



AUSTRALIAN LIVESTOCK  
EXPORTERS COUNCIL

January 2022

## Australian Livestock Exporters Council 2022-23 Pre-Budget Submission

### About ALEC

The Australian Livestock Exporters' Council (ALEC) is a member-based, peak industry body representing Australia's livestock export sector. ALEC provides strategic direction to the industry, sets industry policy, and represents Australia's livestock export trade in Australia and internationally.

ALEC members account for more than 96 per cent of Australia's annual livestock exports, by volume and value. ALEC's membership also extends to supply chain participants including registered premise operators, ship owners, feed suppliers and other service providers to the trade.

### Pre-Budget Recommendations

This submission supports the recommendations made by the Red Meat Advisory Council (RMAC) and National Farmers Federation (NFF) in their pre-budget submissions.

In particular, we recommend \$220 million be committed over two years to extend the congestion busting funding commitment, enabling the delivery of genuine regulatory reform and cost savings for the benefit all export industries.

### Economic Importance

The Livestock Export industry is a key component in achieving both the red meat industry's target of \$57 billion by 2030 and agriculture's broader target of \$100 billion by 2030.

The COVID-19 pandemic has shown that the livestock export industry is one of, if not the most resilient industries in the country. The industry has continued to operate near unfettered through this period and proven to be an essential and robust industry.

In 2020-21, Australia exported a total of 1,528,502 livestock, which included:

- 910,446 cattle
- 603,048 sheep
- 15,008 goats.

The total value of livestock exported from Australia was approximately \$2 billion in 2020-21:

- \$1.5 billion for cattle
- \$92 million for sheep
- \$7 million for goats.

The industry is essential to livestock producers nationally, but particularly in Northern and Western Australia. It plays a significant role in underpinning livestock prices by providing increased competition and contributing positively to the overall value of Australia's red meat industry. It will continue to make to a significant Australia's post-pandemic economic recovery.

### **Strategic Importance of the Industry**

Livestock Exports play a significant role in underpinning food security for key geo-political partners in the Indo-Pacific and Middle East regions, which is important to Australia's diplomatic standing – despite the excessive cost of government regulation imposed on the industry. Over 100 countries export live animals with Australia having the highest standards in the world.

Our key trading partners also have the added pressure of food security on top of their own economic recovery of which the importation of livestock is integral.

Indonesia, Vietnam, China, Kuwait, the United Arab Emirates and Jordan, amongst others, are key trading partners in Australia's national interest and their strategic importance will only continue to increase – underpinning the importance of a sustainable livestock export industry to Australia's national interest.

### **Impact of Regulation**

ALEC acknowledges and thanks the Australian Government for key investments in the 2020 – 2021 budget period, particularly the Busting Congestion for Agricultural Exporters Package (\$328M) which has assisted in minimising the impact of dramatically increasing regulatory costs in the short term.

In FY2017-18 the regulatory expenses of the Live Animal Exports Division were approximately \$8.5M with total livestock exports being approximately 2.9M that year according to DAWE figures. In the current financial year regulatory expenses are anticipated to be approximately \$22M with total livestock exports expected to be at least half of FY2017-18 i.e. a quadrupling of cost on a per head basis.

This equates to a tripling of regulatory costs over three-years despite total livestock exports decreasing by half over the same time. This clearly indicates that regulatory processes have become over-zealous and less efficient and that measures to address this are desperately needed for exporters and producers. ALEC is not opposed to the recovery of regulatory costs, but it is reasonable to expect that the regulatory services delivered are as efficient as possible and any increase to these costs is fair and proportionate.

\$8m from the Federal Government's congestion busting funding commitment (appropriated funding), will be utilised in FY21/22 to cover the department's revenue shortfall. However, there is only \$3M committed in FY22/23 and zero in FY23/24 and FY24/25.

The anticipated cost-recovered revenue of the regulator is over \$14m in FY21/22, which correlates with Minister Littleproud's public commitment to producers in Charters Towers in May 2021 that additional costs of cattle exported to Indonesia and Vietnam will not exceed \$4 and \$5 per head respectively in FY21/22. The Minister also committed the additional cost would not exceed \$7 per head and \$8 per head respectively in FY23/24.

This commitment was welcomed and endorsed by Queensland producers and politicians at the time.

However, the Minister's statements based on cattle exports of 1.29m head per year. Industry forecasts cattle exports in 21/22 will only be approximately 810,000 head, and just as low in subsequent years, which will compound the issue and may lead to unsustainable rates of recovery (much higher than the \$7-8 committed to by the Minister), if efficiencies are not realised or if regulatory cost pressure on exporters is not drastically eased.

For example, the cost of the Animal Welfare Branch is \$4M per year, is not a regulatory cost but a community benefit arrangement. It duplicates LiveCorp’s R&D functions, which are “world-class” in relation to the entire length of the supply chain from the ‘paddock to the plate’.

Easing pressure on cost-recovered revenue through an extension of the Congestion-Busting initiative will undoubtedly ease the commercial pressure on industry from excessive regulatory costs and provide further opportunity for industry to work with the Australian Government on regulatory reform.

**Impact on international competitiveness**

Increased costs will have a detrimental effect on competition in the livestock export industry, as export industry will not be able to absorb the proposed additional regulatory costs. Ultimately, these costs are akin to our own ‘non-tariff barrier’ put on the live export trade, which will be disbursed along the supply chain, impacting Australia’s international competitiveness, and the price able to be paid to Australian producers. These costs will not improve animal welfare outcomes, which are substantially better than on-farm and feedlot welfare outcomes.

Already Australia is beginning to gain a reputation from importers and trading partners opportunities for trade and growth are being limited by regulatory impost.

This is devastating for an industry that was justifiably deemed an essential service and continued unfettered during the COVID period making a significant economic contribution – a contribution which will continue to play a critical role in Australia’s economic recovery.

