

22 July 2019

Dr Melissa McEwen
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Live Animal Exports Division
Department of Agriculture

By email: NHS2019comments@agriculture.gov.au

Dear Dr McEwen

The Australian Livestock Exporters' Council (ALEC) is a member-based, peak industry body representing Australia's livestock export sector. It sets industry policy, provides strategic direction to the industry 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. All livestock export supply chain participants, including Australian sheep producers, will be significantly affected by any changes to conditions for the export of sheep to the Middle East during September and October 2019. As such, ALEC welcomes this opportunity to comment on the Department of Agriculture's (the department) *Proposed Conditions for Live Exports to the Middle East during September and October 2019* (the Options Paper).

The timeframe given for consultation is extremely short, which is disappointing given the significance of the policy. The Options Paper was released to industry on the afternoon of Friday 12 July 2019, with industry feedback requested in less than six business days – being due at 3pm on 22 July 2019. This has limited industry's ability to consider the proposal adequately, consult with members and provide appropriately considered feedback.

In this regard, we note the *Australian Government Guide to Regulation*, which states,

Transparency can encourage genuine dialogue and build trust in the policy process, but in order for your consultation to be credible and effective, you need to engage with stakeholders in a way that is relevant and convenient for them. You also need to give stakeholders time to consider the information you give them and time to respond

Providing less than six business days for industry to comment would be considered unfortunate, if the Department didn't have a recent track record of instituting similar short consultation timeframes which inhibit stakeholder's ability to constructively participate in regulatory processes. Considering the data used as the basis for the Department's Options Paper was available months ago, production of the Options Paper should have been able to occur weeks, if not months ago, thereby enabling an extended consultation period.

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The inability of the regulator to adhere to the Australian Government Guide to Regulation is becoming chronic and questions must be asked of the organisation's leadership. The Department's haphazard approach to regulation unnecessarily erodes certainty and stability for Australian producers, exporters and international customers. As such, ALEC's advocacy will focus on ensuring the Department meets established governance principles into the future.

Industry self-regulation

The livestock export industry's self-imposed moratorium, which came into effect on 1 June 2019, was developed and initiated by all major exporters trading sheep to the Middle East departing from Australian ports in the months of June, July and August. The moratorium was implemented to address the highest heat stress risk period for voyages and in-market and has been successful in achieving this.

The collective of exporters supporting the moratorium recognised the necessity to:

- protect the welfare of the animals on vessels;
- provide certainty to producers by maintaining and growing a strong, viable nine-month trade in sheep;
- protect the interests of and safeguard food security for those countries heavily dependent on live sheep supplies from Australia; and
- help protect the future of live sheep exports and ensure the trade can continue to be a significant contributor to the Australian economy and rural and regional Australia.

The Department recognised the data underpinning industry's moratorium and regulated accordingly via the *Australian Meat and Live -stock Industry (Export of Sheep by Sea to Middle East) Amendment (Northern Summer) Order 2019* (the Order). However, the Regulation Taskforce could also consider this as regulatory creep, having stated that when self-regulation is working well, there may be no need for any, or more, government involvement.

Regulatory objective not evident

The responsibility of any regulator is to be clear and transparent about the regulatory objective. The current objective of both the Australian Standard on the Export of Livestock (ASEL) and the Heat Stress Risk Assessment (HRSA) is a 2% probability of 5% mortalities occurring on the voyage. The lack of such a regulatory objective in the Options Paper is stark. The Department's regulatory objective, in terms of measurable welfare outcomes, in seeking to prohibit the export of sheep to the Middle East from June to September remains unanswered.

While three options are presented in the Options Paper, Options 1 and 2 are very similar, with the only difference being Option 2 allowing shipments to the Red Sea to commence a week earlier – a minor difference. The commentary surrounding Option 3 means it is obviously unacceptable to the Department, which raises the question as to why the Department included it in the first place. While the difference between Options 1 & 2 are minor, Option 2 does highlight that the Department has recognised that conditions in the Red Sea and the Persian Gulf are significantly different, which is clearly apparent in the data accompanying the Options Paper.



The lack of a regulatory objective makes it difficult to ascertain what the Department is trying to achieve by seeking to implement 2 of the 3 options presented. One would assume that the regulatory objective is animal welfare focused. However, it is important to recognise that the imposition or extension of a trade prohibition is a very blunt regulatory tool. It is disappointing that the Department has so far failed to consider more refined regulatory options that take into account differences in vessels, routes, port and market characteristics, management plans and livestock types. The extremely short consultation process means other stakeholders are unable to prepare and present well researched alternative options.

A threshold temperature is not a regulatory objective

As detailed extensively in submissions to the HRSA Technical Review Panel, ALEC is opposed to the setting of a threshold temperature as a regulatory objective, recognising that welfare is influenced by a range of factors. ALEC is not alone in this view, with Professor Shane Maloney, one of Australia's preeminent experts on the thermal regulation of animals and humans coming to the same conclusion.

It remains unclear whether the Department has used a threshold wet bulb temperature in determining the options contained in the Options Paper, and if so, what temperature was used or whether duration and respite were considered. In terms of duration and respite, analysis by LiveCorp using VOS data, plus an allowance for heat generated by the animals themselves, indicates that it is improbable, except in June, July and August, to encounter two days on a voyage in a row with wet bulb temperatures constantly in excess of 30°C. In June the probability of encountering WBTs in excess of 30°C for 48 hours is 4.7%, in July it is 7.7% and in August it is 12.1%. In all other months, including September and October, it is close to zero.

Data not representative

The data presented in the Options Paper consists of only one spatial location in the Persian Gulf and one in the Red Sea. While one spatial location in regions exceeding 250,000 and 430,000 km² respectively would generally be considered insufficient by most standards, the locations selected are also not representative of destinations for the majority of Australian sheep.

Doha, which is known for its high wet bulb temperatures during the northern hemisphere summer, was chosen to represent the Persian Gulf. However, the majority of Australian sheep are exported to Kuwait in the Persian Gulf, not Doha. Analysis by LiveCorp identified that Kuwait experiences significantly lower wet bulb temperatures during September, compared to Doha. It is therefore reasonable to conclude that not all destinations in the Persian Gulf should be treated similarly, with Kuwait being significantly cooler than Doha in September.

It is also important to note that the Straits of Hormuz and Bab al Mandab are traversed within a short number of hours and as such, should not have a major bearing on regulatory decisions.

Substantial impacts if trade to the Middle East is prohibited in September

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As noted above, the Options Paper commentary makes it clear the Department is only seriously considering two of the three options presented. Both of which seek to implement a prohibition on the export of sheep to the Middle East for all or most of September. The implications of a September prohibition on sheep exports to the Middle East, while distinctly secondary to animal welfare considerations, will have profound impacts on producers, exporters and customers. It is therefore critical that the Department fully justifies any prohibition as the only regulatory option available to achieve its regulatory objective, whatever that may be.

Any assumption that domestic processors can absorb the 140,000 sheep typically exported from Western Australia in September without major impact is farcical. The Sheep Producers Australia submission to the Options Paper clearly describes the significant impact on producers a September prohibition on sheep shipments (continuing the prohibition for June to August) would incur. In short, an increase of almost 40% in supply to domestic processors can only have significant downward pressure on prices received by producers.

Australia's reputation as a reliable supplier of healthy sheep that meet customer preferences is already under significant strain. Extending the prohibition for all or most of September will not only impact Australian producers, exporters and related businesses, but also Australia's overseas customers. Such an outcome would also be expressly opposed to the reassurances former Minister for Agriculture and Water Resources, the Hon. David Littleproud gave to Australian exporters and customers in Kuwait, Qatar and the UAE last year. ALEC agrees with the concerns raised in the LiveCorp submission to the Options Paper on the flow on impact to both exporters and customers in the Middle East.

Implementation of reduced stocking densities needs to be considered

ALEC understands that the data obtained from shipments undertaken in May would be used by the Department to inform its future decisions regarding exports to the Middle East during the northern hemisphere summer. ALEC questions whether the Department has used data from May in forming the Options Paper. Advice received from the Department, exporters and vessel owners indicates that excellent animal welfare outcomes achieved during May shipments.

The introduction of reduced stocking densities as part of the implementation of the revised ASEL from 1 May 2019 has contributed to the overall animal welfare performance in May 2019. This reduced stocking density will be in place in September and October this year, in part making the historical mortality levels used by the Department in the forming the options contained in the Options Paper obsolete.

Recommendation

ALEC strongly supports the analysis undertaken by LiveCorp and notes that it has uncovered substantial questions over the options presented by the Department. Again, with more time further analysis could have been conducted.

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Taking this into consideration and following LiveCorp's review of the Bureau of Meteorology data underpinning the graphs contained in the Department's Options Paper, ALEC and its members strongly recommend the following alternative option to those presented in the Options Paper:

1. Reaffirm the industry led moratorium for sheep exported to **Red Sea destinations** for June, July and August, allowing vessels to depart Australia from 1 September.
2. Revise the industry led moratorium to prohibit the departure of vessels exporting sheep to **Persian Gulf destinations** until 15 September.

In making these recommendations, ALEC proposes additional conditions for sheep exported from Australia in September 2019, that are easily regulated, to ensure acceptable animal welfare outcomes are achieved. These are:

- Sheep exported from Australia in September 2019 must only be sourced from Western Australia (Zone 3 acclimatised sheep)
 - Sheep sourced from other parts of Australia will be acclimatised to cooler temperatures and may present increased animal welfare risk if they were to be exported to the Middle East in September 2019.
- Sheep eligible for export from Australia in September 2019 must meet exporters quality standards and be of export body condition forward score 2+, and restricted to the following classes:
 - Born 2016, up to 38 months of age, in a weight spread of 50 – 60 kg live weight;
 - Born 2017, 24 – 28 months of age, in a weight spread of 42 – 60 kg live weight; and
 - Born 2018, 12 – 16 months of age in a weight spread of 36 – 50 kg live weight

These additional conditions will ensure sheep sourced for export in September 2019 to the Middle East are appropriately acclimatised and not too young or too old and heavy (fat), significantly mitigating the risk of heat stress.

I would welcome further engagement with the Department on this issue as our members urgently require regulatory certainty leading into the northern hemisphere autumn. Please do not hesitate to contact me on 0428 776 626 or at deputyceo@livexcouncil.com.au should you have any questions.

Yours sincerely



Alastair James
Acting Chief Executive Officer
Australian Livestock Exporters' Council