



### **What is this Report?**

This is an independent report by ACIL Tasman<sup>1</sup> that was commissioned by RSPCA Australia to look into the adjustments required if live sheep exports from Western Australia (WA) were to cease. The Report concludes that adjustment costs and the impact on farmers will be modest if the trade is phased out over five years and a transferable quota system is implemented to manage the gradual reduction in the number of sheep available for live export over that period.

### **Why is the Report focused on WA?**

The Report is based on phasing out the live sheep trade in WA because the majority of sheep exports originate from that state. The steps needed to phase out the trade in WA will be the same across the country. The Report looks at varying flock structures on broadacre farms with an average of more than 300 sheep. This represents the majority of properties supplying sheep for the live export market.

### **Why has the RSPCA commissioned this Report?**

The RSPCA is opposed to the export of live animals for slaughter but recognises that the trade provides a source of revenue for some sheep farmers. However, the costs and benefits of exporting animals for slaughter extend beyond those directly involved in the trade - they include the societal concerns for animal welfare. This Report shows that live exports can be phased out in a way that will minimise the impact on farmers and the economy.

### **How will a phase-out of live sheep exports affect farmers?**

Sheep numbers in WA are continuing to decline due to seasonal conditions and the expansion of cropping area, so farmers are already adjusting to changing circumstances. Any adjustments to the loss of the live export market will be modest, particularly given that live sheep exports contribute a small and declining percentage to total farm receipts.

### **How will a phase-out of live sheep exports impact the economy?**

The ACIL Tasman Report suggests that a phase-out period, coupled with a transferrable quota system will significantly reduce the impact on sheep farmers and the economy. Where there are more lucrative markets, farmers will be making business decisions to take advantage of them and in fact are already doing that.

### **What is the value of live sheep exports to the economy?**

Sheep meat exports are four times more valuable to the Australian economy than live sheep exports. Australia exported \$1.5 billion<sup>2</sup> worth of sheepmeat in 2008 with the value of our live sheep exports last year totalling just \$341 million.

<sup>1</sup> ACIL Tasman (2009) *The value of live sheep exports from Western Australia. A review of adjustments that would be required if live exports ceased from WA.*

<sup>2</sup> Department of Agriculture and Food WA, Australian Trade Statistics Database, 2008-09

**Will stopping live exports flood the domestic market with excess sheep?**

Farmers make business decisions based on the markets available. If access to the live export market was removed then farmers could restructure their sheep flock to finish sheep earlier, keep wethers for wool, increase prime lamb production, and/or review land-use decisions by, for example, increasing cropping area. A five year phase-out rather than an abrupt cessation of the trade will increase this flexibility that farmers already have.

**Will stopping live exports affect the price of sheepmeat in Australia?**

There is unlikely to be a dramatic or sustained impact on the price of lamb or mutton in Australia, provided live sheep exports are phased out over five years and trade diversion, to substitute live animals for meat, is undertaken.

**Will there be an economic benefit to end live sheep exports and increase the chilled meat trade to the Middle East?**

Australia has a successful Halal processing industry and there are good opportunities to expand this trade in chilled and frozen meat while still meeting the religious requirements of our customers. When live sheep exports to Saudi Arabia and Egypt were suspended, sheepmeat exports from Australia to those countries tripled, highlighting the extent to which substitution of meat for live animals is possible. Global sheepmeat exports (\$1.5 billion in 2008-09) contribute far more to the Australian economy than live sheep exports (\$341 million in 2008-09) and the Middle East is not the only market demanding Australian sheepmeat products.

**What is the next step?**

The Australian government must recognise the growing public opposition to live sheep exports and its limited ability to make a meaningful difference to the welfare of animals traded in this market. They should signal to farmers that a phase out of live sheep exports is on the agenda and announce what assistance the Government will provide farmers during the transition.

**Won't importing countries just take live animals from countries with worse standards than Australia's?**

In the past, when there was an absence of live animals from Australia, importing countries increased their import of Australian processed meat. However, live animals will continue to be required for sacrificial slaughter of sheep during the Haj and other festivals as well as for traditional markets. The RSPCA is concerned about the well-being of these animals too. Australia should play a leading role that shows the rest of the world that the live export of animals for slaughter causes undue suffering and distress that cannot be justified. We believe that increasing pressure from organisations such as the OIE (World Organisation for Animal Health) is the best way to assist these countries in meeting appropriate standards for handling, transport and slaughter of animals. Additional on the ground assistance can also be provided via AusAID programs.

**By supplying animals to the Middle East, doesn't Australia have more leverage to improve standards in importing countries?**

Industry efforts to improve the welfare of sheep only go to the extent that the costs of these efforts do not impinge on profits received from the trade. While there have been some improvements, the ultimate responsibility for appropriate handling, transport and slaughter of animals rests with the importing country.