That monitoring will have a bearing. What the Government response will be is up to the Government.

**The Hon. AILEEN MacDONALD:** I find it difficult to believe that there won't be any impact on New South Wales.

**DOUGAL GORDON:** Sorry, let me be clear. I didn't say there would be no impact. I said there would be a relatively minor, short-term impact.

**The Hon. AILEEN MacDONALD:** Okay. Based on that, will the department conduct any assessments on the potential economic impact of the live sheep export phase-out on the New South Wales agricultural sector, particularly concerning sheepmeat export volumes and values?

**DOUGAL GORDON:** If you want to talk about sheepmeat exports, and I know this was discussed this morning, so it's important that we do talk about that—

**The Hon. AILEEN MacDONALD:** Yes, just because we don't do live sheep exports, it doesn't mean we won't be impacted. I find that hard to believe.

**DOUGAL GORDON:** There was some commentary this morning about the fact that we've had a significant reduction in wool production. I think we have roughly the same forecast level of wool production as in 1903—historical lows. As I said before, the whole sheep flock is transitioning away from wool production towards sheepmeat production. In actual fact, whilst we have had a decline in wool production, sheepmeat exports are at historical highs at the moment. If you want to look at the figures, for example, we've just hit 79 million for our sheep population across Australia. Our historical 10-year average is 70 million. We're above historical averages in terms of our overall sheep flock. Also, if you want to talk about sheepmeat production, we're actually expected to have an increase by 13 per cent to 11.3 million in 2025. Sheepmeat production is forecast to increase.

As I said before, in WA the processing sector has expanded over time. That's in line with the increasing sheepmeat exports we've had over many years. In fact, our sheepmeat exports have increased by 17.2 per cent over the past 10 years. That has largely offset the decline in the live sheep export trade. That's due to a huge amount of work by processors and brand owners, as well as Meat and Livestock Australia. That's helping offset



some of the impacts of live sheep exports. Thankfully for producers over in WA, that will help a lot of them stay in the industry.

**DARREN BAYLEY:** Could I just add to that? The Department of Primary Industries and Regional Development actually does an annual review of trends across all sectors, and looks at those movements and reviews those. As it stands at the moment, with the sheepmeat processing and markets, the US, obviously, is Australia's largest market. It's valued at 1.2 billion in 2023-24, followed by China at \$1.1 billion. Each year, we're monitoring that movement and we're making assessments about the drivers behind those movements. That's done on an annual basis.

**The Hon. AILEEN MacDONALD:** What strategies would the department recommend to maintain that stability and profitability of New South Wales livestock—sheepmeat, in particular?

**DOUGAL GORDON:** That goes to the core of everything that we do within the department. I, for example, head up a livestock systems team within the department, in Agriculture and Biosecurity. We've got, roughly, 50 R&D projects at the moment on our books, valued at over \$100 million. All that R&D is seeking to increase the productivity and profitability of the livestock sector. We work across a number of research and development corporations to deliver that: sheep and cattle, with Meat and Livestock Australia; on the dairy side, with Dairy Australia; on the wool side, with Australian Wool Innovation, for example; and also in other intensive livestock industries. So we're working, in terms of research and development. Darren's involved with education and training in his substantive role. There is a huge amount of work that we do in terms of education and training. Our policy work that we undertake as well, our biosecurity work—there is a significant amount of work that we do in biosecurity. All of that assists in the productivity and profitability of the livestock sector.

**DARREN BAYLEY:** And I should say that each of those programs are actually tailored and shift in order of need as they emerge for the sector. So we work closely with research and development corporations, industry bodies, in each of the sectors that we support across primary industries to make sure that we're delivering tangible outcomes and improvements for them. So it's not as though a program is set and then just moves along. We continue to shape that program around emerging needs. As we monitor this situation, we will make sure that those programs actually deliver what is required by industry.

**The Hon. AILEEN MacDONALD:** Western Australia is transitioning; they're doing more domestic processing. What can we do for New South Wales' domestic processing capacity? What measures can we take to make sure that, as Western Australia transitions, we can address potential challenges so that we can continue to grow our processing sector?

**DOUGAL GORDON:** We're already doing a lot of that work, and this has been happening over many decades now. We export two-thirds of our sheepmeat production. That's been a trend for many, many years. We're an export-orientated country, and so we spend a lot of time and effort on research and development. The Australian Meat Processor Corporation is another research and development corporation that we do work with, and a lot of that work is to improve the productivity and profitability of the processing sector because, as we know, everyone in the supply chain needs to make money. If one sector of the supply chain does not make money, that impacts all the other elements of the supply chain. So, yes, we're doing work with processors as well. That also involves market access work. We work with processors to improve market access over time. The Commonwealth does the majority of the work, along with industry, but we play a role there as well.

**The Hon. AILEEN MacDONALD:** Earlier you mentioned biosecurity in livestock management, and implementation of the electronic ID. How will the department integrate this system to enhance our livestock traceability in the context of changing export dynamics?

**DOUGAL GORDON:** Good question.

**The Hon. AILEEN MacDONALD:** Because, as you were saying, we have very good quality sheep, so we don't want them to be mixed up with others.

**DOUGAL GORDON:** The improvement of electronic identification and traceability more broadly has been happening for many, many years. We've had electronic identification for individual animals since 2003, I think, in New South Wales. For sheep, we're about to introduce that next year for lambs and kids born from 1 January. That will not only improve our biosecurity and ability to respond to emergency incidents from an exotic disease or residue perspective but also provide the ability of producers to have individual animal data to make more educated and informed decisions about all the traits that impact upon sheep and goats. So there's a real positive element there.

We're also working with AMPC about traceability. We're doing some work to try to improve hook tracking and also improve the scanners that are in processing plants, to enable them to take advantage of some of

the benefits of electronic identification, with the hope that any premiums associated with getting brand claim premiums will be passed on to producers. So there's a whole suite of different things that are happening right across the supply chain associated with traceability, which is improving over time. It's not perfect—certainly even on the cattle side it's not perfect—but that's not a reason not to justify the progress to mandatory individual identification, and that's exactly what we're doing.

**The Hon. AILEEN MacDONALD:** How does the department's current policy framework align with the Federal Government's decision to phase out live sheep exports?

**DARREN BAYLEY:** That's a decision of the Commonwealth, obviously, and not one of the States. Our role, as Dougal has already mentioned, is to make sure that our primary industries are thriving and that they are not only biosecure but also productive and vital, making sure that, in terms of our export markets, they are not only made strong and secure but also expanding. There's a whole range of work that we do on those fronts. But this wasn't a consultation between the Commonwealth and the State making a joint decision; this was a Commonwealth decision alone.

**The Hon. AILEEN MacDONALD:** On that, what long-term strategies is New South Wales considering to ensure resilience and sustainability of our industry—the sheep industry, in particular—in a post live export situation?

**DARREN BAYLEY:** We've just mentioned that we've got a large research and development program and we work across biosecurity, weed and pest management, and soil health. We look at pasture productivity and how to do these things in a changing climate, according to the more erratic seasonal conditions that we're expecting into the future. We're putting a lot of work into genetics and supply chain work as well, on the livestock front. Above and beyond that, we're also working around managing climate risks, looking at vulnerability assessments. We're supporting sectors into the future and giving them a heads-up on what to expect in terms of that changing climate. We've got an extensive research and development program.

We also have an extensive extension and industry development training network. The department invests in a registered training organisation in Tocal College that delivers vocational training both to new entrants coming into the industry, to supply that workforce required for the future, and also to upskill existing workers. Sheep and goat eID is a classic example at the moment where we're doing a lot of work in extension, education and training to support that transition, starting 1 January. There's a whole range of work on that capability front as well. On top of that, we're providing technical and policy support back into the centre of government, to make sure we're making the best decisions for not only the sector but also the rural communities that surround those sectors across New South Wales. There's an extensive investment across all of those areas, and we'll continue that program of works into the future.

**DOUGAL GORDON:** I should add that this is the New South Wales department of primary industries. Of course, industry is highly cognisant of the potential impact of the phase-out of live sheep exports by sea. Undoubtedly, those industry research and development corporations have got a suite of different programs and projects that they're contemplating to invest in, to also help offset those potential impacts over time. That's a conversation I'd recommend you have with each of those industry research and development corporations, Meat and Livestock Australia and Australian Wool Innovation being the two key ones.

**The Hon. AILEEN MacDONALD:** I have one final question with regard to stakeholder engagement. We heard from organisations this morning that said they hadn't had any contact. Should it be a two-way thing? Should you have to wait for them to contact you? Could you not also engage with them when you know something like this is happening, rather than them saying nobody has talked to them?

**DOUGAL GORDON:** We actually proactively engaged NSW Farmers.

**The Hon. AILEEN MacDONALD:** Yes, but the other organisations.

**DOUGAL GORDON:** I can't really speak to Wool Producers and Sheep Producers regarding this. The scope of this inquiry is about the impacts on New South Wales. NSW Farmers is the lead, of course, and the key representative body for New South Wales producers, and that is who we engaged.

**DARREN BAYLEY:** And we do actually regularly meet key stakeholders across the research and development corporation and other key players right across primary industries regularly. Yesterday I was with Meat and Livestock Australia. The day before I was with the Grains Research and Development Corporation. There is an ongoing engagement and proactive piece. Just noting that this is a Commonwealth decision; it's not a decision from the State Government where we were seeking engagement around that decision and response to that decision. This is something that has come from the Commonwealth. Of course, we still work with industry in

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terms of how we respond to that, I just want to make that very clear. That wasn't a joint decision or something that we had to engage about. That was a decision of the Commonwealth.

**The Hon. AILEEN MacDONALD:** But it doesn't absolve.

**DARREN BAYLEY:** No, that is what I'm saying. We're still meeting in response to that decision. But in terms of the implementation, how that decision was done and who was consulted, I'm just making it very clear that that is with the Commonwealth.

**The Hon. AILEEN MacDONALD:** You weren't consulted—is that what you're saying?

**DARREN BAYLEY:** No, I'm just saying that the Commonwealth was a lead in consultation, because it was their decision. Once the decision was made, we certainly have been following up and meeting with industry. We continue to meet with the people that we've just mentioned.

**The CHAIR:** Thank you very much for coming in and giving evidence and answering our questions. I don't think you took any questions on notice. The secretariat will be in touch if you did, and with any supplementary questions as well. That concludes today's hearing.

**(The witnesses withdrew.)**

**The Committee adjourned at 13:50.**