

4 November 2019

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Dear Dr McEwen

The Australian Livestock Exporters' Council (ALEC) is a member-based, peak industry body representing Australia's livestock export sector which contributes over \$1 billion in export earnings annually while employing 13,000 mainly regional Australians. ALEC 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.

ALEC appreciates the opportunity to provide comment on the Department of Agriculture's (the department) *Middle East sheep exports policy options discussion paper* (the discussion paper) and the associated impacts of the proposed policy options.

*The importance of the livestock export industry to Australian agriculture and the economy*

According to market intelligence company Mercado, over \$620 million of revenue from live cattle exports is returned to the farm gate, representing around 50 per cent of total revenue. Live Cattle exports are valued at \$1.2 billion, representing 13 per cent of the total cattle industry value. The live cattle industry also sustains approximately 10,000 full time jobs.

Of more relevance to the discussion paper is a similar report prepared by Mercado, which recently found that the average value of Australia's Live Sheep exports from 2014-18 is \$220 million per annum. Almost half of the revenue earned from the live sheep export trade is retained on-farm and is estimated to have averaged \$100 million per annum over the last five years. Western Australia is the largest exporter accounting for 82 per cent of all sheep exports, representing nearly 30 per cent of annual sheep and lamb turn off.

This indicates that the live export sector plays an integral role in underpinning price, which assists in growing the overall value of the sector. Many chilled and frozen markets have been established off the back of the live export industry's initial presence, providing a pathway for chilled and frozen exports.

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There are also significant other benefits of the trade beyond economic:

- Some countries do not produce enough livestock to feed their population and as a result they rely heavily on Australian livestock for their food security and in some cases, social harmony.
- Processing animals locally, for some nations, is often cheaper than buying boxed or chilled meat slaughtered in Australia, which is a high input cost industry compared to its global competitors.
- Religious requirements, particularly around festival times, dictate the local slaughter of animals (under Australian controlled conditions where Australian animals are involved).
- International processors prefer to use not just the meat, but the entire animal for different products.
- The export of livestock supports a wide range of consumers and different market segments that live animals processed locally are most suited to (for example, wet markets).
- Exporting livestock strengthens breeding and herd numbers with quality genetics and aids many developing countries in achieving self-sustainability goals.
- Australia's live exports support the development of a local processing sector in developing countries.
- Live export supports public policy programs to increase meat and dairy consumption and the endeavours of importing countries to provide food security.

Over 100 countries export live animals with Australia internationally acknowledged as having the highest export standards in the world. Indeed, through the Livestock Global Assurance Program (LGAP) which is an initiative of the Australian industry, a global standard will be set for live animal exports.

Australia's increased efforts to help improve animal welfare is recognised as contributing to wider social and ethical change, better treatment of local livestock, improved worker safety and better meat quality. This positions the sector as a key driver of animal welfare improvements globally.

#### *Options contained in the discussion paper*

ALEC notes that the discussion paper is the first stage in the Regulation Impact Statement (RIS) process. The discussion paper proposes the following four policy option ideas for sheep exports to, or through, the Middle East during the northern summer from 2020 onwards:

1. Three month prohibition—Conditions under the Middle East Order apply for the northern summer months and industry continue to use the existing HSRA model or agreed animal welfare indicators.
2. Apply the 2019 prohibition period—Conditions under the Middle East Order apply for the northern summer months. The department would remove the requirement for a HSRA on live sheep export voyages to, or through, the Middle East.
3. Adopt a revised HSRA model with risk settings based on heat stress thresholds or agreed animal welfare indicators.
4. No prohibition—live sheep exports to, or through the Middle East would be permitted 12 months of the year. Conditions under the Middle East Order apply for the northern summer months and industry continue to use the existing HSRA model.

ALEC also notes that the department has invited feedback on alternative policy ideas from stakeholders for consideration. The livestock export industry is grateful of this consideration as it does not support any one option provided in the discussion paper in isolation and is of the view that an Option 5 is necessary. The below explains the rationale for this approach and concludes with a recommendation for the department to carry forward through the RIS process.

### *Industry led moratorium*

The livestock export industry's self-imposed moratorium, which came into effect on 1 June 2019, was developed and initiated by all 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.

In announcing the moratorium, ALEC Chairman, the Hon. Simon Crean is quoted as stating, "June to August sheep exports to the Middle East are worth \$55 million per annum, so the moratorium will, without any doubt, impact farm gate returns. But this decision shows the genuine care exporters have for livestock – values we share with producers – and our commitment to the industry's future."

The industry-led moratorium has unequivocally delivered improved animal welfare outcomes and proven the livestock export industry's unwavering commitment to the sustainability of the industry. Animal welfare is and remains the livestock export industry's key priority.

In the departments consultation on the *Proposed Conditions for Live Exports to the Middle East during September and October 2019*, ALEC supported an industry led moratorium on sheep exports to the Middle East from 1 June to 30 August for Red Sea destinations and 1 June to 14 September for Persian/Arabian Gulf destinations. This effectively describes the mortality-based risk-setting agreed on and adopted by the livestock export industry.

It is broadly recognised, however, that moratoriums or regulator-imposed prohibitions are blunt regulatory tools that, while capable of achieving desired animal welfare outcomes, lack the flexibility to incentivise investment in capability and technology which could lead to further improved animal welfare and commercial outcomes. The livestock export industry has therefore been seeking to identify mechanisms that could be implemented that achieve the same or greater animal welfare outcomes, while providing improved

flexibility to incentivise future investment in capability and technology. Such a mechanism is discussed later in this submission.

#### *Heat stress risk assessment model*

One of the recommendations from the investigatory reports on the voyage of MV Becrux in 2002, where a high number of cattle deaths occurred due to heat stress, was that industry “*as a matter of urgency [develop] a computer-based system to assess and manage [heat stress] risks*”<sup>1</sup>.

Industry acted rapidly on this recommendation and commissioned Maunsell Australia to develop a heat stress risk assessment (HSRA) model for voyages to the Middle East with the work completed in December 2003<sup>2</sup>. The model has been progressively updated over time as software enhancements were needed and new information came to light. The latest developed version is Version 5.

The HSRA model represents ground-breaking research. When devised in 2003 it was the first attempt, and is still the only attempt, to place within a coherent risk framework most factors shown to have been relevant live export mortalities due to heat stress. To ALEC’s knowledge, in terms of heat stress analysis, the degree of sophistication in the HSRA model has no equal.

The HSRA model has succeeded in its primary objective: to reduce live export mortalities due to heat. Mortalities due to heat stress have fallen for both cattle and sheep. Importantly, the HSRA model allows outcomes to be directly referenced by regulation (i.e. an outcome related to minimising mortalities on a live export voyage). As ALEC has referenced numerous in previous submissions on this topic, good regulations directly reference an outcome rather than inputs to achieve an outcome.

#### *Mortalities have fallen since HSRA was introduced*

Since the implementation of the HSRA model there has been a significant reduction in livestock mortality rates (see Figure 1). The rate of mortality for sheep during live export has been decreasing, from around 2.5% in the mid 1990’s, to less than 1.0% in 2011<sup>3</sup>.

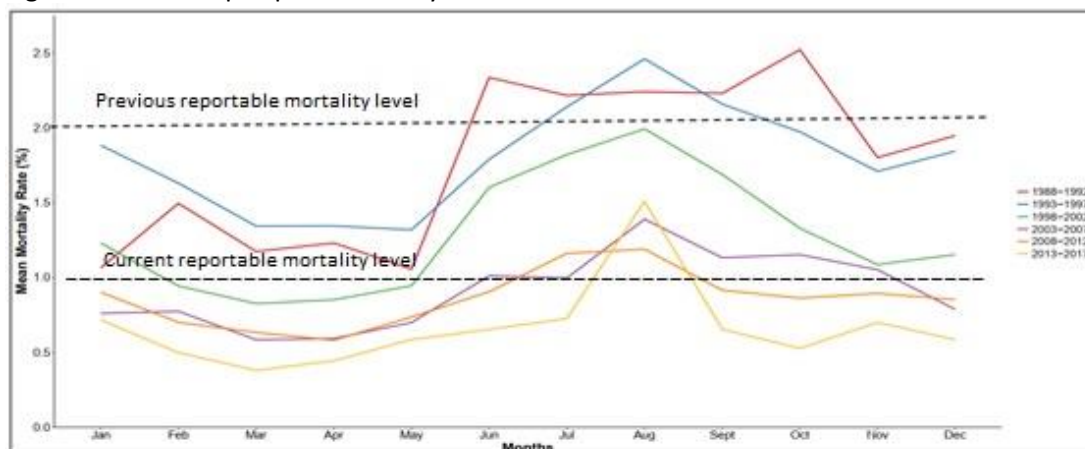
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<sup>1</sup> More, S., 2002, op. cit.

<sup>2</sup> Maunsell Australia Pty Ltd, 2003, Development of a heat stress risk management model, *Final Report for Project LIVE.116*, Meat & Livestock Australia, Sydney, December

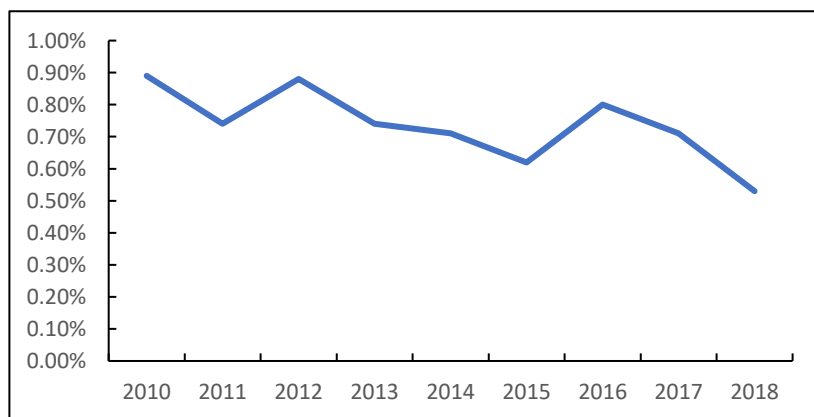
<sup>3</sup> Norris, R.T. & Norman, G.J., 2012, *National livestock export industry shipboard performance report 2011*, Meat & Livestock Australia, North Sydney.

Figure 1: Live sheep export mortality rates 1988-2017



The introduction of the industry led moratorium on sheep exports to the Middle East during the northern summer in 2018, in conjunction with the introduction of allometric stocking rates during the shoulder periods in May 2019 has led to continued declines in the rate of mortality. A mortality rate of 0.53% was achieved in 2018<sup>4</sup> (see Figure 2), coinciding with a reduced reportable mortality level of 1%, from 2%.

Figure 2: Live sheep export total mortality rates 2010-2018



The HSRA model has undoubtedly played a large part in this outcome, but it is recognised that there have also been other contributing factors such as the introduction of ASEL, changes to Marine Order 43, improvements in vessels, management practices and changes to the livestock types exported.

<sup>4</sup> <http://www.agriculture.gov.au/export/controlled-goods/live-animals/live-animal-export-statistics/reports-to-parliament>

### *Animal welfare indicators*

ALEC supports a move to risk assessment based on measures of animal welfare rather than mortality, as has historically been the case. This is a challenge the industry has embraced and will continue to work hard to achieve. To this end ALEC is strongly supportive of the animal welfare indicator research being undertaken and funded by LiveCorp. However, before animal welfare indicators can be used as an effective and appropriate regulatory measure, significant research must still be undertaken to further understand the diverse range of reactions animals have to changing conditions, including heat stress, and how these can usefully and consistently be interpreted. It is for this reason that ALEC does not support the outcomes of the Final report by the Heat Stress Risk Assessment Technical Reference Panel<sup>5</sup> as they are not implementable or appropriate.

ALEC continues to support ongoing progress towards an innovative and proactive regulatory solution for the industry managing heat stress on voyages to and through the Middle East, considering the available science, best management practices and practical observations. Seeking to arbitrarily regulate one or some of the diverse range of reactions animals have to changing conditions at this stage is inappropriate. Therefore, while animal welfare-based indicators are unable to be a solution in the short-term, they can and will be in the longer term.

### *Implementation of reduced stocking densities needs to be considered*

Advice received from the Department, exporters and vessel owners indicates that excellent animal welfare outcomes were achieved during shipments made in May 2019. This is further evidenced through the very low mortalities on these voyages. The introduction of reduced stocking densities as part of the implementation of the revised ASEL from 1 May 2019 has contributed to improvements in overall animal welfare performance. This reduced stocking density has also been in place since sheep exports to the Middle East recommenced on 23 September this year with similar improved animal welfare performances being reported by our members.

The livestock export industry's support for this reduced stocking density to be in place from May to October is ongoing, ensuring that acceptable animal welfare outcomes and record low mortality levels continue to be achieved.

### *Recommendation – Option 5*

As noted earlier in this submission, the livestock export industry's agreed mortality-based risk setting aligns with the current industry policy of a moratorium on sheep exports to the Middle East from 1 June to 30 August for Red Sea destinations and 1 June to 14 September for Persian/Arabian Gulf destinations.

ALEC therefore recommends the following alternative policy option that incorporates parts of the four options provided by the department, and which allows each voyage to be assessed on the risk associated with that consignment of livestock, vessel, origin, route and destination and timing:

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<sup>5</sup> <http://www.agriculture.gov.au/SiteCollectionDocuments/biosecurity/export/live-animals/hsra-technical-panel-final-report.pdf>

**In recognition that moratoriums or regulator-imposed prohibitions are blunt regulatory tools, the livestock export industry is of the view that the same or greater animal welfare outcomes could more sustainably be achieved through revision to the HSRA model. This would deliver a science and risk-based approach that removes the need for a moratorium or prohibition, while preserving and reinforcing the animal welfare improvements made under the industry led moratorium.**

**To achieve this, revision of the existing HSRA model is necessary to align with the current industry agreed mortality-based risk settings which led to the development and implementation of the livestock export industry's self-imposed moratorium.**

**ALEC and our members commit to working closely with LiveCorp to achieve implementation of the revised HSRA by March 2020. If this timeframe is not met, the existing industry led moratorium on sheep exports to the Middle East from 1 June to 30 August for Red Sea destinations and 1 June to 14 September for Persian/Arabian Gulf destinations is to be retained as an interim measure until the revised HSRA is available, agreed to and implemented.**

ALEC and its members appreciate the opportunity to comment of the discussion paper and expect that the feedback provided will assist the department in implementing sensible, science and risk-based regulatory oversight of sheep exports to the Middle East.

Regards,



Mark Harvey-Sutton  
Chief Executive Officer  
Australian Livestock Exporters' Council