



Australian Government

INDEPENDENT LIVESTOCK EXPORT REVIEW

SUBMISSION COVER SHEET

Closing date for submissions is 15 July 2011.

Please complete and submit this form with your submission to:

Email:

livestockexportreview@daff.gov.au

Post:

Independent Livestock Export Review
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Canberra ACT 2601

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Is all or part of your submission confidential? Yes, all Yes, part No

If part, please identify which sections are confidential:

Reason for confidentiality:

15 July 2011

Mr Bill Farmer AO
Independent Livestock Export Review
GPO Box 858
CANBERRA ACT 2601

Dear Mr Farmer

RE: Review into Australia's livestock export trade

I am writing to provide Sheepmeat Council of Australia's (SCA) submission to the above mentioned inquiry. The attached submission includes a statement about SCA's role in the red meat industry structure and how this relates to Meat & Livestock Australia and its livestock export industry support programs. We remain fully supportive of the live trade and the role that MLA and LiveCorp have played and continue to play in the ongoing development and servicing of the MENA Region market. SCA is committed to and involved in the implementation of the changes flagged by the Government for all live export markets.

The submission most importantly sets out the agenda for the immediate short term to be achieved through the Industry Government working group formed on Wednesday 13th July in Perth.

Please feel free to contact me if you require further information.

Yours sincerely

Ron Cullen
Chief Executive Officer

1. SUMMARY

This submission from Sheepmeat Council of Australia (SCA) does not attempt to canvas the broad range of issues that fit within the terms of reference for this review but rather focuses specifically on the policy role of SCA and especially in providing direction to Meat & Livestock Australia (MLA). It also focuses on the sheep trade to the Middle East and North Africa (MENA) Region, being our single biggest live sheep export destination.

In general terms, SCA believes that Australia's involvement in the live export trade has resulted in significant improvement in animal welfare in the MENA Region, not just for Australian livestock, but for all animals. This is because improvements in animal welfare have been made through education and training to encourage changed behaviour as well as improvements to infrastructure throughout the supply chain.

2. BACKGROUND - SHEEPMEAT COUNCIL OF AUSTRALIA

SCA is the national Peak Industry Council representing and promoting the needs of Australia's lamb and sheepmeat producers.

The objects of SCA are -

- to represent and promote the interests of Australian sheepmeat producers;
- to function as a specialist sheepmeat industry organisation with concern for the livelihood of all sheepmeat producers;
- to carry out activities necessary for the betterment 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 appropriate organisations at the state and national level and overseas;
- to maintain a high level of liaison and co-operation with its Members, relevant Government departments and authorities at Federal and State levels, with local government, and with other relevant industry organisations;
- to promote the development of the agricultural and pastoral industry and resources of Australia;
- to act as the Prescribed Body for the sheepmeat industry in Australia within the Red Meat Industry MoU under the Australian Meat and Livestock Act 1997 (the Act).

SCA is a signatory to the red meat industry Memorandum of Understanding (MOU). The MOU highlights SCA's role as a Peak Industry Council. The MoU also identifies SCA as a member, along with other Peak Industry Councils, of the Red Meat Advisory Council Ltd (RMAC).

RMAC's role includes consulting with the Minister on agreed whole of industry matters; to be custodian of the Meat Industry Strategic Plan and MOU; and to manage the industry's financial reserves, known as the Fund.

SCA receives its funding primarily from three sources; the Fund for the activities specified in the MoU undertaken on behalf of the sheepmeat industry; by voluntary membership

subscriptions paid by State Member Organisations, and; through specific service agreement arrangements.

SCA is accountable to RMAC, the Commonwealth, and the national sheepmeat industry through an annual business plan and audit as well as the normal annual accountabilities prescribed and expected of an incorporated association.

SCA represents all sheepmeat producers in Australia and provides an efficient mechanism to bring a diverse range of issues and needs to the policy making process. The Council draws on many formal and informal processes to achieve this. Principal amongst these is input from the state farming organisations, which have extensive networks across their jurisdictions. As well, the Council as an entity and the Councillors as individuals utilise a very wide range of mechanisms to gather information and develop policy, for example, farmer cooperatives and groupings, informal interaction at meetings and other gatherings, through the Council's e-newsletter and annual publication, and the individual Councillor networks.

As the recognised peak body for the sheepmeat industry under the Act, SCA sets the strategic objectives to be pursued by the levy funded organisations Meat & Livestock Australia (MLA), Animal Health Australia (AHA), and the National Residue Survey (NRS), and examines and approves their programs and budgets. We are involved in priority setting for industry R&D and marketing activities both domestically and internationally as set out in the Red Meat MoU. Under the MoU SCA assesses the performance of services delivered by expenditure of lamb and mutton levies.

3 – HISTORY OF LIVE TRADE POLICY.

SCA supports the live trade, with priority for the improvement of animal welfare both on board ship and in the marketplace. This has mostly been evident in the

- direct support for R&D to improve technology and understanding such as pre-conditioning for the voyage
- education and training in a range of handling and management practices
- infrastructure enhancements throughout the supply chain.

Council has seen a significant change in welfare of Australian sheep over a number of years. SCA is committed to a sustainable live export trade. It is a valuable and strategically important market for Australian sheep. It provides marketing options for producers, underpins prices and demand for livestock, is complementary to wool and boxed meat production systems and satisfies the needs of important markets that cannot be met through the export of chilled and frozen sheepmeat. It has also established our reputation as a supplier of high quality product and hence provided a platform and market advantage for the Australian boxed meat trade.

Our experience in the market place has shown the significant benefit that has accrued from expenditure of levy funds on animal welfare. It has also demonstrated the importance of the Government/industry partnership in driving lasting change.

4 – POLICY CONSIDERATIONS

- (a) Our policy approach has been consistent with our role of providing benefit to levy payers for the investment of levy funds. It has been based on the economics of the trade,

providing extra competition in the market, with independent advice suggesting that the live trade provides an extra \$5 to \$6 dollars per head (CIE report). We have also recognised the need to increase animal welfare in the markets to which Australian sheep are supplied and hence a major focus of our policy approach has been on this issue. A third and equally important aspect of our policy approach has been the enhanced opportunities that have arisen for our boxed products based on our reputation for supplying quality live sheep. Lastly, we are conscious of a social responsibility that having been in the market place and developed markets, we must continue to meet the food requirements of our customers.

- (b) The Government's response to the Four Corners program has brought about a significant change in approach requiring a rapid response. It is clear that we are no longer operating in an environment of continuous improvement. The Government has signalled that we must now demonstrate an absolute assurance of welfare. This has been characterised as being part of our social responsibility. It is an extremely important and major change from the way we previously operated and will not be implemented 'overnight'. It will potentially slow the rate of animal welfare improvement in the region as we will no longer be working in supply chains that are below OIE standard.
- (c) From a policy perspective the domestic and voyage sectors are now working well, especially as an outcome of the industry and Government partnership that came out of the Keniry Livestock Export Review. R&D continues to fine tune much of the specifics of these parts of supply chains but from a policy perspective the settings have delivered a process that meets Australian standards.
- (d) Following the airing of the Four Corners program Council reacted quickly and informed MLA that any evidence of similar action in sheep supply chains should not be tolerated and that levy funds should not be used for activities in such supply chains.
- (e) Future policy settings will be dependent on Government and industry working together to push change from a bottom up and a top down approach. The significant involvement of MENA governments in the red meat industry in their jurisdictions means that Australian industry cannot make the changes alone.

5 – THE WAY AHEAD

SCA has significant experience in the market place and is well positioned to contribute the necessary policy advice on this important process. However, it is critical that the industry Government partnership is active both in Australia and in the market place to drive the necessary implementation at all levels.

The sheep industry will now detail a livestock supply chain assurance scheme for sheep exported to the MENA Region that meets OIE standards for animal welfare. Such a scheme will reflect a change of approach across all MENA Region livestock export markets from "continuous improvement" to "assurance of animal welfare" with a zero tolerance to animal cruelty.

The Minister signalled this changed environment with the imposition of a suspension Order in relation to the live feeder and slaughter cattle trade to Indonesia. It is important that the sheep industry moves now to ensure that current practice in the region meets OIE standards.

There will need to be similarities between the assurance plan being developed for cattle to Indonesia and that for sheep to the MENA Region, as the Minister has indicated that the

plans being developed for Australian cattle to Indonesia will be applied in some way to all markets.

Guiding principles:

The MENA Region supply chain assurance scheme will be developed based upon the following set of assumptions:

- Application of OIE standards as the benchmark;
- Formal contractual supply chain agreements between exporter / importer / feedlot / processor; and
- Private sales must be managed as part of supply chains where processing must occur in accepted processing facilities.

The overarching principals of the accreditation scheme are:

- Approved supply chains
- Identification and tracking of animals
- Meeting OIE standards.
- Independent auditing (compliance / reporting / monitoring)

Supply chains must incorporate industry improvements that have already been achieved that are over and above current OIE requirements.

SCA will now look to the following actions.

1. Market Stocktake

A summary is being prepared of all live sheep markets identifying the current handling and processing practices and facilities assessed against OIE standards. The stocktake will outline the specific issues and necessary actions needed to ensure OIE standards.

2. Developing Approved Supply Chains

The above stocktake will inform decisions on the establishment of approved supply chains, from disembarkation through to processing. This will include transport, feedlots, processing facilities and handling practices. Such approved supply chains will require transparent, auditable compliance systems. These systems will mirror the standards established for the cattle trade to Indonesia but adapted for the differences between cattle and sheep production and management systems, especially around traceability.

3. Ensuring Compliance to Standard

The livestock export supply chain regulatory approach developed for the Indonesian cattle trade will be adopted for the MENA Region sheep markets with a view to completion of the framework in mid August.

4. Establish Timeframes for Implementation

The imperative for industry is to ensure that all live sheep exported from Australia are within approved supply chains by 1 November 2011 as this is a high risk period around the Eid in early November. However, efforts will be made to implement the system earlier.