



07 June 2018

Mr Phillip Moss AM  
Department of Agriculture and Water Resources  
GPO Box 858  
CANBERRA ACT 2601

By email to: [lae.review@agriculture.gov.au](mailto:lae.review@agriculture.gov.au)

Dear Mr Moss

**Submission: Review of Live Animal Exports Regulatory Capability and Culture**

MLA has been invited to and below makes a submission into the *Independent Review into the Regulatory Capability and Culture of the Department of Agriculture and Water Resources in the Regulation of Live Animal Exports* commissioned by The Minister for Agriculture and Water Resources, the Hon. David Littleproud MP.

MLA notes the review will:

- assess the capability, powers, practices and culture of the Department of Agriculture and Water Resources (DAWR) as regulator of live animal exports in providing assurance to the government and the Australian community that our nation's high standards and regulations for animal welfare are being met.
- make recommendations on any improvements to regulatory and investigative performance to ensure persons involved in the live export trade are compliant with regulations and maintain high standards of animal welfare, and the department is a trusted regulator of the live animal exports trade.

MLA has not provided comments on each of the terms of reference nor has it commented on areas that are outside MLA's remit, or involve government policy. MLA, as a service company, does not have remit to advocate or lobby for legislative, policy or regulatory change, nor is it responsible for industry compliance or structural responses by the government and its departments. Thus, MLA provides this submission as general commentary and observations in relation to the scope of the review, how MLA interacts with DAWR and to advise on the outcomes of R&D undertaken within its Live Export Program (LEP) that may be used to inform industry and government on amendments to standards and regulation.

## **1. Background**

Meat and Livestock Australia Limited (MLA) is a producer-owned, not-for-profit organisation that delivers research, development and marketing services to Australia's red meat and livestock industry. Working in collaboration with the Australian Government and wider red meat industry, MLA's mission is to deliver value to levy payers by investing in initiatives that contribute to producer profitability, sustainability and global competitiveness.

MLA was established in 1998 as a public company limited by guarantee, following the merging of two industry statutory organisations – the Australian Meat & Livestock Corporation and the Meat Research Corporation. MLA is the declared industry marketing body and the industry research body under sections 60(1) and 60(2) of the *Australian Meat and Live-stock Industry Act 1997* (AMLI Act).

MLA delivers research, development and marketing services to Australia's cattle, sheep and goat producers. The prosperity, sustainability and global competitiveness of Australian Livestock producers is core to MLA strategies and programs. The wellbeing and health of animals is paramount for Australian producers and our industry. MLA consistently advocates for best practice animal welfare standards in Australia and OIE international standards in export markets. Livestock export markets represent an important sales avenue for many producers and the trade requires a robust, effective and efficient regulatory framework that can deliver animal welfare outcomes that are in line with producer and community expectations.

To support the livestock export trade MLA invests in the LEP which is jointly delivered by MLA and LiveCorp. The LEP activities supports the growth, productivity improvements and sustainability of the livestock export industry through the delivery of risk mitigation strategies and extension and adoption of best practice livestock management. A core function of the LEP is its R&D program which delivers research that underpins the program's objectives.

MLA acknowledges the value and importance of ensuring a strong culture of compliance in the livestock export trade, which fosters ongoing government and community support. For the sustainability of the trade, it is also essential to maintain and further develop a strong, capable and efficient regulator with the framework, expertise and resources to deliver effective and targeted compliance management.

## **2. Regulatory environment**

While the scope of the review only references the Australian Standards for the Export of Livestock (ASEL) MLA provides its comments in the context of the entire supply chain post-departure from Australia. That is, MLA's submission reflects opportunities that exist under both ASEL and ESCAS legislation, acknowledging the importance of extending welfare improvements post-discharge, including at destination ports, feedlots and abattoirs.

The live export trade operates in an inherently difficult regulatory environment, with cross-border complications and the challenge of gathering evidence of performance and non-compliance on foreign registered vessels and in foreign countries. There appears to be strong dependency upon external sources for information based on minimum reporting

criteria set out in ASEL (eg daily reporting forms). Historically, many live export investigations relate to off-shore environments and events occurring outside Australia's sovereign border, which in our view limits the scope and capacity for DAWR to properly undertake such investigations. When non-compliance has occurred, government investigations have relied on these external sources and the limited data that is collected.

Without a physical presence on the vessels and monitoring in-market, there appears to be significant reliance upon operatives within the supply chain for accurate information. Industry also relies upon the diligence of its staff and contracted AAVs on vessels to accurately report ASEL and ESCAS non-compliance. The veracity of this process to deliver reliable and accurate information without compromise has been questioned by the trade's critics and presents a challenge for the government in terms of compliance monitoring and enforcement. The recent addition of an independent observer on board vessels appears to be an effective way for the regulator to understand the conditions on board vessels.

MLA's concern is that should the effectiveness of current welfare regulatory powers lack the capacity to regularly and properly monitor and enforce requirements, there is a risk that supply chain participants will discount the capacity of the legislation to impose a consequence. Whilst ever the regulated feel they are not effectively regulated, the risk of non-compliance will remain high. In these circumstances it would appear that the government would benefit from greater line-of-sight of voyage performance, in part through real time monitoring to demonstrate adherence to ASEL legislation.

With respect to the ESCAS regulations and its application in overseas markets, industry has recognised the challenges in administering Australian Government legislation in overseas countries which places the responsibility on Australian exporters to maintain control and traceability of livestock to the point of slaughter and to ensure measurable animal welfare outcomes in-market.

As part of its aim for continual improvement, industry initiated research to develop a QA program, complemented by a risk assessment component, to support the live export industry in aspiring to implement best practice and consistently achieving ESCAS compliance through the supply chain. This review considered other industries regulatory requirements and successful QA models.

The Livestock Global Assurance Program (LGAP) has been designed to provide assurances that animals continue to be treated in accordance with the ESCAS Animal Welfare Standards for Australian livestock from discharge up to and including the point of slaughter. LGAP is not proposed to be a form of self-regulation and is not intended to dilute ESCAS which remains an ongoing regulatory framework for livestock exported from Australia. Rather, LGAP has been developed to strengthen the assurance sought but not necessarily delivered through ESCAS and strengthen the commitment, oversight and management of welfare more proportionately at each point along the supply chain through Operators (ie exporters and importers) and Facilities (ie feedlots, farms and abattoirs) many of which do not have an Australian connection.

This type of full system QA approach has the capacity to deliver acceptable animal welfare outcomes along the supply chain. The benefits of the QA approach have been highlighted in the LEP LGAP research project and include:

- a more consistent, transparent and clear means of demonstrating compliance;
- more efficient administration, particularly in respect to audit coordination and management;
- fair and consistent treatment of nonconformities based on the principles of natural justice;
- greater confidence and impartiality in the audit process and more consistent and constructive audit outcomes;
- more immediate visibility into and thorough management of nonconformities;
- more proportionate distribution of responsibility and accountability through the entire supply chain;
- more direct consequences for those not conforming with the requirements;
- a clear pathway and recognition for operators which seek to perform over and above the regulation

### **3. Change in approach**

MLA notes that the McCarthy Review has recommended a fundamental change in the way industry should view animal welfare measurements, moving away from using AAV reported mortality as an indicator of animal welfare and to welfare indicators directly. The LEP is currently undertaking a major research project in this area which will inform and direct welfare indicator benchmarks which could be adopted by industry as best practice or could be considered within a regulatory framework. MLA is strongly supportive of the development of welfare indicators to increase the level of understanding of welfare physiology as well as enhancing alignment with welfare compliance regulation. The implementation of welfare indicators presents a genuine opportunity to improve trade transparency and to guide better practices and procedures to more effectively manage livestock health and welfare, particularly heat stress. Moving from the blunt tool of mortality rate to assessment of welfare indicators based on practical, science based measures has the capacity to inform and improve the effectiveness of regulation and animal welfare outcomes.

Historically, Government investigations have previously been limited to reportable incidents based on mortality rate, which have potentially omitted consideration of the welfare of animals on shipments that have not exceeded the investigation threshold trigger of 2% mortality. The new regulatory environment using welfare indicators should also allow the capture of additional data, creating increased opportunity for analysis and improvement of factors such as property of origin and line affects on animal welfare. Improved data collection will allow Government greater insight into conditions on board vessels and the impact they have on animal welfare – far greater than mortality rates as have been provided in the past. MLA considers this to be a positive development for both industry and government.

#### **4. Implementing R&D into standards and legislation development**

The LEP R&D program has covered a complex array of issues spanning the past 15+ years in the important areas of on-board mortalities, heat stress management, stocking density guidelines, salmonella / inanition management and in market heat research. This research has previously informed, industry tools, policy development and regulatory standards and will continue to do so. Industry remains open to discussion on existing and future research projects and the portfolio balance to ensure priority areas are adequately supported.

Projects that are currently planned and/or being conducted are:

- determining reliable and repeatable Indicators of animal welfare
- conducting scientific research into stocking densities to understand animal needs and behaviours to inform policy and industry improvements that are fundamental to the safe transit of animals, their welfare and the economic outcome of the voyage
- research into bedding and ammonia management to develop practical and predictable tools and interventions to identify and manage risks
- Ongoing monitoring and evaluation of the HSRA (Hotstuff) Model

#### **5. MLA and DAWR working relationship**

There is a strong and effective working relationship between MLA and DAWR live export division staff. For many years, the MLA staff have successfully worked alongside government officers to ensure regulatory approaches and policies are based on practical, evidence based information. MLA prides itself on being a supplier of timely and factual information that underpins trade awareness and understanding. As an industry research and marketing service provider, MLA has consistently undertaken activities that support both industry and government initiatives.

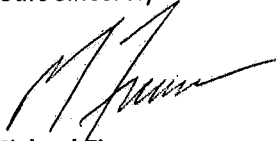
With resources in overseas markets, MLA has worked closely with DAWR Agriculture Counsellors, sharing information of the trade with the objective of transferring knowledge and expertise. Market access has been a key area of involvement, with both MLA and DAWR Counsellors working cooperatively to facilitate trade access and to minimise barriers to trade. In addition to this MLA has worked closely with the government to communicate the Australian regulatory requirements to overseas customers. MLA staff have worked closely with the Agricultural Counsellors to communicate to overseas customers (governments and commercial partners) about the Australian government regulatory requirements and the importance of animal welfare outcomes through the supply chain. This communications platform has been a strength in delivering long term industry outcomes. MLA strongly supports the recent budget announcement that extend five of the Agriculture Counsellors positions and puts in place six more positions.

Another key successful relationship has been through the Protocol Committee, which brings together industry and government representatives to work towards improved market access for Australian livestock. This Committee has been a successful platform for close industry – government cooperation towards a common goal. It combines government scientific and health protocol policy expertise with the commercial knowledge and experience of industry

to set market priorities and to settle upon agreed protocol negotiation positions to take to overseas trading partner governments.

In summary, MLA recognises the importance of the livestock export trade as a key sales avenue for many producers. It also recognises the need for Government to have an appropriate and effective regulatory framework whereby the department has suitable oversight of the live export industry to deliver acceptable animal welfare outcomes. The McCarthy review and the change in approach from mortality measures to welfare indicators is strongly supported by MLA. This change should be supported by science which recognises and considers the unique nature of the livestock export supply chain. The shift will also allow the industry to provide the government and the community with a greater insight into the welfare of livestock through the supply chain. MLA looks forward to continuing to work closely with DAWR in support of its regulatory role, to discuss and collaborate on further R&D and to assist in implementing outcomes into future regulation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Finucan', written over a faint horizontal line.

**Michael Finucan**  
**General Manager**  
**International Markets**