



Senator the Hon. Bill Heffernan
Chairman,
Senate Rural Affairs and Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Senator,

Animal welfare standards in Australia's live export markets

Please find enclosed a submission from the Australian Livestock and Rural Transporters Association (ALRTA) in relation to this Inquiry.

As you will be aware, the recent suspension of trade with Indonesia is the second occasion in only a few years that Australia's live export trade has experienced significant disruption due to action by the Commonwealth.

The ALRTA suggests that it is unsatisfactory to manage any established industry's performance using such blunt tools as those which have been applied in recent years, and those which are now being proposed as a statutory measure.

In the enclosed submission, we offer our general views on a better approach to take to the management of this industry, and some specific outcomes and improvements that could usefully be pursued.

In 2006, the Commonwealth issued a statement of its strategy for the management of this industry, called the '*Australian Position Statement on the Export of Livestock*'.

Our understanding is that this statement remains as the Commonwealth's policy. We note that this position statement was republished in April of this year, as part of the latest version of the '*Australian Standards for the Export of Livestock*'.

The '*Australian Position Statement on the Export of Livestock*' proclaims that exporters should take broad ranging responsibility for the export task, including within Australia:

... a whole-of-chain risk-based approach must be adopted. This is to ensure that critical risks are identified, their potential impacts analysed, and risk management measures developed and implemented ... For each consignment, Australian Government legislation requires the livestock exporter to undertake adequate planning encompassing a thorough risk assessment and development of appropriate risk mitigation measures. The planning must cover the sourcing, land transportation, treatments and inspections before export, and specific plans to manage the animals' health and welfare during the journey from Australia to the importing country, whether by air or by sea.

("Australian Position Statement on the Export of Livestock," 2006, re-published by the Commonwealth in 'Australian Standards for the Export of Livestock', v2.3, 2011, at page 8. Emphasis added)

The ALRTA is concerned that the 'Standards' and associated regulatory arrangements that sit underneath this 'Position Statement' in fact do not deliver on the expectations expressed in the statement.

In the enclosed submission, the ALRTA points to several issues where actual performance, and oversight arrangements, are not easily matched to the commitments given in the 'Position Statement'.

To highlight one example, let me mention loading ramps.

The 'Australian Position Statement on the Export of Livestock' declares that:

"the exporter is responsible for ensuring that livestock are loaded in a manner that prevents injury and minimises stress by providing competent animal handlers and suitable loading facilities."

("Australian Position Statement on the Export of Livestock," 2006, re-published in ASEL v2.3, 2011, at page 10)

The preamble to Standard 2.0 downgrades this by declaring only that *"Exporters of livestock are responsible for the general health and welfare of the livestock until they are loaded ... Agents of exporters have a joint responsibility at the start and at the end of the journey to ensure the availability of suitable facilities for the assembly, loading, transport, and unloading and holding of livestock ..."* (emphasis added).

The body of Standard 2.0 then weakens accountability even further. The substantive text of Standard 2.0 actually has no direct references to loading and unloading ramps.

Every transport operator knows that poor or inappropriate ramps significantly increase stress and risk bruising to livestock, elevate the risk of injury for livestock, drivers and other handlers, and increase time taken to load.

The Standards provide no guidance on what level of unsafe, stressful and inefficient animal handling the transporter should possibly tolerate before refusing to load. Nor do they provide guidance on how to provide feedback or make complaints and who should be responsible for taking action.

In our view, the Standards and the associated regulatory arrangements do not meet the expectations communicated in the Commonwealth's 'Position Statement'.

The Commonwealth Minister for Agriculture has already announced that, as a condition of re-opening the trade with Indonesia, he will require licensed exporters to deliver an 'end-to-end' supply chain assurance.

Live exporters trading with Indonesia will be required to be able to demonstrate exactly what happens to their cattle at every stage of their journey, through to the circumstances and methods of slaughter.

In our view, if exporters are going to be expected to guarantee – really guarantee – every detail of what happens to livestock when they are *outside Australia*, it would be appropriate for the Government to ask them to deliver a similar guarantee *inside Australia*; particularly when the 'Position Statement' from 2006 *already* seems to be making that promise.

I should also emphasise that, in our view, the appropriate means to pursue such a guarantee is not through an explosion of paperwork.

The ALRTA's view is that the focus should be on improving accountability, management and outcomes – not on generating paperwork.

In the enclosed submission, we suggest key reforms to drive that outcome: having a clear, accessible arrangement for reporting problems to a clearly identified 'accountable party'; and making sure that there are proper 'Chain of Responsibility' obligations in the system.

The transport industry is looking for a clear chain of responsibility which will deliver real accountability for fixing the problems that our drivers and community observers sometimes encounter. We want it to be visible when an immediately accountable party fails to act; and we want to an assurance that there will be an effective mechanism for follow up of unresolved issues and escalation to more senior parties in the chain, so that resolution is assured.

I trust this submission is of interest to your Committee and wish you well with this Inquiry.

Our contact officer for this matter is Philip Halton.

Yours sincerely

John Beer
National President

Australian Livestock and Rural Transporters Association

28 July 2011

Animal welfare standards in Australia's live export markets: submission to Senate Inquiry

ALRTA's objectives from this Inquiry

- 1) The security and continuity of many of our members' business is closely linked to the effectiveness and credibility of the various quality assurance and oversight arrangements that are in place to manage animal welfare issues in the live export trade.
 - 2) In a short period of time, two different Commonwealth Governments have judged it appropriate to suspend live exports to entire countries.
 - 3) Without sacrificing Australia's export competitiveness, we suggest that improvements can and must be made to reduce the likelihood of future major disruptions to the live export trade. We would hope to see greater certainty, across all species of livestock and across all export markets.
 - 4) The ALRTA's objective for this Inquiry is not merely that it should provide ongoing arrangements that will support the Governments' decision to resume the live export trade with Indonesia.
- 5) Against the Inquiry's *Terms of Reference*, our central proposition is that it is intolerable for the domestic economic impact of the live export trade to involve exposing our members to profound sovereign risks.
 - 6) We look to this Inquiry to promote improvements to oversight and governance, and improvements to operational arrangements, that together will reduce the risk of future major disruptions to the live export trade and, therefore, to our members businesses.
 - 7) We suggest that any improvements recommended by this Inquiry should not be limited to off-shore activities. There are opportunities to improve the management of animal welfare during the domestic stages of the export task.

Live export plays an important role in the economy

- 8) The live export trade makes an important contribution to the nation's export earnings, balance of trade, and to the vitality of a number of regional economies within Australia – most topically, of course, Northern Australia. By enhancing competition, the live export trade is also commonly credited with improving domestic livestock prices, further enhancing Australia's regional economies. (Measures of the direct economic value of live exports will be available to the Inquiry from government agencies and from peak producer and export industry councils.)
- 9) These higher level economic outcomes are made possible by the service industries that support the live export trade. In particular, road transport services, performed within Australia by the ALRTA's members, are an essential input to live exports, as they are to all other agricultural products. In Australia, every product of our agricultural industries relies upon at least some transport by truck.

Transporters are commercially exposed to prudential failures

- 10) During the recent suspension of the live export trade with Indonesia, our members were amongst the businesses which were the first to face the prospect of losing income and being obliged to stand down employees.
- 11) Transport operators in Australia run a cash-flow business, with very low profit margins. A rural transporter will be fortunate to earn a profit of 2-2.5% and has a number of non-negotiable commitments: wages for drivers (often the business owner); registration and insurance over a large number of pieces of equipment; and, especially, the costs of owning and maintaining that equipment.
- 12) Particularly in Northern Australia, where access to the road network is largely seasonal, the business consequences for a transport operator of any major disruption or delay to earning expected revenue therefore can be severe. The tight margins found in the transport industry mean that the impacts of any disruption are not resolved by the simple resumption of business but rather may take months or years to work through.
- 13) In addition, when a driver is taken off the road, safety regulations will quite properly impose constraints on an operator's ability to recoup lost earnings by working 'double time'.
- 14) The Australian road transport industry has been acknowledged as amongst the most productive and competitive in the world – indeed, it is sometimes referred to as being 'hyper-competitive'. There is little opportunity for rural transporters to build a 'financial buffer' to protect themselves from the risk of disruption to their business.
- 15) A key point which the ALRTA asks the Inquiry to acknowledge in its report is that the stakeholders in the live export trade, and the parties with an interest in the adequacy of animal welfare arrangements, are not limited to livestock producers, livestock exporters and animal welfare advocates.

Key results to flow from this Inquiry

- 16) The ALRTA note that this Inquiry will examine the effectiveness of governance arrangements for slaughtering and other activities that occur off-shore, and associated reporting arrangements.
- 17) While important, the ALRTA suggests that reliance on 'standards' alone is unlikely to be sufficient. The industry is well supplied with 'standards'. The ALRTA suggests that what is also needed is a focus on compliance, commitment, accountability and follow-through.
- 18) We suggest that the Inquiry could usefully give attention to four key result areas, as follows.
- 19) **Key result area 1:** The ALRTA suggests that the major result of this Inquiry must be to ensure that quality assurance, oversight and governance arrangements combine together to produce a risk management framework which is genuinely capable of achieving and maintaining *public trust*.
- 20) **Key result area 2:** Successfully and transparently responding to *incidents and non-conformances* will be an important component in achieving and maintaining public trust.
- 21) Within Australia, the ALRTA would hope to see this Inquiry deliver better on-going opportunities for our members to contribute to improving and ensuring the effectiveness of quality assurance and oversight arrangements for animal welfare. Due to the nature of their

work, our members are amongst those most likely to encounter non-conformances against animal welfare standards.

- 22) **Key result area 3:** Industry needs to be able to provide *systemic assurances* about its routine methods of operation.
 - 23) Public trust cannot be secured in an environment of secrecy or suspicion. Reducing the risk of disruption will require government and industry to better and more transparently demonstrate that community expectations are being fulfilled.
 - 24) **Key result area 4:** No set of standards will have any impact unless there are clear lines of visible *accountability* and all accountable parties are both *capable and motivated* to fulfil their obligations.
 - 25) The key entities must be both able and willing to attend to new risks, manage performance outcomes, resolve non-conformances and, ultimately, earn public trust. One of the most effective means to achieve this can be to introduce a true ‘Chain of Responsibility’.
 - 26) The ultimate public accountability, of course, will always lie with government. The ALRTA suggests that the Inquiry should look to foster a closer partnership between government, the export industry and relevant stakeholders, so that blunt instruments such as export licence suspension do not continue to be used into the future.
- 27) More effective, transparent arrangements are needed, in order to:
 - a) Achieve and maintain public trust;
 - b) Transparently respond to incidents and non-conformances;
 - c) Monitor systemic outcomes; and
 - d) Ensure true end-to-end accountability, capability and motivation, through a stronger ‘Chain of Responsibility.’
 - 28) New arrangements should foster a closer partnership between government, the export industry and relevant stakeholders, so that blunt instruments such export licence suspension are not needed in future.

Key Result Area 1: Framework for achieving and maintaining public trust

- 29) The ALRTA suggests that no industry can operate without enjoying some minimum level of acceptability to the community – regardless of whether the community is itself the market for the industry’s products and services.
- 30) In the days leading up to the suspension of trade with Indonesia, the Australian Meat Industry Council publicly stated that red meat sales within Australia fell by as much as 15% within a single week. As well as needing to maintain its own social licence, the live export industry’s public standing can have implications for other parts of the red meat industry.
- 31) Many businesses in sensitive or customer-facing industries give particular attention to developing, measuring and maintaining their level of public acceptability and, particularly, public trust. (These activities should not be confused with marketing or market development.)
- 32) The test for whether public trust has been achieved is *not* whether the public is supportive of the livestock export industry under normal business conditions but rather whether the public has confidence in the industry’s arrangements when they come under scrutiny.
- 33) Businesses that strongly and successfully address public trust issues tend to adopt a broadly consistent approach, which the ALRTA would summarise as follows:

Box 1: Common features of contemporary business risk management systems

- A. Management accountabilities and reporting obligations are clearly defined at all points of the business.
 - a. Senior management are visibly committed and take accountability for the integrity of business arrangements and the outcomes achieved, right through the full length of the supply chain.
- B. Community and consumer input helps inform identification of areas of the business which require close management and which will need clear performance standards.
 - a. Knowledge of community and consumer priorities helps the business assign higher economic valuations to some areas of activity that may not be prioritised on narrow technical grounds – in essence, community feedback contributes to more accurate valuation of the reputational and commercial consequences of certain risks being poorly managed;
- C. Credible performance standards are developed for the critical control points, using genuine input and seeking real agreement from multiple ‘external’ stakeholders, including allied industries and supply chain partners,
 - a. Scientific advice and evidence of community views and attitudes informs development of those standards. It is acknowledged that ‘public trust’ is more than an exercise in technical and operational management,
 - b. Practices which conflict with community views may be adjusted due to the economic value assigned to community acceptance, even if the practice in question is narrowly scientifically defensible;
- D. Tolerability criteria are put in place for non-conformances, to clarify whether, how much and how often any non-conformance can be accepted;
- E. Procedures are put in place for staff, visitors and observers to report incidents, non-conformances or complaints,
 - a. Internal procedures provide clear guidance on how to resolve or escalate these reports, which also may be publicly disclosed in detail or in aggregate;
- F. Auditing is applied to monitor outcomes against the performance standards,
 - a. Auditors are independent, competent and regularly rotated,
 - b. Frequency, coverage and intensity of audits is agreed with stakeholders and provides management with assurance of actual performance; and
- G. Transparency is applied to the operation of the scheme, including publication of incident data, audit results and corrective actions, and there is dialogue with stakeholders regarding these results.

- 34) The *International Risk Management Standard ISO31000:2009* and the *Australian Risk Management Standard AS/NZS4360:2004* provide detailed and formal frameworks that are consistent with the approach observed amongst leading businesses, as described above.
- a) AS4360 was the world’s first formal risk management standard, with its first edition delivered in 1999. Professor Jean Cross, of the School of Risk and Safety Sciences at the University of NSW, chaired the drafting committee for the 1999 and 2004 editions of

the Australian Standard and consults regularly to governments and major industries upon risk management issues.

- 35) In the live export sector, the ASEL already have many of the characteristics of a robust risk management system and very clearly mandate the requirements that apply when livestock are on-board a vessel, the maritime incident response arrangements to be followed, and the reporting requirements that apply during a voyage and as livestock are disembarked.
- 36) The morbidity / mortality dataset, mandated under Standard 5 of the ASEL, for reporting the progress and outcomes of sea journeys appears to have successfully addressed many of the key public trust challenges that affected the live export trade some years ago.
- 37) However, other parts of the ASEL, particularly those that deal with domestic on-shore aspects of the live export trade, could be further developed.
- 38) Across some 22 pages of material, Standards 1 and 2 of the ASEL address 'sourcing and on-farm preparation of livestock' and 'land transport of livestock.' While Standards 1 and 2 contain lengthy statements of normative requirements, they could be further improved by incorporating:
 - a) requirements or procedures for consulting with stakeholders, particularly including transport operators;
 - b) clearly described procedures or accountabilities for managements of incidents, complaints and non-conformances;
 - c) clearer arrangements to support for systemic assurance; and
 - d) clearer statements of responsibility and accountability that will establish a stronger and more effective 'Chain of Responsibility'.
- 39) Improvements to the ASEL, particularly through providing a clearer, better integrated accountability system, would be the best means to establish that the Standards fulfil the expectation of 'end-to-end' accountability that has been expressed by the Commonwealth Minister, the Hon Joe Ludwig.
- 40) The ALRTA suggests that the Minister's recently declared expectations are consistent with the long-standing direction of Commonwealth policy. For some time, the '*Australian Position Statement on the Export of Livestock*' has proclaimed that exporters should take broad ranging responsibility for the export task:

... a whole-of-chain risk-based approach must be adopted. This is to ensure that critical risks are identified, their potential impacts analysed, and risk management measures developed and implemented ... For each consignment, Australian Government legislation requires the livestock exporter to undertake adequate planning encompassing a thorough risk assessment and development of appropriate risk mitigation measures. The planning must cover the sourcing, land transportation, treatments and inspections before export, and specific plans to manage the animals' health and welfare during the journey from Australia to the importing country, whether by air or by sea.

("Australian Position Statement on the Export of Livestock," 2006, re-published in ASEL v2.3, 2011, at page 8. Emphasis added)

- 41) The ALRTA suggests that improvements could be made to the ASEL so that prior and new statements of expectations from the Commonwealth are supported by more effective accountability and management arrangements.

- 42) These improvements would ensure that the live export trade is better secured and public trust better protected.
 - 43) Finally, of course, the ASEL do not address off-shore slaughter standards and other related matters which the Minister has declared to be of interest.
 - 44) The ALRTA notes that the meat processing and food retailing industries have particular skills and expertise in assessing public trust, and many of their management systems regarding animal welfare and food safety issues may be directly relevant to the Inquiry.
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| <ul style="list-style-type: none"> 45) The ALRTA considers that the current requirements of the ASEL are strong in many areas. 46) The ASEL should be improved to include more effective accountability and management and provide higher levels of assurance regarding the domestic on-shore aspects of the live export trade. Some of these suggested improvements are further developed in the next sections. 47) The strong expectation of 'end-to-end' accountability expressed by the Commonwealth Minister as the basis for the resumption of trade with Indonesia could be better fulfilled within the domestic on-shore aspects of the export task than occurs under the current ASEL. 48) A strengthening of accountability and management through improvements to the Standards within the ASEL, and to the framework which gives force to them, would fulfil the expectations recently expressed by the Commonwealth Minister and also long-standing expectations established in the <i>'Australian Position Statement on the Export of Livestock.'</i> 49) The key suggested improvement would be to introduce a stronger and more effective 'Chain of Responsibility', which is further discussed below. 50) The ALRTA suggests that the Inquiry might benefit from consulting with the Australian Meat Industry Council and senior managers from Coles, Woolworths or other retailers regarding their approach to developing, measuring and managing initiatives to achieve public trust around animal welfare or food safety outcomes. |
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Key Result Area 2: Responding to incidents and non-conformances

- 51) The ALRTA suggests that, in practice, the requirements of the ASEL are largely well observed within Australia. The ASEL prescribe a large number of operational standards, but these are closely based on industry norms.
- 52) However, any system of standards will inevitably involve some non-conformance. It is not clear to the ALRTA that ASEL makes arrangement to ensure that non-conformances are reported and remedied in a timely manner.
- 53) Assigning clear responsibility and accountability for responding to incidents and non-conformances is a normal part of a robust risk management framework.
- 54) Demonstrating that non-conformances fall only within acceptable bounds, that accountability for corrections is real, and that corrective action is timely, are also important deliverables under a robust risk management framework.
- 55) Five common challenges that can be encountered by transport operators are presented to illustrate these points, in Box 2. In each case, the Standards do not provide effective accountability and management arrangements to ensure that uncontrolled risks to animal welfare are treated:

Box 2: Common risks and non-conformances affecting transport operators

Inadequate loading / unloading ramps

In the preamble to Standard 2.0, the ASEL declares “*Exporters of livestock are responsible for the general health and welfare of the livestock until they are loaded ... Agents of exporters have a joint responsibility at the start and at the end of the journey to ensure the availability of suitable facilities for the assembly, loading, transport, and unloading and holding of livestock ...*” (At page 40).

The body of Standard 2.0 does not directly refer to loading and unloading ramps.

Appendix 2.3.3 of the ASEL requires that ‘[l]oading facilities must be designed, constructed, illuminated (where night-time loading occurs) and maintained to enable safe and efficient loading of livestock, to avoid injury and to minimise stress.’ Insofar as it is referenced within the Standard itself, this Appendix appears to apply only to on-farm facilities.

Ramps which have been badly designed, constructed and maintained are the most common non-conformance encountered by transport operators.

Importantly, poor or inappropriate ramps are not isolated to on-farm facilities but can also be found at some key export facilities.

Poor or inappropriate ramps significantly increase stress and bruising to livestock, elevate the risk of injury for livestock, drivers and other handlers, and increase time taken to load.

The Standards provide no guidance on what level of unsafe, stressful and inefficient animal handling the transporter should possibly tolerate before refusing to load. However, it would seem particularly surprising that inappropriate ramps *at an export facility* could have been approved in any rigorous risk assessment.

The ‘*Australian Position Statement on the Export of Livestock*’ declares that:

“the exporter is responsible for ensuring that livestock are loaded in a manner that prevents injury and minimises stress by providing competent animal handlers and suitable loading facilities.”

(“Australian Position Statement on the Export of Livestock,” 2006, re-published in ASEL v2.3, 2011, at page 10)

The detailed requirements of the Standards do not fulfil this declaration, and the Standards do not require any guidance on how to provide feedback or make complaints and who should be responsible for taking action.

Stock not fit to load

Standard 1.7 of ASEL prescribes that stock must be ‘fit to enter the export chain’, and requires that stock ‘must be inspected on-farm’ to confirm that this is the case. Standard 2.11 restates the requirements of Standard 1.7.

From time-to-time, stock are transported from a registered property to a vessel only to be rejected at the point of boarding.

It is not clear that feedback is provided to the registered property in these cases. The ALRTA is aware of at least one facility where stock rejected as being unfit for loading are then sent direct to a domestic abattoir. The Standards do not directly require feedback to be given or acted upon.

Box 2: Common risks and non-conformances affecting transport operators

While some level of human error in consigning stock will be inevitable, the ASEL provide no guidance on what level of non-conformance is not acceptable.

In contrast, the on-board morbidity and mortality reporting requirements of the ASEL set clear bounds upon acceptable losses.

Poor whole-of-supply-chain trip planning

The 'Australian Position Statement on the Export of Livestock' declares that

"... legislation requires the livestock exporter to undertake adequate planning encompassing a thorough risk assessment and development of appropriate risk mitigation measures ... "

*("Australian Position Statement on the Export of Livestock," 2006,
re-published in ASEL v2.3, 2011, at page 8)*

Standard 2.3 of ASEL calls for all longer-distance land transport movements to be undertaken in accordance with a travel plan.

However, the Standards do nothing to facilitate whole-of-supply-chain coordination and cooperation. Accordingly, it is not unusual for a livestock transport operator to be parked overnight, fully loaded with livestock, at the gates of a facility which has closed and will not reopen until early the next morning.

Unreliable management of time off water

Standard 2.9 of ASEL requires that livestock must not be deprived of water beyond a set of time limits prescribed in Appendix 2.1.

The time off water (TOW) 'clock' can begin to run as early as the point that livestock are mustered, if the yards in which they are held do not have drinking troughs.

The ASEL implicitly require that all parties in the supply chain must be given reliable information about when a TOW period commenced, so that the outer limit can be calculated and observed as the livestock moves through the supply chain.

However, the ASEL contain no provisions that require this information to be supplied to the transporter, or onwards through the supply chain. The ASEL also do not establish a process to facilitate the transfer of this information.

Drivers can become concerned that they may unknowingly breach TOW limits and that they may be expected to pass on information that they suspect is inaccurate.

Poor stock preparation

Standard 2.8 of ASEL requires that 'livestock on green feed must be held off green feed (but may be given access to dry feed) for at least 12 hours' prior to land transport.

Particularly for cattle being consigned to the Egyptian market, this is another common non-conformances encountered by transport operators. It leads to significant effluent spill inside the vehicle, creating risks of injury and contamination, and breaching the requirement of Standard 2.4 (see 'Washouts', below).

Box 2: Common risks and non-conformances affecting transport operators

Washouts not available

Standard 2.4 of ASEL requires that livestock must be prepared for transport in line with requirements found in Appendix 2.3.

At paragraph 2.3.2(b), this Appendix requires that vehicles must 'be clean before the journey, to minimise the risk of injury and contamination of the livestock'.

The ALRTA supports this requirement. Minimising the risk of livestock slipping in wet effluent while being transported is a concern that the Association has pursued for several years with producer groups and all levels of government.

The Standards do not indicate whether a registered property or other consignor may load a truck that is not fully clean and do not constrain a consignor from urging a transport operator to breach Appendix 2.3.2(b), for example in order to meet a loading deadline.

Nowhere in the Standards is there any suggestion that a registered property or an exporter should make a truck washout facility available to a transport operator.

- 56) In ALRTA's view, compliance in relation to the ASEL could be improved by establishing clear procedures for transport operators and other parties to report incidents and non-conformances, such as concerns regarding inadequate facilities or operations, and have those complaints actioned.
- 57) The ASEL should also provide clear accountabilities for who should ensure that non-conformances are recorded and are confirmed resolved, and where responsibility and accountability for resolving disputed concerns and complaints will lie.
- 58) It is noted that Standard 5 of the ASEL sets out very clear definitions of events that can be 'notifiable incidents', sets out tolerability thresholds that mark the boundary of when a non-conformance event becomes unacceptable, and then defines clear procedures for reporting the incident and taking remedial action.
- 59) While the 'notifiable incidents' addressed in Standard 5 are of a different class, there is no reason why the principle could not be adopted throughout the remainder of the ASEL. Proper incident reporting and rectification is a feature of all contemporary risk management frameworks.

- 60) The ALRTA suggests that the ASEL could be improved by inclusion of a general Standard that sets out expectations regarding reporting of non-conformances involving an identified responsible party, and lays down accountabilities for that party or identified (higher) party to ensure that non-conformances are resolved.

Key Result Area 3: Systemic assurances

- 61) The ALRTA strongly considers that our members' businesses should not be exposed to economic loss based on difficult judgements regarding whether particular video footage is representative of normal practices.
- 62) To maintain public trust, industry needs to be able to provide *systemic assurances* about the appropriateness and effectiveness of its routine methods of operation.
- 63) For licensed livestock exporters and operators of registered export premises, there is already a requirement that these businesses must fully adopt the ASEL within their operations and governance manuals.

- 64) The Commonwealth Minister's recent statements regarding 'end-to-end' accountability suggest that licensed exporters will be required to use both their internal management systems and their contractual relationships to deliver transparent and systemic assurances at least regarding the performance of all off-shore elements of the export task.
- 65) Noting that the "*Australian Position Statement on the Export of Livestock*" already calls for a high level of responsibility from licensed exporters regarding the domestic elements of the export task, the ALRTA suggests that improvements could be made to the ASEL so that similar mechanisms are used to provide more effective accountability and more transparent and systemic assurances regarding these elements.
- 66) At present, for other participants in the export supply chain, the Commonwealth Government relies upon the requirements of the ASEL being adopted in other industry-based audited quality assurance programs in order to achieve systemic assurance.
- 67) The pre-eminent quality assurance scheme for livestock producers in Australia is the *Livestock Production Assurance (LPA)* scheme, established by *Meat and Livestock Australia*.
- 68) Drawing upon the information captured in the *National Livestock Identification Scheme* and the *National Vendors Declaration*, the LPA scheme is relied upon to provide assurances regarding livestock producers' compliance with the ASEL standards.
- 69) The LPA scheme features five auditable elements, of which Standards Four and Five are relevant to the ASEL's requirements. Together these two Standards are expressed in detail through five performance indicators. This LPA material is presented in at [Attachment 1](#) to this submission.
- 70) The ALRTA suggests that the LPA scheme and the NVD should be supplemented if they are to continue to be used for the purpose of acquitting the ASEL requirements.
- 71) Suggested areas for supplementation of the LPA scheme are identified in Box 3.

Box 3: Areas where the LPA scheme requires supplementation to address ASEL requirements

Loading / unloading ramps

ASEL Appendix 2.3.3 requires that '[l]oading facilities must be designed, constructed, illuminated (where night-time loading occurs) and maintained to enable safe and efficient loading of livestock, to avoid injury and to minimise stress.'

LPA Element 4, which deals with transport of livestock, is focused upon the selection of stock that are fit to load. The LPA scheme does not address ramp standards.

Unreliable management of time off water

ASEL Standard 2.9 requires that livestock must not be deprived of water beyond a set of time limits prescribed in ASEL Appendix 2.1.

To minimise food safety risks arising from contamination through effluent spills, LPA Element 4 actually encourages livestock producers to 'curfew' livestock prior to transport.

The 'performance checklist' for Element 4 invites producers to curfew cattle for a *minimum* of six hours and sheep for a *minimum* of twelve hours.

Logically, observing the ASEL limit to time off water (TOW) and fulfilling LPA's instruction to curfew livestock for certain minimum time periods, would both require access to the same

Box 3: Areas where the LPA scheme requires supplementation to address ASEL requirements

information: a record of when the TOW period commenced.

Regrettably, the NVD document issued by MLA does not currently provide for this information to be captured.

A requirement to make, and supply to others, a 'record' of when certain TOW periods commence will soon be a statutory requirement in every Australian State, as governments move to implement the first of the enforceable National Animal Welfare Standards.

The ALRTA has written to Minister Ludwig and MLA, suggesting that the NVD document requires urgent amendment to capture the commencement time for TOW periods.

Transport operator standards

ASEL Standard 2.3 imposes thirteen requirements upon transport operators, supplemented by Standards 2.13-18, and 2.20-24 to total twenty-four requirements that are expressly directed to transporters.

LPA Element 4 takes a more flexible approach, requiring that transport arrangements be 'managed to minimise the risk of stress and contamination.'

Washouts not available

ASEL Standard 2.4 requires that livestock must be prepared for transport in line with requirements found in Appendix 2.3.

At paragraph 2.3.2(b), this Appendix requires that vehicles must 'be clean before the journey, to minimise the risk of injury and contamination of the livestock'.

LPA Element 4 takes a more flexible approach, with the 'performance checklist' requiring only that 'decks are as clean as practicable before loading.'

- 72) Another quality assurance scheme relevant to the ASEL Standards is *truckCare*, an animal welfare quality assurance scheme owned and operated by the ALRTA for its members. Dr Hugh Wirth, former President of the RSPCA and former World President of the WSPA, is patron and honorary scientific advisor to the ALRTA's *truckCare* management committee.
- 73) With financial and in-kind assistance from various governments, *truckCare* has been upgraded to meet the enforceable statutory requirements of the impending National Animal Welfare Standards. *truckCare* also addresses the majority of the ASEL Standards.
- 74) *truckCare* is presently a voluntary scheme, with market takeup of 20% of livestock transporters. Some corporate risk management systems in the food, retailing and logistics sectors afford *truckCare* accredited operators some level of preference when tendering or allocating work.

- 75) The ALRTA suggests that an important question for the Inquiry will be whether licensed exporters should be asked to deliver transparent and systemic assurance of performance across the full supply chain involved in the live export task, or only for the off-shore elements.

- 76) The ALRTA suggests that, if the LPA scheme and the NVD are to continue to be used for the purpose of acquitting the ASEL requirements, should be supplemented and upgraded.
- 77) The ALRTA suggests that the Inquiry note that quality assurance around animal welfare management in the transport sector is available, but not a dominant trend in the market.
- 78) To improve systemic assurance, the ALRTA suggests that the Inquiry should consider whether the ASEL could identify *truckCare* as a 'deemed to comply' solution to relevant Standards.

Key Result Area 4: End-to-end accountability, through a 'Chain of Responsibility'

- 79) In deciding to permit the resumption of trade with Indonesia, the Commonwealth Minister, the Hon Joe Ludwig, expressed very strong expectations that approved exporters would deliver 'end-to-end' accountability for the welfare of livestock.
- 80) As the ALRTA understands it, the Minister expects approved exporters to be discerning about the roles and responsibilities they allocate to contractual partners overseas, and the Government's policy will be to hold approved exporters accountable for successfully managing the performance of their business partners. (The ALRTA anticipates that this involves some significant reform for the ASEL, which currently provides, at page 10, that *"after disembarkation, the health and welfare of the livestock is the responsibility of the importer, under the authority of the importing country."*)
- 81) As discussed above, the ALRTA suggests an important question for the Inquiry will be to clarify what the Minister's expectations imply for the management of the domestic elements of the export task. The Inquiry should clarify whether which type of party, and how many parties, will be charged with delivering systemic assurance of performance across the domestic elements of the export supply chain.
- 82) A separate question will then be what regulatory (legal) strategies are used to ensure that all parties within the industry work to secure the best outcomes, and also to provide a connection through to government.
- 83) The ALRTA suggests that there is no need, and that it would be ineffective, for the Inquiry to propose detailed prescriptive regulation by government, backed by a compliance strategy of 'inspection, detection and deterrence'.
- 84) Rather, the ALRTA suggests that the Commonwealth should continue with the current regulatory strategy, which requires key businesses in the supply chain to demonstrate that they have suitable arrangements in place to fulfil key 'public trust' objectives.
- 85) The ALRTA notes that this regulatory approach is not 'a soft option', nor is it unusual. Operator licensing in the aviation, health, community services and, particularly, in the banking and financial services sectors all involve a similar regulatory approach.
- 86) The ALRTA suggest that an appropriate reform to strengthen the current regulatory framework would be to introduce a stronger and more effective 'Chain of Responsibility'.
- 87) Rather than rely solely on the current array of normative operational statements found throughout the ASEL, greater reliance could be placed on the outcome statements found throughout the standards. A particularly important measure would be to raise a 'duty' on parties to 'take all reasonable steps' to manage animal welfare and to *cooperate* with other parties.

- 88) Depending on the approach taken to other issues, these obligations could be imposed through contractual relationships, directly within quality assurance standards, or perhaps by other means.
 - 89) Finally, to be effective, any regulatory and governance arrangement is fundamentally exposed to whether the business actors are capable and motivated to comply.
 - 90) The ALRTA suggests that, to maintain this level of motivation, the Inquiry should look to foster a closer partnership between government, the export industry and relevant stakeholders, so that expectations and perspectives are more clearly understood and cannot again become so mismatched that another disruption might occur.
 - 91) It is in industry's interests to have governance arrangements that provide government, and the community, with confidence that expectations are understood, performance is managed transparently and effectively over time, and that changes required by government are clearly communicated and are actioned in a reliable manner.
 - 92) One measure to achieve a closer partnership may be for the Government to consider bringing some key industry bodies within the reach of the *Commonwealth Authorities and Companies Act 1997*, or making arrangements by other means that would replicate the effect of some of the key governance and guidance provisions of that Act.
 - 93) Another measure would be to make arrangements for Ministerial nominees to be appointed to the Board of relevant bodies. These nominees would not be Ministerial representatives. Rather, the intent would be to improve engagement by appointing representatives from credible, long-standing stakeholders and experts.
 - 94) Either measure could be applied to increase the level of stakeholder input and community confidence in the export industry.
- 95) The strong expectation of 'end-to-end' accountability expressed by the Commonwealth Minister as the basis for the resumption of trade with Indonesia may be best fulfilled through new provisions within the ASEL. The key suggested improvement would be to introduce a stronger and more effective 'Chain of Responsibility'.
 - 96) Further governance reforms within the sector could be considered, in recognition of the reality that ultimate public accountability, of course, will always lie with government and it is in industry's interest to avoid future disruption of the trade.

EXTRACT OF LIVESTOCK PRODUCTION ASSURANCE SCHEME, ELEMENTS FOUR AND FIVE,

97)

ELEMENT 4. – PREPARATION FOR DISPATCH OF LIVESTOCK

OUTCOME: On Farm systems have been implemented to ensure that the selected livestock are fit for transport and that the risk of stress and contamination of livestock during assembly and transport is minimised.

PERFORMANCE INDICATORS:

1. Only animals that are in a condition fit for travel are selected, to minimise potential disease and/or contamination related to transport conditions.
2. On farm assembly practices and transport arrangements are managed to minimise the risk of stress and contamination of animals.
3. Management practices ensure that minimum requirements for the fitness for travel of calves destined for sale or slaughter are in accordance with the Declarations made on the Bobby Calf LPA NVD at all times.

PERFORMANCE CHECKLIST:

1. Can the enterprise demonstrate that the risk of stress associated with transport is minimised by ensuring that only those livestock that are fit for travel are transported?
2. Can the enterprise demonstrate that the potential for contamination of livestock is minimised during transport? This may be achieved by implementing the following practices:
 - ensuring that the construction of upper decks minimises soiling of cattle on lower decks;
 - ensuring that decks are as clean as practicable before loading;
 - ensuring that **Cattle** destined for slaughter are subjected to a minimum six (6) hour pre-consignment curfew, unless specified otherwise by the customer;
 - ensuring that **Sheep/Goats** destined for slaughter are subjected to a minimum twelve (12) hour dry curfew, unless specified otherwise by the customer?
3. Can the enterprise demonstrate that transporters are selected to minimise stress during transport e.g. preference is given to the engagement of livestock transport companies that transport livestock in accordance with a recognised quality assurance program such as Truckcare?
4. Can the enterprise demonstrate that feedback/complaints from processors/purchasers in relation to excessive soiling of livestock are investigated to prevent reoccurrence? This might include records of feedback/complaints and details of steps implemented to address the issue.
5. Can the enterprise demonstrate that all calves described on Bobby Calf LPA NVDs have been prepared for transport in accordance with the following provisions at all times: Calves are (a) in their 5th day of life or older; (b) have dry, withered navel cords; (c) have been fed within 6 hours prior to delivery to the point of sale or collection; (d) over 23 kg live weight; and (e) fit and strong enough to be transported for sale or slaughter. Note: The above requirements are as stated on the C0309 version of the Bobby Calf NVD.
6. Can the enterprise demonstrate through other procedures or practices that outcomes and performance indicators for this element have been met?

ELEMENT 5. – LIVESTOCK TRANSACTIONS AND MOVEMENTS

OUTCOME: A system has been implemented to enable traceability of the current status of all livestock with respect to treatment or exposure to relevant food safety hazards for all livestock movements between livestock

PERFORMANCE INDICATORS:

1. All livestock transactions and movements including between properties (Property Identification Codes) are accompanied by a current, correctly completed LPA National Vendor Declaration (NVD).
2. Sufficient records are maintained to enable the declarations on an accompanying LPA NVD concerning the food safety related status of livestock introduced to and dispatched from the property to be reconciled with the livestock traceability system adopted.

PERFORMANCE CHECKLIST:

1. Can the enterprise demonstrate that all introduced livestock transactions and movements are accompanied by a **correctly and fully completed** LPA NVD to enable the traceability of the status of livestock in relation to chemical residue and disease (Food Safety hazards) by retaining records of LPA NVDs?
2. Can the enterprise demonstrate that all LPA NVDs are completed accurately and signed to ensure the integrity of the paddock to plate food safety chain? This can be achieved through the retention of records and being able to accurately complete NVDs.
3. Are sufficient records maintained to enable the enterprise to demonstrate the traceability of stock purchased/introduced onto the property with respect to chemical treatment status? Records should include the following information:
 - Date of purchase/introduction;
 - Vendor's name and address or property identification code (PIC)
 - Description of livestock (number, age, sex)
 - Name of selling agent and sale (if purchased at auction)
4. Are sufficient records maintained to enable the enterprise to demonstrate that stock dispatched for sale or slaughter can be traced that include the following information:
 - Description of livestock (number, age, sex)
 - Transaction date
 - Name of purchaser/selling agent
 - Name of transport operator and vehicle registration
5. Can the enterprise demonstrate that the status of livestock, in regards to chemical residues and the ruminant feed ban, is reviewed prior to sale or slaughter enabling the accurate completion of LPA NVDs and traceability of the current food safety status of livestock?
6. Can the enterprise demonstrate where livestock have been sold within a WHP/ESI, that the buyer was advised in writing of the stocks WHP/ESI and their expiry date? For example retained LPA NVDs or written correspondence.
7. Can the enterprise demonstrate that livestock traceability system adopted identifies all livestock that have been exposed to chemical residues?

BACKGROUND MATERIAL

About ALTA

- 1) The Australian Livestock and Rural Transporters Association (ALRTA) is the national federation that represents road transport companies who provide the 'first and last' link of the supply chain for Australia's agricultural industries and communities.
- 2) Australian agriculture relies on ALRTA's members in order to access domestic and global markets. Almost all inputs to, and production from Australian agriculture involves some transport by truck. Two-thirds of Australia's agricultural production is exported, comprising 20% of Australia's global merchandise exports.
- 3) Established in 1985, originally as the Australian Livestock Transporters Association, ALRTA is Australia's oldest purely policy-focused road transport industry association. ALRTA has no political affiliation and does not engage in industrial representation.
- 4) The National Council of the ALRTA is solely comprised of road transport operators, as are each State Council. ALRTA and its member bodies represent transport operators located in every Australian State and Territory. Our member operators are engaged in both short haul operations and long-distance haulage, extending to trans-continental movements. Our members provide services to remote stations, regional communities, coastal urban areas and regional and metropolitan ports.
- 5) Over 50 per cent of ALRTA's member operators run fully or partially diversified businesses in order to service the needs of the regional and rural communities in which they are based. In addition to their focus on livestock, many of our member operators are involved in transport of grains, feeds, fertilizer and other bulk materials cartage, fuel, milk, molasses, water and other tanker operations, refrigerated transport, inland retail fulfilment, and various forms of industrial and general freight cartage. Predominantly smaller businesses, our member operators are operationally complex.

Status of this submission

- 6) The submission was considered and authorised by ALRTA's National Council on 14 July 2011 (Council Paper 11-07.7 refers), with final editorial adjustments approved by ALRTA's National President on 28 July 2011.
- 7) Enquiries should be directed to ALRTA on (02) 6247 5434 or office@alta.org.au. It is available at www.alta.org.au.

**TERMS OF REFERENCE:
ANIMAL WELFARE STANDARDS IN AUSTRALIA'S LIVE EXPORT MARKETS**

On 16 June 2011, the Senate moved that the following matters be referred to the Rural Affairs and Transport References Committee for inquiry and report by 25 August 2011:

- 1) Investigate and report into the role and effectiveness of Government, Meat and Livestock Australia, Livecorp and relevant industry bodies in improving animal welfare standards in Australia's live export markets, including:
 - a) The level, nature and effectiveness of expenditure and efforts to promote or improve animal welfare standards with respect to all Australian live export market countries;
 - i) expenditure and efforts on marketing and promoting live export to Australian producers;
 - ii) ongoing monitoring of the subscription to, and practise of, animal welfare standards in all live export market countries;
 - iii) actions to improve animal welfare outcomes in all other live export market countries and the evidence base for these actions.
 - b) The extent of knowledge of animal welfare practices in Australia's live export markets including:
 - i) formal and informal monitoring and reporting structures;
 - ii) formal and informal processes for reporting and addressing poor animal welfare practices.
- 2) Investigate and report on the domestic economic impact of the live export trade within Australia including:
 - a) Impact on regional and remote employment especially in northern Australia;
 - b) Impact and role of the industry on local livestock production and prices;
 - c) Impact on the processing of live stock within Australia.
- 3) Other related matters.