



14 June 2023

Independent panel
Phase out of live sheep export by sea,
Department of Agriculture, Fisheries and Forestry
70 Northbourne Avenue,
Canberra 2601, Australia

Dear panel members,

NFF submission to the phase out of live sheep exports by sea: consultation paper

On behalf of the National Farmers' Federation (NFF), see below a submission to the Department of Agriculture, Fisheries and Forestry's consultation into the phase-out of live sheep exports by sea. The NFF opposes the phase-out policy as a matter of principle, and it is incumbent upon the review panel to make the significant issues and risks associated with the policy clear to the Minister and the Government more broadly.

The NFF is the voice of Australian farmers. The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the supply chain. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The Australian agricultural industry stands united in its opposition to the policy to phase out live sheep exports by sea. The key reasons for this include:

- **The importance of the trade, animal welfare improvements and evidence-based community sentiment;** The sector provides substantial direct and indirect economic and employment contributions. It is an industry that has been demonstrably responsive to animal welfare issues, with world-leading assurance systems in place. Community sentiment towards the sector is empirically different from that purported by those seeking to end the trade.
- **Impacts on Australia's reputation as a valued trading partner;** The policy places significant risk to Australia's status as a valued and trusted trading partner, and as a global leader for free and open trade. This risk extends not just to the broader sheepmeat and wool markets, but to the entire agricultural sector and other trade-exposed industries of the Australian economy.
- **Impacts on the wider agricultural sector;** The policy presents clear risks not only to the broader Western Australian farming sector and other live export industries, but to all other agricultural industries throughout Australia.

Further information supporting the NFF position is provided later in this submission.

This unified position was communicated to the Minister in March, when 24 national agricultural organisations wrote to him outlining their opposition to the policy. Further, at the April 2023 NFF Members Council - the sector's chief policy making forum - a motion of opposition to the ban and directing of the NFF not to engage in discussions of transition, was unanimously passed. The members in attendance represented 31 agricultural organisations across jurisdictional and commodity lines.

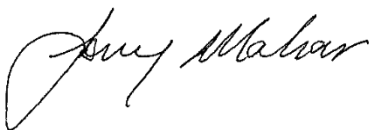
Many NFF members not directly involved in the livestock industry have made submissions outlining their concerns. If the live sheep industry is phased out in spite of its reform and improved animal welfare outcomes, then an abhorrent precedent will be set, one which alarms the entire agricultural community.

It is critical that the tremendous weight of the broad opposition to this policy is recognised by the panel and communicated to the Minister.

Finally, we implore the panel to consider in particular detail the submissions made by the directly impacted sectors, as represented by NFF members Sheep Producers Australia and the Australian Livestock Exporters Council. We stand in support of their respective submissions.

Should you seek any further information please do not hesitate to contact me on tmahar@nff.org.au or on (02) 6269 5666.

Regards,



TONY MAHAR
Chief Executive Officer



National Farmers' Federation

Submission to the Phase out of live sheep export by sea: consultation paper

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NFF Member Organisations



The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

Statistics on Australian Agriculture

Australian agriculture makes an important contribution to Australia's social, economic and environmental fabric.

Social >

In 2020-21, there are approximately 87,800 farm businesses in Australia, the vast majority of which are wholly Australian owned and operated.

Economic >

In 2021-22, the agricultural sector, at farm-gate, contributed 2.4 per cent to Australia's total Gross Domestic Product (GDP). The gross value of Australian farm production was \$92 billion in 2021-2022.

Workplace >

The agriculture, forestry and fishing sector employs approximately 318,600 people, including full time (239,100) and part time employees (79,500).

Seasonal conditions affect the sector's capacity to employ. Permanent employment is the main form of employment in the sector, but more than 26 per cent of the employed workforce is casual.

Environmental >

Australian farmers are environmental stewards, owning, managing and caring for 51 per cent of Australia's land mass. Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 7.4 million hectares of agricultural land set aside by Australian farmers purely for conservation/protection purposes.

In 1989, the National Farmers' Federation together with the Australian Conservation Foundation was pivotal in ensuring that the emerging Landcare movement became a national programme with bipartisan support.

The importance of the trade, animal welfare improvements and evidence-based community sentiment

Importance of the live sheep trade

The live sheep export trade makes a critical direct economic contribution to the Western Australian (WA) economy. ACIL Allen reports that over the last decade, the trade has generated an average of \$196 million in value annually.¹ The industry also underpins direct employment opportunities, many of which are in regional areas.

It is pertinent however that when considering the importance of the trade, due consideration is given to its demonstrable interconnectedness with the broader sheep and wool industries. For example, as outlined by research undertaken by consultancy Mecardo, the live sheep trade provides additional price competition for sheep producers for specific sale classes, underpinning local prices.² The report notes that:

...Live export supports the local pricing structure for lambs in WA. Analysis of the WA marketplace shows when live export carriers are actively buying this short term demand may have added approximately \$5.50 per head to lamb prices in 2022...

The live sheep trade also plays a role in the WA wool industry. In many cases, the live trade provides a viable marketing option, or at the very least price competition, for merino flocks that would not meet the specifications for domestic slaughter. For example, ACIL Allen estimates that without the option of live sheep export trade, there will be a near 20% reduction in the per head value of a wether in WA.

The recently released *May 2023 Sheep Producers Intention Survey*³ demonstrates – though soberingly – the negative impact the proposed policy is having on WA sheep and wool producer confidence. As outlined in the report, when producers were surveyed about their sentiment towards the future of the sheep meat industry, the report notes that:

...While most states remain positive [+37 sentiment combined ex-WA], WA sentiment has plunged, down now to -48 (more producers negative about the future of the sheepmeat sector)...

A similar variance was recorded when producers were surveyed on their feelings towards the future of wool, with non-WA producers recording a sentiment of +15, but WA producers only recording a sentiment of +1. The report goes on to state:

...Producers in WA are having a clear dampening impact on the national results....The impending decision on the live export trade for sheepmeat is weighing heavily on these producers...

¹ ACIL Allen (2023), *Performance and value of the live sheep export trade*, Pg 9

² Mecardo (2023), *Australian live sheep export trade analysis*

³ Intuitive rural (2023), *Sheep Producers Intentions Survey*, Pg 7

WA's poor sentiment score, compared to other states, demonstrates the adverse impacts that this proposed policy has already had on the perceptions surrounding the future of the sheep and wool industry.

The impacts on sheep and wool industries, are in turn often linked to broader agricultural operations. For example, the live trade also supports mixed-farming enterprises throughout WA. The trade often provides a viable market for sheep classes that integrate well with mixed-enterprises operating in WA's specific climatic and growing season conditions.

As noted by Mercado:

...In eastern states, the predominant market for Merino wethers is for them to be sold at a young age for slaughter into the light "bag" lamb market. WA's shorter seasons & lack of pastures in more marginal areas inhibit the ability of Merino wether lambs to reach target specifications for slaughter without supplementary feeding. The live export market provides a market channel for semi-finished stock, such as Merino wether hoggets or mature-age wethers, that do not meet ideal specifications for slaughter for either domestic meat markets or packaged meat exports...⁴

Hence it is evident that the live export trade often underpins the specific characteristics of WA production systems. This viability of sheep flocks supported by the trade, in turn supports producers' capacity to operate diversified rotational cropping and grazing enterprise – maximising sustainability and overall enterprise value.

For more specific information regarding the linkages between the live trade and associated industries, the NFF strongly encourages the panel to consider the submissions made by NFF members WA Farmers, Sheep Producer Australia and Wool Producers Australia.

The proposed policy will undoubtedly impact regional communities, who are reliant upon a thriving agricultural sector to attract long-term residents and sustain broader regional businesses. Consequently, this will have an adverse impact on social and economic outcomes and will inevitably undermine long-term investment in regional communities. The Government has a responsibility to ensure the longevity and prosperity of Australia's regions, including a responsibility to ensure policy decisions do not undermine the viability of critical industries.

The critical point to recognise here however is that the live sheep trade does not operate in simple isolation. It is interconnected with a number of other agricultural industries and regional communities more broadly. Accordingly, the wider impacts and ramifications of ending the trade must be appropriately recognised.

⁴ Mecardo (2023), *Australian live sheep export trade analysis*

Animal welfare improvements

The health and well-being of animals is entrenched in Australian agriculture. Producers are committed to continuous improvements in welfare outcomes, investing hundreds of millions of dollars in projects and research activities that support improved outcomes. The industry is deeply involved in policy processes that set welfare strategies, standards and guidelines. This commitment is important not just to how producers raise their animals, but also to underpin enduring community trust and support for Australia's livestock industries. The commitment extends beyond just the properties livestock are raised on but throughout our value chains.

The live export sector has acknowledged the animal welfare challenges faced by the live sheep trade in the past. Producers have been clear that appropriate measures are required to support continued improvement in this regard.

It is for that reason that the NFF implores the panel to recognise the significant progress the live export industry has made in this regard. Industry initiatives, regulatory reviews and research have all contributed to continual improvements in animal welfare outcomes in recent years.

Regulatory frameworks have undergone significant changes over the last three years, for example the northern hemisphere summer moratorium and the implementation of voyage-specific heat stress management plans have significantly improved animal welfare outcomes such as reduced mortality rates.

These actions and efforts build upon the significant regulatory and investment programs undertaken by the live export industries over many years. Producers take great confidence in Australia's world-leading regulatory frameworks, including the Exporter Supply Chain Assurance System (ESCAS) and the Australian Standards for the Export of Livestock.

ESCAS in particular provides confidence to Australian producers that welfare standards are extended right through to the point of slaughter. This system has been underpinned by critical investments made by Australian exporters, foreign importers, and importing governments to ensure it delivers on its intent to ensure the welfare of Australian livestock in-market.

It is imperative that the panel recognises the demonstrable and sustained welfare outcomes this rigorous regulatory framework has delivered. This must be juxtaposed against the vexatious and untruthful representation of welfare outcomes so often presented by anti-agriculture activists.

Evidence-based community sentiment

The Australian agricultural sector places significant value on maintaining the trust and support of the community. LiveCorp has commissioned an exceedingly empirically rigorous and independent assessment of community sentiment toward the live export industry. The most recent report undertaken by independent social

research firm Voconiq - *Live Exports and the Australian Community 2019-2023: A National Program of Community Sentiment Research* - provides the most contemporaneous assessment of such sentiment.⁵ Key insights from the report include:

- To the question of whether live exports should stop regardless of the impact on farmers, 42% of respondents either disagreed or strongly disagreed, compared to just 29% who agreed or strongly agreed;
- To the question of whether the Australian live export industry has improved the standard of livestock management and slaughter in overseas markets, 43% of respondents agreed or strongly agreed, compared to just 12% who disagreed or strongly disagreed;
- More people either accept the industry or hold a moderate/neutral response (68%), than those who do not accept it (33%); and
- There was no significant difference in the way that Australians view live sheep exports relative to the industry in general.

It is imperative that the review panel considers and communicates such research findings given the significant influence that misleading community sentiment claims have had on justifying the phase-out policy. Anti-agriculture activists have loudly claimed the industry cannot demonstrate any level of community support. This is evidently false.

Concerningly, the Minister himself noted during Senate Estimates earlier this year that;

*...community sentiment overall does not support this industry. As I say, it's an industry that unfortunately for it lost its social licence, and that's why we've made that commitment...*⁶

The NFF deems that it would be fundamentally inconsistent with proper policy development that consideration is given to the implementation of a policy when its underlying justification relies - nearly to the exclusion of all other factors - on such demonstrable falsehoods.

Impacts on Australia's reputation as a valued trading partner

The maintenance of enduring trading relationships stands as one of the vital determinants of Australian agriculture's success, with few factors being as significant. This is true of countries both in our region and globally. Australian producers export approximately 70% of what they produce, with very few sectors not exposed to trade. International value chains underpin producer returns and in turn the success of the sector, the regional areas they support and the national economy at large.

⁵ Voconiq (2023), *Live Exports and the Australian Community 2019-2023*

⁶ Minister Murray Watt (2023), *Rural and Regional Affairs and Transport Legislation Committee Senate Estimate, Official Committee Hansard*, accessed [here](#).

Given the importance of trade to the sector, Australian agriculture takes a proactive leadership role in the promotion of a free and open global trading environment. The NFF dedicates significant resources on behalf of industry to advance the cause of open markets via a number of industry programs and international fora.

The NFF is the Secretariat of the Cairns Group Farm Leaders, a group that seeks to 'progress agricultural trade liberalisation within the World Trade Organisation (WTO).' The NFF advances the cause of open trade through the World Farmers Organisation, delivers the DFAT-funded International Engagement Strategy project, operates a dedicated Trade Committee and regularly convenes inbound and outbound trade delegations with international partners.

In addition to these efforts, NFF members undertake a plethora of other trade activities, and levy-payer contributions have allowed the Rural Research and Development network to invest hundreds of millions of dollars over recent decades to secure and foster invaluable trading opportunities.

The totality of these efforts, projects and investments should leave no doubt or question as to the utmost importance in which industry holds our trading relationships.

It is for this reason that the NFF expresses to the panel our significant concerns as to the potential impact of the proposed phase-out policy on Australia's trading relationships. This includes not just those directly involved in the live export trade but extends far beyond to other agricultural commodities.

The NFF has been made aware of the concerns of trading partners and international market participants with respect to the proposed policy. These concerns relate not only to the direct impact on the live sheep trade but more broadly to Australia's reputation as being a dependable, high value and secure trader of agricultural goods. Additionally, concerns have been raised with the NFF regarding the possibility of the policy leading to legitimate claims and challenges via the WTO.

Against a backdrop of these potential risks, any corrosion of our trading relationships and Australia's position as a global trade advocate runs extremely counter to the NFF's agenda and sector efforts outlined above. The interventionist nature of this policy alone sends a negative signal to our food and fibre markets, with this only being exacerbated further by the weak and baseless foundations purporting to support its implementation.

Further, given the intrinsic role trade plays in the success of the sector, the pursuit of the phase-out policy unfortunately calls into question the Government's commitment to the sector's \$100 billion 2030 aspiration.

While the NFF can only advocate on behalf of Australian agriculture, it is not unreasonable to expect that impacts on Australia's standing as a trusted supplier of goods in one sector may have spill over effects on other areas of the economy. Trading relationships are inherently multifaceted, with trading partner sentiment

often not being siloed to specific markets, but considered much more broadly across different sectors, goods and services.

Given the above, the NFF views it as critical that the panel advises the Minister of the significant risks such market intervention as the proposed policy entails, may have on Australia's global trading reputation.

Impacts on other agricultural industries

As noted earlier in this submission, the live sheep trade does not operate in isolation from other industries. It is intrinsically linked to the broader sheep and wool industries, as well as the outcomes of mixed livestock and farming operations in Western Australia. However, it is not just these sectors for which the phase-out policy is causing serious concern. Both the broader livestock industry and agricultural sector-at-large are extremely cognisant of the direct risks and alarming precedent that the policy entails.

Cattle live export industry

The policy will have direct impacts on the live cattle export industry and cattle sector in general. Many practical implications arise that will put pressure on live cattle exporters. For example, many live export vessels currently operate multi-species configurations, which cannot be simply reconfigured in the absence of ovine haulage. Additionally, a number of live export enterprises exist as multi-species exporters, with their enduring viability linked to a diversified business model.

Beyond the more practical impacts on cattle exporters, should the policy be implemented, it is only logical that fears exist for the future of the live cattle trade. While the Government may purport to have no intent on closing out the trade, it is important to recognise the context driving the sectors' cynicism towards this claim.

The Australian cattle industry saw the live cattle trade shut in 2011 with disastrous effects. Despite the courts delivering a ruling in the industry's favour, they await – over a decade on – the receipt of their justly-owed compensation. Moreover, this industry is so regularly beset by extreme anti-agriculture activists. These groups make no such distinction between wanting to see the cessation of the live sheep and cattle trades. While assurances may be given by the Minister of the day regarding the cattle trade, the most enduring commitment that could be made to the live cattle trade, and cattle industry more broadly, would be not to proceed with the sheep export phase-out.

Concerns of the broader Agricultural sector

The extreme market intervention that this policy entails has created significant unrest for the broader sector. As noted earlier in this submission, the NFF Members' Council unanimously passed a motion expressing strong opposition to the policy. This was supported by producer groups representing every commodity and region

of the country, including those not involved in livestock production, based on the disturbing precedent the policy sets.

To demonstrate this, the comments of the horticulture industry in their submission to the panel – an industry that certainly would not normally concern itself with matters of livestock production or trade – are worthy of particular note:

...[M]embers of the [Horticulture] Council are sufficiently concerned, even disturbed, at the very real prospect the proposed ban on live sheep exports will set a dangerous precedent for the rest of agriculture that we have decided to express these concerns and deep reservations...⁷

The industries this Council represents are but just a few of the many industries within the broader sector that hold such strong views in opposition to the policy given the terrible precedent it sets. If the phase-out policy is to proceed, these industries would understandably exist in fear that they too could be unjustly targeted and ‘phased out’ based on false accusations of a loss of community support. Questions would rightly be asked as to what incentive any agricultural industry has to proactively reform itself to better align with community expectation if such efforts are simply disregarded by decision-makers.

A great disservice will be done to the Australian agricultural sector should the impacts of this policy be considered in simple isolation. The panel must advise the Minister of the very real and tangible risks this poses to the sector’s confidence as a whole.

Conclusion

The NFF reaffirms its steadfast opposition to the policy to phase out the live sheep trade. Given this, and as directed by the NFF Members Council, the NFF has not engaged in discussions of such a transition. We have sought to outline why the sector opposes the policy and strongly urge the panel to communicate these reasons to the Minister.

⁷ NFF Horticulture Council (2023), *NFF Hort Council – Submission – Live Export Ban*