CHAPTER 12

THE BENEFITS, BENEFICIARIES AND COSTS OF THE LIVE SHEEP TRADE

12.1 The ALEA has stated that:

> 'The Australian economy has been a major benefactor (sic, beneficiary) of this fledgling but developing industry, not only in terms of export earning but also, and of equal importance, in terms of employment, "spin-off" benefits to local communities and the addition of another outlet for its produce within the rural sector.'[1]

12.2 It is not readily apparent what is the nature of the benefit and in what way it has been allocated.

12.3 The Committee agrees with RSPCA Australia and the AVA that slaughter as near as possible to the point of production is a valid welfare principle. It now becomes necessary to determine who does benefit from the trade, if not the sheep, and whether this benefit justifies the continuation of the trade.

Perceived Benefits to Australian Sheepmeat Producers

12.4 The most immediate consequence of the export of live sheep from Australia has been the changed structure of the Australian flock. In 1976 breeding ewes formed 37 per cent of the national flock, in 1978 it was 43 per cent and by 1981 had stabilised at 40 per cent.[2] There was a corresponding decrease in the number of wethers, especially in the four years and above age group. It has been argued[3] that this decrease in mean age in the flock has meant:

- decline in death rates;
- better animal health; and
- greater ability to handle transport and travel stress.

12.5 It has also been argued that this has meant a productivity increase in terms of sheep replacements and an increase in turnoffs.[4] However, Read, in his report prepared for the AMIEU, has claimed that there has been a shift from wool production to meat production as some sheep have been turned off for export at a younger age instead of being retained for wool production.[5]

12.6 The Wool Council of Australia supports the live sheep trade as an important component of the wool and sheep industry. It argued in its submission[6], using BAE data, that the trade has raised sheep prices above levels that would have prevailed in the absence of the industry. It also argued that, in the longer term, with a greater number of ewes than wethers, the trade will increase the number of sheep, leading to a greater number of slaughterings in Australia than would be the case in the absence of the trade.

12.7 However, Read has argued that the BAE based these assertions on the use of an econometric model. This was formulated by estimating that, for any change in prices for sheep, there would be an increase in the size of the sheep flock and in the number of sheep sold. 'Hence the model predicted an increase in the size of the sheep flock and an increase in the number of sheep slaughtered due to the way in which the model was specified.'[7] Producers could respond to increased prices by changing the composition of their flock and increase turnoff independently of any change to the size of the flock.

12.8 The trade has also meant an increase in export earnings but whether these export earnings are a product of additional demand or whether they are simply a displacement of domestic earnings is unclear.

12.9 One consequence of the economic structure of the export trade, in particular the cost differential between Western Australia and the eastern States of about $5 per head, is that the trade has made a more significant impact in Western Australia and, as a result, the flock in Western Australia has a much higher proportion of younger sheep. There is further evidence that the industry base may be shifting east, as the available supply of wethers decreases in Western Australia.[8]

12.10 Various commentators and organisations have assigned monetary values to the benefits received by producers. For example, ACLA estimated that the price of sheep would fall by 50 per cent if there were no export market.[9] 'Onlooker' in the *Land* forecast an immediate fall in the price of sheep by $7 or $8 a head.[10] However, none of these claims has been substantiated.

The BAE Analysis of Returns to Producers

12.11 The Committee asked the BAE for the precise benefit in money terms to Australian producers of exporting their sheep to the Middle East rather than slaughtering them in Australia. The reply was that it was extremely difficult to answer. The gross value of the trade was $217 million, but the net benefit could be ascertained from examining multiplier effects and the extra benefits that would be derived from the sale of slaughter sheep.

12.12 The 1983 BAE report stated that simulations using the BAE econometric model of the sheep industry indicated that 'average prices received by farmers for sheep may have been raised by as much as 20 per cent as a result of the trade'.[11]

12.13 It estimated the effects of the live sheep trade for 1980-81. If the trade were terminated and mutton sales increased by 20 per cent and lamb by 25 per cent, the effect on the gross value of production of sheep and wool would be a decline of $220 million. The NSW Department of Agriculture estimated that, if the BAE figures were correct, this would mean $2600 lost revenue per sheep property in NSW, representing a 25 per cent decrease in farm operating surplus.[12]

The Degree of Substitution of Sheepmeats

12.14 Both the BAE and the NSW Department of Agriculture agreed that the 1983 BAE Report consisted of considerable econometric analysis but that the fundamental question was the degree of substitution of refrigerated sheep meat for fresh sheep meat.[13] The BAE acknowledged that on that critical question it relied on information other than quantitative data.[14] As to the question of whether further research could be conducted the BAE replied:

> 'Unless we get that time series data, which to the very best of my knowledge does not exist, we are really up against a brick wall in trying to give you estimates of those cross price elasticities.'[15]

12.15 The BAE recognised their limitations of knowledge in that area in terms of quantitative estimates but added that, in attachment A of the report, there was 'a body of evidence' to suggest these elasticities were low.[16] This evidence in the report appeared to be anecdotal and unsubstantiated.

Managed Demand and Substitution

12.16 Without this hard data of cross-price elasticities, the question of degree of substitution is uncertain. It is also clouded by the question of managed demand. The AMIEU claimed that if consumers in the Middle East were not given the vote and if the ownership of the importing companies was largely in the hands of the ruling families, how could consumer preference operate? The degree of substitution of refrigerated meat for fresh meat simply became administrative fiat. The BAE did not believe, however, that the Middle Eastern demand for sheep meat was managed demand, except in Iran.[17] In 1981 in the space of a few months, Iran terminated the annual importation of 2.4 million live Australian sheep and replaced it with a New Zealand refrigerated lamb carcase trade of 93 000 tonnes.[18]

12.17 Either government direction or monopolies could influence consumer preference. If the industry were concentrated, there would be the possibility of managed demand. The BAE stated that:

> 'Knowing that we must draw the boundary somewhere in our analysis, we recognised that there was a degree of concentration in the live sheep trade, but we were not overly concerned with it as part of our analysis.'[19]

12.18 A little later, the BAE went on to say:

> 'The question that we were looking at was what would be the implications for Australia? The producers at that stage were - and, in fact, I believe still are - quite satisfied with the price they are getting for live sheep. What one would expect from a monopoly situation is that, to quote a phrase, "The producer is getting ripped off by the monopoly". There was no evidence of that.'[20]

At the time of the drafting of the BAE report, delegates at the 1982 Conference of the LGPA, moving a resolution for AMLC intervention in the trade, referred to the 'increasingly monopolistic nature' of the live sheep trade. Senior Vice President, Mr Dick O'Brien, said that 'it would appear the producers are not getting the true price for their export wethers'. Mr Bill Yates of Garah said producers were clearly being 'ripped off' under the present live sheep export system.[21] There is also evidence of vendor resistance. There are reports that Western Australia producers have been reluctant to sell export sheep for less than $18 to $22 while in the eastern States the prevailing price is $16 to $18. This reluctance may partly be explained by[22] the disinclination of producers to sell young sheep specially bred for the trade at the same price as old wethers.

12.19 The BAE indicated that the trade was 'highly concentrated', that the number of traders had diminished, and that it was becoming more concentrated.[23] However, there was no evidence yet that monopoly rents were being extracted from the industry.[24]

12.20 With the Australian sheep flock increasing in size over the last few years, if monopsony or cartel buying pressure were applied, the Australian sheep industry would be vulnerable.[25] The main consideration would not be the degree of substitution, but the degree of countervailing economic power that could be deployed by Australian producers to protect their returns. In other words, if a cartel were established which disadvantaged the Australian sheep industry, for example, in the prices offered for Australian sheep, it might be necessary for the AMLC to consider using its available powers to market live sheep for export on behalf of producers to ensure a fair return to the sheep industry.

Other Difficulties with the BAE Analysis

12.21 The use of exogenous variables such as MED 'Middle East Dummy' was not clear. The data for the Middle East was unsatisfactory. The BAE told the Committee:

> 'We have found it extremely difficult to get comprehensive data for prices and quantities of consumption in the Middle East that would stand up to the rigours of econometric analysis. The data, as far as we know, is just not there in a form that we could use.'[26]

12.22 This last comment highlights a weakness in the BAE study. The BAE's findings, that the live sheep trade has raised sheep prices above levels that would have prevailed in the absence of the industry and that it contributes to the viability of the Australian livestock industries cannot, in the view of the Committee, be regarded as definitive. The results of econometric analysis data are only as reliable as the data which is used. In this case, the BAE acknowledged that the accuracy of the Middle Eastern data, which were the best available at the time, was open to question. Read claimed that 'crucial aspects' of the model were specified incorrectly, in particular, the supply responses to the increases in demand for live sheep and the effect of the price for mutton on the quantity of mutton which was demanded.[27]

Other Benefits to the Australian Economy and Multiplier Effects

12.23 The NSW Department of Agriculture gave evidence that the live sheep trade has increased farm income flows through to other sections of the economy such as: 'machinery firms, fertiliser and other input supplies, and most rurally based small businesses'.[28] The Department used a multiplier of two to calculate the wider benefits of the live sheep trade which for 1980-81 was $220 million times two or $440 million nationally. The Department has used this multiplier in all its publications and it stated that it errs on the conservative side, but it does ignore the possible substitution effect into wheat, beef or other industries.[29]

12.24 The ALEA attempted a similar exercise. It assessed the economic benefits accruing to Portland and environs from the live sheep trade in March 1984. This excluded the farm gate price paid to farmers for their sheep. Each time a ship loaded about 110 000 sheep, it benefited Portland and the surrounding region to the extent of a direct cash input of $897 380.[30] It included operations such as shearing, cartage, feedlotting, wharf labour and charges and pellets for the carrier. For seven million sheep per year this would be nearly $57 million.

12.25 Other evidence was given to the Committee on the value added prior to export of the live sheep trade and the carcase trade. In the publication, The Truth About the Live Sheep Trade,[31] a telex quotation for the delivery of 20 600 live sheep for loading in Adelaide in 1982 was compared with processing costs from the Western Australian Lamb Marketing Board quoted in Farm July 1981. Allowing for 11 per cent inflation, at 1982 prices carcase lamb contributed an additional $3.28 per sheep to the Australian economy above that which was contributed by each sheep exported live. At seven million sheep per year this would be an additional $20.4 million. Using a multiplier of two it would be $40.8 million or nearly one-quarter of the FOB value of live sheep exported in 1981-82.[32] The NSW Department of Agriculture questioned the efficiency of the Western Australian Lamb Marketing Board but these results do indicate a not inconsequential contribution to the Australian economy. They also do not include the benefit of processing within Australia of by products such as skins, offal and glands, nor of the final price received for the exported carcase.

Profitability and Competition

12.26 Early in the 1980s, the trade was generally profitable but in the last two years, the available evidence indicates a downturn in profitability to the point where it is believed that some exporters have been making losses. Three exporters have left the trade in the last 18 months.[33]

12.27 Competition among exporters has also increased significantly in the last two years and there is evidence of price-cutting in Kuwait between KLTT and a competitor. KLTT's dominant position in the trade has also been challenged by SLTT which has been steadily increasing its market share. The AMLC told the Committee that SLTT had assured it that it did not intend to monopolise the trade in Saudi Arabia, but the AMLC added that, as the SLTT expands its operations, its competitors may no longer be able to compete.[34]

12.28 Both Fares and Siba, the other two integrated companies, are maintaining strong positions in the trade despite increased competition and lower profitability.[35]

Barriers to Entry

12.29 Barriers to entry are a standard device used to reduce free competition. SLTT stated:

> 'Saudi Arabia, as far as business is concerned, is a free enterprise market and anyone can establish his own company in whatever areas he sees fit.'[36]

Metro Meat Ltd was asked whether the Middle East was a market with open competition, or whether there was any restriction on dealings in the live sheep market in certain Middle Eastern countries. The response was:

> 'No, there is not. People come to us for supply all the time. There are the main buyers, of course, and there are the opportunity buyers.'[37]

This is in conflict with other evidence the Committee has received.

12.30 The Senior Australian Trade Commissioner at Bahrain, in a communication to the Department of Trade of 7 July 1984, commented that SLTT had already taken 'the dominant position' in the Saudi market. He referred to a regulation, passed four years previously, which stated that only ships built or converted to Saudi specifications would be allowed to discharge in the Kingdom. He added that, although the regulation has not been invoked, invocation may be imminent as SLTT now controlled its own fleet. No other carriers comply with the regulation and its invocation would mean that only Saudi ships could carry live sheep to Saudi Arabia.[38] Subsidies are used as barriers to entry[39], such as subsidies on sheep, carcase, livestock feed, oil bunkers, slaughter and transport. It has recently been decreed in Kuwait that no importer will get the 2.5 dinar subsidy on sheep unless those sheep are imported on KLTT ships.[40] Restrictions on land ownership are also employed.[41]

<u>Middle East Investment in the Trade</u>

12.31 The four integrated companies, three of which are based in the Middle East, are responsible for the purchase of approximately 85 per cent of the sheep available for export.[42]

12.32 The role of petro dollars in the live sheep trade has been fundamental. From 1971 to 1973 and 1978 to 1979 substantial increases in the real price of oil enabled oil producing countries to invest surplus revenue overseas and recycle petrodollars through the massive purchase of goods, services and technology.[43] The Commonwealth Treasury noted that:

> 'the massive revenue from oil produced in the Middle East has generated a significant new market for goods and services as well as creating a new avenue of investment funds for the world's capital markets.'[44]

However, Professor Stuart Harris then Professor of Resource Economics at the Australian National University, noted that the world oil market was very volatile with small changes in supply and demand leading to shortages and gluts which disguised the long-term position.[45] This volatility of oil revenue could have considerable impact on the live sheep trade.

12.33 Middle Eastern interests have invested in export feedlots and have attempted to invest in feedmills but have been prevented by the requirements of the Foreign Investment Review Board. A large percentage of the shipping has been purchased by the proceeds from oil revenues. The interests associated with KLTT have borrowed large amounts of capital from the Kuwait Government to purchase large, obsolete oil tankers and convert them to live sheep carriers at a cost of approximately A$30 million for each conversion. They have also borrowed funds to set up the infrastructure in Kuwait to handle and process the sheep imported from Australia.[46]

12.34 It is reported that Kuwait capital has been invested in Australia. A new pastoral house has been launched in south-east Australia. Challenge Mercantile is 50 per cent owned by interests associated with managing director, Mr Jeff Chapman, and 50 per cent by the Australian subsidiary of the New Zealand Investment Bank, Australian Investment Company, Ltd, (AIC). The AIC, in turn is 49.9 per cent owned by the large international bank, Kuwait Asia Bank E.C.[47] Mr Chapman said:

> 'That this (Kuwait) connection gave Challenge the financial alternative to draw on overseas funds when interest and exchange rates were favourable or when Australian money conditions are tight.'[48]

12.35 He referred to major trading implications for Challenge as Kuwait and Bahrain were also important destinations for Australian live sheep.

Costs to the Meat Processing Industry

12.36 The Australian meat processing industry is heavily labour-intensive and decentralised. The IAC commented:

> 'Meat processing is Australia's major food manufacturing industry ... The industry employs some 39 000 persons, a significant proportion of whom are located in country towns in which the local abattoir is often the major employer and provides the "economic base" for the local community.'[49]

12.37 The meat processing industry has a very large employment multiplier of 3.44, as determined by the Victorian Department of Industry, Commerce and Technology. This compares with the motor vehicle and textile industries of 1.57 and 1.45 respectively, which means that for every $100 of income earned in the meat processing industry, there was employment generated which earned $244 of income for employees in industries that were connected with the meat industry.[50] As a consequence of this, the meat processing industry creates as much employment within Australia as the motor vehicle industry. In addition, the AMIEU argued that it does it at less cost, as the effective rate of assistance to the motor vehicle industry, as estimated by the IAC in 1981-82, was 124 per cent whereas it was six per cent for the meat processing industry.[51]

Abattoir Closures and Unemployment

12.38 It is unclear to what extent the live sheep trade has been responsible for abattoir closures and unemployment in the meat processing industry.

12.39 In 1973 Australia exported 300 000 tonnes of mutton. This included the carcase equivalent of 18 000 tonnes of mutton from the 906 000 sheep exported live. Saudi Arabia and Kuwait imported only 13 000 tonnes (less than five per cent) of which half was from live sheep and half was processed mutton. In 1983 total mutton exports were 240 000 tonnes which consisted of 94 000 tonnes in processed form and the equivalent of 146 000 tonnes (60 per cent) from live sheep. Saudi Arabia and Kuwait had increased imports to 113 000 tonnes or nearly half of Australia's total mutton exported, which consisted of 7000 tonnes of processed mutton and 106 000 tonnes from live sheep.[52]

12.40 The AMIEU produced the following table[53]:

Table 12.1: Slaughter of Livestock 1973 and 1983

AMIEU MEMBERSHIP		SHEEP (MILLION)	LAMBS (MILLION)	CATTLE (MILLION)	CALVES (MILLION)
1973	50,663	16.5	15.6	6.9	1.2
1983	40,953	9.3	16.0	6.5	1.4
Difference	-9,710	-7.2	+0.4	-0.4	+0.2

Source: Evidence, p. S2051.

12.41 The AMIEU argued that this demonstrated that the decline in membership was related to the reduced sheep kill and dispelled the claim that Union membership had declined as a result of the reduced beef kill.

12.42 In 1983 and 1984 40 abattoirs closed in Australia.[54] In NSW 14 abattoirs closed between 1980 and 1984, including six local government works, the upkeep and interest payments of which were costing taxpayers over $5 million per annum. In December 1984 the NSW State Government offered a financial settlement to the local government owners of the abattoirs worth nearly $45 million.

12.43 The AMIEU has claimed that the live sheep trade has directly contributed to unemployment in the meat processing industry since the total number of hours of employment varies almost directly with the number of sheep slaughtered.[55] This is compounded by the problem of profitability of a low throughput. The IAC Report on the Abattoir and Meat Processing Industry commented that:

> 'An abattoir which is designed for a small throughput and is able to operate at full capacity may be able to achieve lower unit costs than the larger abattoir which operates at less than full capacity.'[56]

12.44 The AMIEU argued that the live sheep trade has taken constant numbers of sheep throughout the year. The supply of sheep is seasonal hence the live sheep trade considerably exacerbates the problem of availability of slaughter sheep out-of-season and contributes to diminished profitability. In addition, the live sheep trade takes the heaviest-framed sheep and leaves the meat processing industry with the lighter-framed sheep, which are less profitable to slaughter.

12.45 Profitability of by-products processing is very sensitive to throughput because it is capital intensive and has high fixed costs.[57]

Meat Processing Costs and Offshore Processing

12.46 The Chairman of the Australian Meat Exporters Federal Council (AMEFC), Mr Kevin Bowtell, saw the reason for the closures as overseas competition; the EEC provided subsidies to their abattoirs and made no charge for inspections, whereas in Australia meat exports are taxed and inspection fees charged. He also said that private abattoirs would be prepared to invest to improve facilities to meet EEC and North American requirements.

12.47 The NFF and other producer organisations have blamed the AMIEU for the high cost of processing meat in Australia and the consequential closure of abattoirs. The Cattlemen's Union has recommended offshore processing of meat which, despite extra transport costs, would be cheaper than processing the meat in Australia.[58]

12.48 At the centre of the debate about high processing costs has been the tally system. Under this system, meat workers process a set number of livestock for the day irrespective of the time it takes to complete the tally.

12.49 The Cattle and Sheepmeats Councils of Australia commissioned the W.D. Scott Report into the cost disadvantages in the meat processing industry associated with industrial conditions. It put the indirect and direct costs of tallies to the Australian meat industry at $60 million each year.

12.50 There have been claims that the new Middle Eastern abattoirs have a processing capacity which exceeds domestic demand and that it may be possible for live sheep to be slaughtered in the Middle East and then the carcase exported. The AMLC said it was aware that Kuwait had a 'very big processing system' for imported sheep. It understood that some of these were re-exported in carcase form to Iraq. It was also aware that live sheep were re-exported from Jordan to north Saudi Arabia and from Kuwait to Saudi Arabia.[59]

<u>Value Added Prior to Export</u>

12.51 The AMIEU questioned the view that the live sheep trade had created jobs and that these jobs would decline commensurate with a decline in exports.[60] The AMIEU argued that the carcase trade was more labour-intensive and therefore generated more employment within Australia;[61] that is, value was added prior to export. The policy of adding value prior to export is an important economic consideration. The New Zealand High Commission informed the Committee that:

> 'The New Zealand Minister for Agriculture, the Hon Mr Moyle, has pointed out that the Government favours the principle of adding value prior to export and that the live sheep trade is contrary to this aim.'[62]

12.52 The Australian Minister for Trade, the Hon. J.S. Dawkins, M.P., has commented on the export of primary products and Australian trade policy:

> 'Primary producers must realize that, as they are having trouble selling their goods, Australia can no longer rely exclusively on the export of bulk raw commodities. If we did, we would see our standard of living decline. The composition of our exports has to expand and become more sophisticated if we are to have expanded and improved trading prospects.'[63]

The BAE Analysis of Employment Effects

12.53 The ALEA described as simplistic the view that the live sheep trade had been responsible for the large scale loss of jobs in the meat processing industry and for the dramatic increase in the closure of abattoirs in Australia. It argued that it failed to accept or appreciate evidence to the contrary that there are 'strong and long term' benefits to the Australian community.[64] In support of this argument, the ALEA used the evidence presented in the BAE report, Examination into the Employment Implications of Live Sheep Exports April/May 1978 and a Note on Implications of Restrictions on the Export of Live Sheep to the Middle East September 1981 as well as the IAC report The Abattoir and Meat Processing Industry January 1983. The two earlier BAE reports were summarised and revised in the June 1983 BAE report Live Sheep Exports (Occasional Paper No.

81). The BAE report recognised that the trade had both created and destroyed jobs. In addition, although indirect jobs affected by the trade were not as visible, they should also be considered for a 'balanced assessment of overall employment implications of the trade'.[65]

12.54 The BAE did not consider all multiplier effects, such as the revenue generated in Australia from the processing of the increased volume of carcase, and associated tanning, offal processing et cetera. The BAE explained that it did not consider multiplier effects because:

> 'If you get yourself into the area of attempting to estimate all the effects all the way down the line it becomes an extremely difficult job. In fact, unless you have a general equilibrium model which takes account of all effects such as that in a year, I do not think you can do it adequately.'[66]

12.55 It appears dubious that by-product processing can be isolated as only a multiplier effect. By-product processing is integrated in meat processing in the Middle East.

12.56 The BAE analysed the statistics for livestock slaughter and meat processing employment and concluded that employment decline had been associated 'monthly' with declining cattle kills. The table they used for Australian data is as follows:[67]

Table 12.2: Slaughter of Livestock 1976-77 and 1980-81

	EMPLOYMENT THOUSAND	SHEEP AND LAMB SLAUGHTER MILLION	CATTLE SLAUGHTER MILLION
1976-77	48.20	31.61	11.98
1980-81	39.34	31.97	8.43
Change	-8.86	+0.36	-3.55

Source: BAE : Australian Live Sheep Exports, Canberra 1983, p. 47.

12.57 There was one exception to the BAE conclusion. In Western Australia, the number of sheep exported live represents 'nearly half of the total number of sheep and lambs turned off'.[68] The BAE acknowledged that: 'The live sheep trade would have been a contributory factor to the fall in sheep slaughterings in that state.'[69] That analysis used data current to 1981. In the succeeding four years there has been a significant shift in the volume of sheep exports from Western Australia to the eastern States.

12.58 The AMIEU statistics given in paragraph 12.40 appear to be equally plausible. They are also more recent and cover a full decade instead of the four year time series of the BAE.

12.59 In 1984 the AMIEU commissioned Michael Read and Associates, consultants in agricultural economics, to examine the BAE arguments concerning employment effects of the live sheep trade. The consultants commented that Federal Governments, relying upon policy advice from the BAE and the conclusions of its reports on the live sheep trade, including the 1983 Report, have resisted any intervention in the trade.[70]

12.60 The six major criticisms levelled at the 1983 BAE Report by Read and Associates[71] were:

> '(a) the BAE's discussion about the relationship between number of sheep slaughtered and employment in the industry has been unsatisfactory due to the narrow definition of employment level which has been used;
>
> (b) the BAE have overstated the confidence with which the results of their econometric modelling should be interpreted;
>
> (c) the BAE have not established that there would be a demand for the additional slaughterings which they have predicted;

(d) the BAE have been wrong to assume that any increase in the slaughter of adult sheep would come about mainly by an increase in flock size (hence they have wrongly predicted the impact on slaughterings and wool production); and

(e) the BAE have ignored the decline in beef slaughterings which would to some extent offset increases in sheep slaughterings.

(f) the BAE have ignored the depressing effect of the trade on the profitability of slaughtering those adult sheep which are not exported live.'

12.61 The 1983 IAC Report stated that:

> 'The evidence indicates that there are both short run and long run influences of live sheep exports, all of which could have some effect on slaughter levels. In the Commission's view, an assessment of the overall impact of these factors could only be made after a comprehensive investigation. This would involve the analysis of data and other information not available to the Commission in this inquiry.'[72]

12.62 The problem of abattoir closures and unemployment in the meat processing industry remains. The 1982 Australian Sheepmeat Study Mission to the Middle East, which consisted of trade union, government and producer representatives, recommended:

> 'That the Australian Government advise importing countries that Australia's meat industry workers and processing industry are concerned at evidence of expansion of abattoir, meat processing, skin processing and by-products rendering facilities in the countries visited which were seen as not in Australia's best interests, particularly if the expansion is based upon the presumption

that Australian livestock will be the principal livestock slaughtered as Australian export policies will be directed towards increased sales of processed meats rather than livestock.'[73]