

8 June 2018



Mr Philip Moss
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Dear Mr. Moss

Review of Live Export Regulatory Capability and Culture

Thank you for the opportunity to provide a submission into the Review of Live Export Regulatory Capability and Culture. Sheep Producers Australia (SPA) is the peak industry organisation for sheep and lamb producers. It works to enhance the industry's productivity, profitability and sustainability.

Australian sheep producers have earned a reputation as world leaders in relation to their welfare practices and support the strong regulatory systems in place to ensure these high levels are maintained. The livestock industry is recognised by the World Organisation for Animal Health (OIE) as the leading global trader of 100 plus exporting countries for its regulatory framework. However, the Australian sheep and wool production sector only supports a modern, safe and humane live sheep export trade which is fully and transparently regulated.

SPA has been a strong supporter of the live export trade and the economic benefits it brings to the sheep industry. The sector expects however, that at all times, sheep must be treated in accordance with stringent regulation and therefore supports the review of the Australian Standards for the Export of Livestock (ASEL) and improvements to the Exporter Supply Chain Assurance System (ESCAS) where deficiencies are identified to ensure they are fit for purpose in meeting both industry and the community's expectations.

Following the recent issues surrounding the export of sheep to the Middle East, SPA strongly supports all reviews recently announced by Minister Littleproud into these events, the welfare standards under which sheep were managed during these voyages and the assessment of the capability, powers, practices and culture of the Department of Agriculture and Water Resources (the department), as regulator of live animal exports.

Since these issues were brought to light SPA has invested significant resources into ensuring the live sheep export industry continues, albeit with significant improvements to the conditions under which these animals are shipped. SPA fully supports the recommendations from Dr Michael McCarthy's *Independent Review of Conditions for the Export of Sheep to the Middle East During the Northern Hemisphere Summer*. It is largely through the lens of these events that SPA provides the following comments into the Review of Live Export Regulatory Capability and Culture.



The Australian Position Statement on the Export of Livestock¹ (the Position Statement) states *The Australian Government is responsible for export policy, regulation of the live export industry, including licensing livestock exporters, inspection and health and welfare certification of livestock for export, and issuing export permits and health certificates. This includes ensuring exporters, operators of registered premises and accredited veterinarians comply with the Standards.*

Under its legislation, the Australian Government is also responsible for the development of the Standards and ensuring the effectiveness of the Standards in achieving their aims of acceptable animal health and welfare outcomes by regular review that involves stakeholders².

The Keniry Review³ highlighted the responsibility of the Australian Government for safeguarding the broader animal welfare interests of the Australian community in the export process by setting clear standards for the export of livestock, administering them firmly and consistently, and ensuring governance and reporting arrangements during the export process were transparent.

However, following the federal election in September 2013, the incoming LNP Government policy agenda focused on; less prescription, outcomes focussed, reduced regulation, streamlined export certification and lower government costs. In recognising this, the Minister was advised to progress ASEL as part of the other live export reform priorities, noting the direction of the ASEL review was not consistent with the Government's priorities to reduce regulatory burden⁴.

The continued emphasis on industry self-regulation has seen:

- removal the requirement for a Memorandum of Understanding (which set out the conditions under which the live trade can be undertaken, including assurances that animals be unloaded on arrival, regardless of the results of an initial animal health inspection) to be in place with any new live export market
- streamlining the export certification process to require that exporters submit ESCAS applications for each new export market rather than for each consignment; and,
- the introduction of new risk-based auditing requirements⁵.

Australia's live animal export industries depends on support of communities or its "social licence to operate" which relies heavily on trust of the regulatory structure that governs the activities of the industry. The development of the modern live animal export trade has been accompanied by continuing and significant public and veterinary concern for the health and welfare of transported livestock while the winding back of regulation and reduction in the capacity of the department as the regulator has resulted reports of regulatory breaches continuing to occur.

Section 7.1 of the Position Statement prescribes that the outcome of each live animal export consignment must be reported by the exporter to the Australian Government. Following

¹ Australian Position Statement on the Export of Livestock

² Australian Position Statement on the Export of Livestock

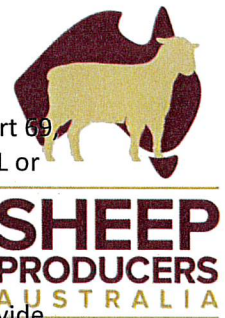
³ Livestock Export Review 2003

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https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1617/Chronology/LiveExport.#_ftn35

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https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1617/Chronology/LiveExport.#_ftn35



SPAs review of the Mortality Investigation Report 65 and Mortality Investigation Report 69 SPA considers that, as the regulator, the Department has not effectively enforced ASEL or reported in an accurate and meaningful way on the outcomes of investigations into mortalities to ensure ongoing improvement to animal welfare standards and bring transgressors to account.

SPA considers that the regulatory powers, as described in the Position Statement, provide adequate guidance and powers to the Australian Government in regulating the live export industry. As an organisation that has relatively little insight into the machineries of the department, acting on behalf of the Australian Government, SPA can to some degree, only speculate on the commitment and capacity within the department to fully utilise these regulatory powers. However, the significant disparity between the department reports (65 and 69) from these investigations and subsequent footage of dead and dying sheep on export vessels, suggests there is either poor reporting of incidents by the exporter, poor investigative capability or commitment within the department, a politically expedient whitewash of available evidence or a combination of the above.

SPAs experience in dealing with and working in Australian Government departments suggests a poor culture of responsibility and accountability, bogged down by a hierarchical bureaucracy, lineal and rigid in its management and processes.

The Exporter Supply Chain Assurance System Report⁶ considered that the types of conditions that can be applied to address problems within a supply chain are limited and found instances where exporters had not provided information in a timely manner to assist in the completion of an investigation.

The report found that non-compliance with ESCAS is inherently difficult to manage and, whilst in some cases the department was unable to record non-compliance, there are instances where the department identified poor animal welfare or handling of Australian livestock or livestock outside of approved supply chains but could not determine the exporter. This, despite concerns raised by exporters about the departments consistency in applying non-compliance ratings of minor, major or critical and in how it applies regulatory actions.

The report also found ESCAS an administratively burdensome regulatory arrangement for both government and industry. However, the report fails to in any way address or make recommendations on possible improvements to the regulatory capability or capacity of the department in administering the live animal export supply chain to improve either ESCAS or the departments investigative and enforcement capability.

The department initiated a review of ASEL in 2012 to implement recommendations from the Farmer Review, 2011⁷. This Review found that standards need to be clear, essential (causally related with mortality or otherwise scientifically based), consistent and verifiable. Ongoing feedback and review processes need to be clarified and strengthened and roles and responsibilities of bodies engaged in monitoring and enforcement of ASEL and related welfare standards needed to be clarified and formalised. In addition, accountability for shipboard welfare needs to be better defined.

The Farmer Review noted (Recommendation 6) the ASEL review should *inter alia* examine the policy on export of sheep from southern ports to the Middle East in winter months, with a view to:

- mitigate feedlot and shipboard losses in adverse weather conditions

⁶ Exporter Supply Chain Systems Report, January 2015

⁷ Independent Review of Australia's Livestock Export Trade



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- mitigate losses from heat stress and inanition during the voyage.

The Australian Government agreed or agreed-in-principle to all 14 recommendations of the Farmer Review as part of its announcement of changes to the livestock export trade. A Government / industry / stakeholder steering committee was formed to review ASEL. The committee delivered its final report in May 2013, which included 13 unresolved issues on which animal welfare organisations and industry could not agree.

Contentious issues related to the export of live sheep included:

- Reducing reportable mortality rates
- Departmental discretion to approve the sourcing of lambs and goat kids for export by sea
- Time off shear prior to export by sea and departmental discretion to approval the shearing of hair sheep
- Minimum time sheep, goats, cattle and buffalo must remain at registered premises prior to export by sea
- Stocking densities in registered premises
- Requirements for accredited veterinarians on sea voyages
- On board stocking densities for cattle, buffalo, sheep and goats
- Provision and management of on board bedding.

It was intended that the 13 unresolved issues would be addressed through a regulatory impact statement (RIS) process following the release of the steering committee's final report. SPA understands that it was only through industry pressure from the Australian Livestock Export Council that finally initiated the latest review of ASEL. While reforms of ESCAS have been ongoing, successive governments have been complicit in underestimating community concerns about animal welfare and negligent in modifying the regulatory parameters that reflect community expectations and implementing standards more reflective of the outcomes of research and development.

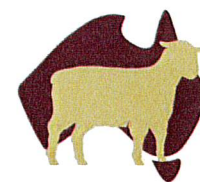
Earlier reviews have identified the factors leading up to reviews in 1999, 2002 and the Keniry Review in 2003. Scrutiny of the reports and recommendations arising from these reviews does not provide detailed science-based evidence to support the wording of the current ASEL. There are a number of gaps in the understanding of factors that are influencing adverse welfare outcomes. Some of these have been identified in mortality investigation reports and in other reports⁸. The Farmer Review noted that ASEL could have a stronger focus on outcomes rather than inputs, potential roles of audits and key performance indicators and that in some sections of ASEL the wording is unclear and may lead to inconsistent advice or difficulty in enforcing standards.

The McCarthy Review⁹ found there has been a tendency for the regulator to focus on peripheral, easy to enforce aspects, and not the address the more difficult, core issues like stocking density and suggested that there be more focus on key issues, and less on peripheral issues that divert time and resources.

The department, as regulator, should have the structures, capability and capacity to effectively ensure its regulatory responsibilities are met, providing it is adequately resourced and a culture of accountability and transparency is cultivated. However, successive

⁸ Export of sheep from southern ports to the Middle East in winter months

⁹ Independent Review of Conditions for the Export of Sheep to the Middle East During the Northern Hemisphere Summer



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governments have continued to erode the capacity of the department through staff retrenchments while allocating remaining staffing resources to other priorities.

SPA does not support the establishment of an Inspector General for the welfare of exported animals. The extensive livestock industries have worked to implement processes and systems through the Integrity Systems Company, and consistent with the Australian Animal Welfare Standards and Guidelines, to manage and improve animal welfare throughout the production sector and supply chain.

While the Australian sheep industry supports greater independent government monitoring, investigation and enforcement capability, the sector does not support the introduction of another overarching layer of bureaucracy in the agriculture sector. Should the department continue as regulator of the live export industry, the sector considers that it needs to be made more effective and given greater compliance and enforcement powers.

The required skills, capability and capacity will be necessary to improve the current regulatory environment and export standards regardless of who regulates the live export industry. Another layer of bureaucracy will not change the message or the outcome, provided the regulator is adequately resourced and accountable.

The above comments highlight a systemic failure of the both government and industry to satisfactorily continually improve the regulatory and governance arrangements and incorporate the latest research and development outcomes to improve animal welfare within the live export industry. The failure of government to update ASEL more regularly has enabled some in the export industry to avoid implementing technology and practices that will improve animal welfare outcomes and placing the broader industry at significant reputational and economic risk. If government is to continue to actively regulate the export industry it must work with industry to ensure standards remain relevant to changes in technology and public opinion.

The Farmer Review recommended that industry explore the application of quality assurance (QA) through the supply chain back on-farm to complement ESCAS. Industry has been working with the Australian Government to develop the Livestock Global Assurance Program (LGAP), a conformity assessment and certification program designed to assist livestock exporters in demonstrating compliance with ESCAS.

LGAP is intended to be independent of any government and to operate at 'arm's length' to industry, with broad objectives to;

- Define and support international standards for animal welfare, husbandry and management based on international precedents and scientific evidence,
- Foster world's best practice in the welfare and management of animals,
- Encourage and recognise continuous improvement in the welfare and management of animals; and,
- Provide assurances that effective animal welfare and management standards are in place and being fulfilled.

A key component of LGAP is that it is a facility-based program (as opposed to a supply chain-based program), under which individual facilities are certified. This structure aims to improve the welfare of all animals in foreign markets and is not limited to just Australian livestock. It encourages developing markets to improve their animal welfare practices by offering different levels of requirements and a pathway to improvement.



LGAP is not proposed to be a form of self-regulation or intended to dilute ESCAS which remains an ongoing regulatory framework for livestock exported from Australia covering animal welfare from discharge in-market to the point of slaughter. 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 along the supply chain through Operators (i.e. exporters and importers) and Facilities (i.e. feedlots, farms and abattoirs).

SPA supports the development of LGAP as a means to more effectively regulate the live export supply chain, making it more independent of both government and industry and be governed by a standards committee which reflects independence and accountability.

Should you wish to discuss any aspects of this submission please do not hesitate to contact either myself, sdillon@sheepproducers.com.au or John McGoverne, SPA Policy Director, jmcgoverne@sheepproducers.com.au.

Your sincerely

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Background

Sheep Producers Australia (SPA) represents sheep and lamb producers in Australia and provides a mechanism to bring a diverse range of issues and needs to the policy making process. SPA draws on many formal and informal processes to achieve this. Principal amongst these is input from the state farming organisations, which have extensive networks within their jurisdictions.

As the recognised peak body for the sheepmeat industry under the *Australian Meat and Livestock Industry Act 1997* (the Act), SPA sets the strategic objectives to be pursued by the levy funded organisations Meat and Livestock Australia (MLA), Animal Health Australia (AHA), and the National Residue Survey (NRS), examining and approving their programs and budgets. We are involved in priority setting for industry research and development and marketing activities both domestically and internationally as set out in the Red Meat Memorandum of Understanding (MoU). Under the MoU, SPA assesses the performance of services delivered by expenditure of lamb and sheep levies.

The objects of SPA are;

- to represent and promote the interests of Australian sheep and lamb producers;
- to carry out activities necessary for the advancement of the sheepmeat and live sheep export industries;
- to collect and disseminate information concerning the sheepmeat and live sheep export industries;
- to co-operate with industry stakeholders and organisations at the state and national level and overseas;
- to maintain interaction and co-operation with its Members, relevant Government departments and authorities at Federal, State, and local government levels, and with other relevant industry organisations;
- to promote the development and resourcing of the agricultural and pastoral industries of Australia;
- to act as the Prescribed Body for the sheepmeat industry in Australia within the Red Meat Industry MoU under the the Act;
- to oversee the implementation of the Sheepmeat Industry Strategic Plan (SISP).

