

30 January 2020



Dr Melissa McEwen
Principal Regulatory Officer
Live Animals Export Division
Department of Agriculture

Dear Dr McEwen,

Regulatory Impact Statement; Live Sheep Exports to the Middle East

Sheep Producers Australia (SPA) appreciates the opportunity to provide feedback on the 'Draft' Regulatory Impact Statement (RIS), and outline the impacts for sheep producers on the draft policy options.

Sheep producers are aware that the current moratorium (for the northern hemisphere summer) initiated by industry, and formalized by the Government, has led to an improvement in animal welfare outcomes. Those shipments that have proceeded in the 'shoulder' months, have had very positive results. The changes in stocking densities, and other changes to on-board conditions, have led to highly successful voyages, which have been verified by the Independent Observers.

The recently released Mercado report – *Impact of the live sheep export trade's self-imposed moratorium and regulatory changes (January 2020)*, outlines the cost to sheep producers. For the 2019 season, the report estimates the losses for on-farm revenue to be \$29.6 million in earnings from the live export sector. The lower price for stock sold via sale-yards in WA, would equate to \$7.3m loss alone, if it is assumed there is a 30 percent reduction in prices (from both increased numbers for this trade and the lack of buying competition from the live export sector).

There is no doubt that losses can be mitigated if there are better than average seasons in WA. However in typical years, when the season 'cuts out' (i.e. rainfall ceases), producers are usually looking to sell large volumes of stock in the late May to June period, and the burden of the cost of regulation will rest with producers who will not benefit from the competition the live export market provides at the crucial time of year. The local slaughter capacity cannot cope with a large turn-off of stock leading to many being trucked to SA for slaughter, which also reduces farm gate return.

SPA is well aware of the full impact of increased regulation on their farming communities. Falls in revenue affects not only sheep producers, but also the associated industries. The Mercado report also highlights the effects on shearers, livestock transport, fodder producers.

What is not highlighted is the weight this adds to an industry already grappling with lower numbers nationwide. The on-going drought has reduced the national flock numbers to the lowest point in on hundred years, with a national flock expecting to number below 65 million in 2020 (down from approximately 73 million in 2018/19). The live trade has allowed a sustained business model to exist in sheep and cropping operations in WA and SA for many years. Increases in regulation weaken the case for keeping sheep in that equation, which works against efforts to increase flock numbers to support the infrastructure required to keep an efficient supply chains for the sheep industry nationwide.

SPA appreciates the risk to the live export trade if there is a return to year-round shipments. SPA has always supported having science-based evidence to support any decisions made in the live export trade. As such we support research into improving on board conditions, which may allow the opening up of the current timeframes, for shipment into certain destinations (e.g. the Red Sea region).

The final policy settings for this trade must retain some flexibility to allow changes in technology and practices to be put into affects and possibly change the allowable shipping dates in the future.

Option 1: Regulatory Status Quo

SPA appreciates that, by definition, this must be placed in a draft RIS, but at this point could not be viewed as a realistic option by stakeholders in this trade. As this option would allow year- round shipments to all Middle East destinations SPA does not support this option.

SPA supported the industry led moratorium (introduced for 2019) as it was put in place on the basis of:

1. Lowering the risk of adverse animal welfare outcomes
2. Setting a viable shipping window for exporters and producers
3. Allowing trade relationships to be maintained

Option 2: Prohibition from 1 June to 14 September to all ports with additional prohibition periods for Qatar and Oman

Of the three policy options, this is supported by SPA. SPA, however would like the concerns of exporters addressed regarding the options in the timing that ports that can be accessed. SPA support a regular review of the regulations of the trade, to ensure that any advancements in technology and other evidence that becomes available, can be reviewed and effect change to shipping periods and available destinations, if warranted by the evidence supplied.

In the Department's previous consultation on the *Proposed Conditions for Live Exports to the Middle East during September and October 2019*, SPA recommended that the Red Sea destinations may be able to be supplied earlier than markets in the Gulf, due to the cooler conditions. If future technology changes the on-board conditions to allow a longer shipping window, SPA would envisage a regular review would examine if the Red Sea ports region can become an option for shipments earlier in September.

The sheep industry has concerns around the restricting of shipments to one destination from June to (near end) October. The mechanics of the issue SPA will leave to ALEC and Livecorp to cover, however with the bulk of shipments destined for Kuwait, as long as a vessel calls that port first, the subsequent management of the stock should mitigate the risk of calling additional ports.

Option 3: Implement a revised HSRA model consistent with recommendations of the HSRA Review

SPA does not support this option. SPA has supported the development of animal welfare indicators, and a revised HSRA model to assist in ensuring animal welfare can be managed properly on live export vessels.

Over the past year the following measures have demonstrated a positive effect for the industry:

- Implementation of revised ASEL
- Stocking density (allometric calculations)
- Shipping Moratorium

Stakeholders recognize these are relatively blunt instruments, but the industry has built up a record of successful shipments since these arrangements have been in place, which has been supported by the Independent Observer reports.

SPA is supportive of the expenditure and effort being continued to build up the databases on a range of animal welfare indicators.

The concerns of SPA's Technical Advisory Group, set up in 2019, continue to be relevant to any revisions of the HSRA model, including:

- Consideration of duration of stress and respite periods
- The questionable reliability of panting scores
- The basis upon which the Wet Bulb Temperature assessment was arrived at

If Option 3 were to be adopted, SPA would question the viability of the Live Export Trade, and therefore the business model for a large portion of sheep producers in WA.

Additional Comments

There is evidence that in a growing market, there has been an expansion of both the carcass and box meat trade to the Middle East. Australia's reputation and acceptance of our products is largely based on the live trade and the culture the Middle East has around the consumption of sheep. The maintenance of a viable live trade is essential in maintaining Australia's position as a preferred supplier in all sheep meat markets with both importers and officials.

The increase in the number of younger animals being sent to these markets demonstrates the importance across all categories of sheep, including lamb. Seasonal conditions do not always allow all lambs to reach a weight suitable for the Australian or other export markets, however, are well within the condition requirements for shipment to the Middle East.

Finally, SPA is unsure if the impact on the cattle industry is being considered as part of the RIS process. Many shipments are co-loaded, providing economies of scale for both industries.

SPA appreciates the opportunity given to comment on the RIS and look forward to the feedback from the Department.

Regards,



Stephen Crisp

Acting Chief Executive Officer

Sheep Producers Australia

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 Act;
- to oversee the implementation of the Sheepmeat Industry Strategic Plan (SISP).