

AUSTRALIAN GOVERNMENT RESPONSE

**SENATE RURAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE**

**Inquiry:
Animal welfare standards in Australia's live export
markets**

**Live Animal Export (Slaughter) Prohibition Bill 2011 (No.
2)**

**Live Animal Export Restriction and Prohibition Bill 2011
(No 2)**

July 2012

Government Response to Senate Inquiry – Animal welfare standards in Australia's live export markets and Live Animal Export Bills

The Australian Government has worked closely with the livestock industry, state and territory governments, and animal welfare groups to develop a robust framework to ensure animal welfare outcomes in the livestock export trade. This consultation, as well as extensive engagement with trading partners, has led to significant supply chain reform through the development of a new regulatory framework. The goal is to ensure that by the end of 2012, all Australian livestock exported for slaughter will be treated at or above internationally accepted animal welfare standards.

On 21 October 2011, the Australian Government announced it was extending the supply chain assurance framework developed for Indonesia to cover all markets for Australian feeder and slaughter livestock exports.

The new framework requires exporters to demonstrate they have a supply chain assurance system that delivers:

- internationally agreed welfare requirements (World Organisation for Animal Health (OIE))
- control over the movement of animals through the supply chain to point of slaughter
- tracking/accountability of animals throughout the supply chain
- independent auditing and reporting to government.

The Government's approach was informed by the recommendations of the Independent Review of Australia's Livestock Export Trade (the Farmer Review) and the Industry-Government Working Group reports on Live Cattle Exports and on Live Sheep and Goat Exports. These reports recommended adapting and implementing a supply chain assurance framework for all markets for the export of Australian livestock, as well as addressing a number of domestic welfare issues. The implementation of these recommendations will require continued consultation with stakeholders.

The Government is committed to facilitating the implementation of these changes. It will make \$5 million available to support exporters to deliver improved supply chains. This funding will be available on a 3:1 investment ratio. The guidelines for this program are available at <http://daff.gov.au/about/current-grants>. A further allocation of \$10 million from the Official Development Assistance (ODA) contingency reserve will be made available to eligible countries that import Australian livestock in order to improve animal welfare outcomes.

The Government will encourage the use of stunning in livestock export supply chains through the following measures:

- pursuing, where possible, bilateral agreements with our trading partners that include stunning
- promoting the use of stunning, including through work instructions, improved processes and stunning training through regional OIE forums
- supporting industry efforts to develop and implement voluntary codes of conduct that raise standards above OIE and that include stunning
- raising the inclusion of stunning in the OIE guidelines through the formal OIE process
- funding animal welfare improvements in export markets with support from Australian industry.

Domestically, the Government has also committed to:

- as a priority, enhance the system of exporters contracting Australian Quarantine and Inspection Service (AQIS) accredited veterinarians (AAV), including training processes
- review the Australian Standards for the Export of Livestock (ASEL) by 28 February 2013
- work with states and territories to articulate respective roles, encourage them to incorporate welfare standards in legislation, and seek their agreement to implement unique individual animal identification of all cattle, sheep and goats as soon as practical
- encourage industry to implement a through-chain quality management system
- have the Australian Maritime Safety Authority review shipping standards and carriage of livestock within the next 6 months.

A final report on the effectiveness of the reforms will be provided to Parliament in 2014.

The Government decision on livestock export reform largely addresses the recommendations of the Senate Rural Affairs and Transport References Committee on animal welfare standards in Australia's live export markets. The following is the Government's detailed response to each recommendation.

Government Response

Recommendation 1

2.53 The committee recommends that the Live Animal Export (Slaughter) Prohibition Bill 2011 [No.2] and the Live Animal Export Restriction and Prohibition Bill 2011 [No.2] not be passed.

The Government agrees with the recommendation.

The Government is committed to supporting the continuation of the livestock export trade and will, therefore, not be supporting the passage of the bill.

Recommendation 2

4.70 The committee recommends that Meat and Livestock Australia and LiveCorp ensure that performance standards, in accordance with Article 7.5.2.1.g of the World Organisation for Animal Health (OIE) Code, are developed and implemented for the Mark IV restraint box as a matter of priority.

The Government agrees in principle with the recommendation, but notes it is targeted specifically at industry to develop and implement.

The requirements of the new livestock export trade regulatory framework will ensure industry meets OIE standards for animal welfare but are not prescriptive in their approach.

Recommendation 3

4.71 The committee recommends that the Chief Veterinary Officer oversees the regular assessment of the performance standards for the Mark IV restraint box, the effectiveness of their implementation and the associated impact on animal welfare outcomes.

The Government disagrees with the recommendation.

The requirements of the new livestock export trade regulatory framework will ensure industry meets OIE standards for animal welfare but are not prescriptive in their approach.

The Government acknowledges that assessment of performance standards and the effectiveness of their implementation may be a useful recommendation for industry to consider.

The Government also acknowledges that the Chief Veterinary Officer may be called upon to review aspects of supply chains, including Mark IV boxes, as needed.

Recommendation 4

4.76 The committee recommends that the Australian Government, in consultation with the Australian live export industry and key peak animal welfare groups, clarifies the range of information relating to compliance with the supply chain assurance system that will be made public, the form in which this information will be published and the frequency with which it will be published.

The Government agrees with the recommendation.

On 26 August 2011, the Industry Government Working Groups (IGWG) on Live Cattle Exports and on Live Sheep and Goat Exports reported to the Minister for Agriculture, Fisheries and Forestry in relation to the development and implementation of a new livestock export supply chain regulatory framework for live cattle/buffalo and sheep/goat markets. These reports (at <http://liveexports.gov.au/news#reports>) recommended that the independent audit reports be published, taking into account commercial sensitivities.

The Department of Agriculture, Fisheries and Forestry (DAFF) has defined a list of audit information considered necessary to adequately meet the Government's publication objective. This information has been provided to stakeholders and is available on the DAFF website.

Recommendation 5

4.79 The committee recommends that the Australian Government continues to work with the Australian livestock industry toward the implementation of a mandatory national permanent livestock traceability system.

The Government agrees with the recommendation.

The Government expects to continue to work closely with industry through the Primary Industries Standing Committee in the development of a mandatory national traceability system for livestock.

Recommendation 6

6.17 The committee recommends that the Australian live export industry undertake a review of the responsibilities of peak bodies that act and speak on behalf of the industry with a view to clarifying the lines of authority and communication within industry.

The Government agrees in principle with the recommendation.

The Government supports the clarification of lines of authority and communication within peak industry bodies.

Recommendation 7

6.31 The committee recommends that the Australian Government establishes an ongoing dialogue with the governments of each of our live export trading partners and ensures that agreements reached as a result of this dialogue are clearly communicated to Australian Government officials and Australian industry representatives.

The Government agrees in principle with the recommendation.

A key element of the announced reforms is that Australian exporters have the responsibility to put in place the new arrangements. It is the exporter's responsibility to work with industry in importing countries to develop supply chains that meet the new standards.

The Government recognises the importance of engaging the governments of our trading partners to seek their support for the reforms. An active program of engagement is underway with the governments of our trading partners. This has included representations by relevant ministers and senior government officials, including visits, discussions and correspondence.

The Government will continue to engage with our trading partners as the new reforms are implemented. To ensure effective implementation of the new arrangements, the Government will continue to work closely with the livestock export industry and state and territory governments through the Industry–Government Implementation Group on livestock export reforms and the Standing Council on Primary Industries.

Recommendation 8

6.45 The committee recommends that the Australian Government, in consultation with the live export industry and other ancillary businesses develops a package of further assistance or reallocates existing packages of assistance to address those identifiable and otherwise irrevocable financial costs incurred as a result of the temporary suspension of live cattle exports to Indonesia.

Noted. The Government has already provided a range of assistance measures to support affected pastoralists and businesses; and considers that these measures were sufficient.

The Government made available:

- an Income Recovery Subsidy on 27 June 2011, comprising 13 weeks of income support (applications closed 5 September 2011)
- a Business Assistance Package on 30 June 2011, comprising a Business Assistance Payment of \$5000 (applications closed 30 September 2011)
- a Business Hardship Payment of up to \$20 000 (applications closed 30 September 2011)
- grants of \$5500 for the obtaining of financial advice (applications closed 31 December 2011)
- a Subsidised Interest Rate Scheme providing a subsidy of up to \$36 000 on business loans of \$300 000 over two years (applications closed 10 February 2012).

Existing government assistance programs available to support those affected by the suspension included:

- Rural Financial Counselling Services available to primary producers and small rural businesses suffering financial difficulties
 - On 1 July 2011, a rural financial counsellor was located in the Northern Territory for six months to assist producers and businesses to apply for assistance and support their planning and decision-making processes.
- support to Indigenous business owners, depending on individual business needs, to access wage subsidies and training for Indigenous employees; mentoring support; assistance to identify new and emerging markets; re-phase business and risk plans; and access mainstream support
- the government extended priority assistance through Job Services Australia to employees who had been made redundant from eligible companies affected by the temporary suspension of live cattle exports to Indonesia.

Recommendation 9

6.47 The committee recommends that the Australian Government establishes a dialogue with financial institutions with regard to the financial difficulties faced by producers and businesses involved in the live export industry as a result of the temporary suspension of live cattle exports to Indonesia. The committee recommends that the Australian Government seeks to encourage financial institutions to adopt a supportive approach to the repayment of loans and the imposition of interest penalties in the event of default on such payments.

Noted. The Government agrees that dialogue with financial institutions is important and has already undertaken a number of actions in this regard.

In July 2011, the Department of Agriculture, Fisheries and Forestry commissioned Hydros Consulting to report on the financial impact of the cattle export restrictions on producers and service businesses in northern Australia.

On 10 August 2011, the Minister for Agriculture, Fisheries and Forestry hosted an initial teleconference with key financial institutions on the development of the Subsidised Interest Rate Scheme, with follow-up discussions held by the Department of Agriculture, Fisheries and Forestry.

In developing the framework of the Subsidised Interest Rate, the department also consulted the Western Australian, Queensland and Northern Territory governments.

The Agricultural Finance Forum, comprising members from the financial services sector, agri-political organisations and government, meets on a six monthly basis for the purpose of improving communication between the rural sector, government and financial institutions on major public policy issues.

Australian Greens – Dissenting Report

Recommendation 1

1.25 The Greens recommend that the Live Animal Export (Slaughter) Prohibition Bill 2011 [No.2] be passed.

The Government disagrees with the recommendation.

The Government is committed to supporting the continuation of the livestock export trade while ensuring the welfare of Australian animals and will, therefore, not be supporting the passage of the bill.

Recommendation 2

1.26 Pre-slaughter stunning should be mandatory at all abattoirs where Australian livestock is slaughtered.

The Government disagrees with the recommendation.

Imposing a mandatory requirement of pre-slaughter stunning for Australian livestock in overseas markets would be, prima facie, inconsistent with Australia's obligations under the World Trade Organization (WTO) and would also be unacceptable to a number of key trading partners.

The Australian Government's current approach under a new regulatory framework for livestock exports for feeder and slaughter purposes is to require exporters to ensure that animals are handled and slaughtered in accordance with international World Organisation for Animal Health (OIE) animal welfare requirements. The OIE does not mandate stunning of animals prior to slaughter. OIE standards cover the whole slaughter process and if followed substantially reduce welfare compromise in livestock, particularly before and during non-stun slaughter.

Included in the livestock export reforms announced by the Government on 21 October 2011, the use of stunning will be encouraged in all livestock export trade for feeder and slaughter purposes through the following measures:

- pursuing, where possible, bilateral agreements with our trading partners that include stunning
- promoting the use of stunning including through work instructions, improved processes and stunning training through regional OIE forums
- supporting industry efforts to develop and implement voluntary codes of conduct that raise standards above the OIE and that include stunning
- raising the inclusion of stunning in the OIE guidelines through the formal OIE process

- funding animal welfare improvements in trading partners with support from Australian industry.

The majority of animals in Australia are stunned prior to slaughter. Where this does not occur, for religious reasons, there is a strict quality management system ensuring that animals do not suffer unnecessarily.

Support of state and territory governments would be required for the Australian Government to pass legislation to require mandatory stunning for domestic slaughter.

The issue of domestic slaughter is often discussed with the state and territory governments at the Primary Industries Standing Committee and the Standing Council on Primary Industries.

Senator Xenophon – Dissenting Report

Recommendation 1

1.16 That the Government, industry and the RSPCA work together as a matter of urgency to ensure supply chain security in all of Australia’s live export markets.

The Government agrees with the recommendation in principle.

On 21 October 2011, the Government announced livestock export trade reforms that were informed by the recommendations of the Independent Review of Australia’s Livestock Export Trade (Farmer Review) as well as input from the Industry Government Working Groups (IGWG) on Live Cattle Exports and on Live Sheep and Goat Exports.

Industry and state and territory governments are key stakeholders in the implementation of these reforms. A new industry government implementation group has been established to provide information and advice on the implementation of these reforms, specifically the new regulatory framework and the comprehensive review of Australian standards for the export of livestock.

Animal welfare groups are key stakeholders that have provided advice and information throughout the development of the new regulatory framework. The Government expects to continue this close relationship through the implementation of the livestock export trade reforms.

Recommendation 2

1.17 That the Government, industry and the RSPCA work together to ensure pre-slaughter stunning is required for all animals in the domestic and live export markets as a matter of urgency.

The Government disagrees with the recommendation.

The Australian Government’s current approach under a new regulatory framework for livestock exports for feeder and slaughter purposes is to require exporters to ensure that animals are handled and slaughtered in accordance with international World Organisation for Animal Health (OIE) animal welfare requirements. The OIE does not mandate stunning of animals prior to slaughter. OIE standards cover the whole slaughter process and if followed substantially reduce welfare compromise in livestock, particularly before and during non-stun slaughter.

Included in the livestock export reforms announced by the Government on 21 October 2011, the use of stunning will be encouraged in all livestock export trade for feeder and slaughter purposes through the following measures:

- pursuing, where possible, bilateral agreements with our trading partners that include stunning
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- supporting industry efforts to develop and implement voluntary codes of conduct that raise standards above the OIE and that include stunning
- raising the inclusion of stunning in the OIE guidelines through the formal OIE process
- funding animal welfare improvements in trading partners with support from Australian industry.

The majority of animals in Australia are stunned prior to slaughter and where this does not occur, for religious reasons, there is a strict quality management system ensuring that animals do not suffer unnecessarily.

Recommendation 3

1.18 That the Government and industry consult with producers in relation to significantly overhauling and improving the current compensation packages.

Noted. The Government has already provided a range of assistance measures to support affected pastoralists and businesses; and considers that these measures were sufficient.

The Government made available:

- an Income Recovery Subsidy on 27 June 2011, comprising 13 weeks of income support (applications closed 5 September 2011)
- a Business Assistance Package on 30 June 2011, comprising a Business Assistance Payment of \$5000 (applications closed 30 September 2011)
- a Business Hardship Payment of up to \$20 000 (applications closed 30 September 2011)
- grants of \$5500 for the obtaining of financial advice (applications closed 31 December 2011)
- a Subsidised Interest Rate Scheme providing a subsidy of up to \$36 000 on business loans of \$300 000 over two years (applications closed 10 February 2012).

Existing government assistance programs available to support those affected by the suspension included:

- Rural Financial Counselling Services available to primary producers and small rural businesses suffering financial difficulties
 - On 1 July 2011, a rural financial counsellor was located in the Northern Territory for six months to assist producers and businesses to apply for assistance and support their planning and decision-making processes.
- support to Indigenous business owners, depending on individual business needs, to access wage subsidies and training for Indigenous employees; mentoring support; assistance to identify new and emerging markets; re-phase business and risk plans; and access mainstream support
- the government extended priority assistance through Job Services Australia to employees who had been made redundant from eligible companies affected by the temporary suspension of live cattle exports to Indonesia.

Recommendation 4

1.19 That the *Live Animal Export Restriction and Prohibition Bill 2011 [No. 2]* be passed, subject to a reasonable extension of the live export phase out period, following consultation with industry and the RSPCA.

The Government disagrees with the recommendation.

The Government is committed to supporting the continuation of the livestock export trade while ensuring the welfare of Australian animals.

Recommendation 5

1.20 Further to Recommendation 4, that the Government commission an independent and comprehensive study into how the industry can be restructured to support processing of all animals within Australia.

The Government disagrees with the recommendation.

The Government is committed to supporting the continuation of the livestock export trade while ensuring the welfare of Australian animals.