CHAPTER 4

THE PURCHASE AND SELECTION OF EXPORT SHEEP

District of Origin

4.1 In New South Wales, sheep for the live export trade have traditionally come from the western, low rainfall areas, but in 1984 there was an increasing interest in sheep for the trade from the high rainfall tablelands.

4.2 The constraint of distance and the cost of transport precludes sheep for the trade being obtained in Queensland other than from the southern border areas.

4.3 The south-eastern high rainfall areas of Western Australia have provided most of the 'boat sheep' from that State.

4.4 In South Australia, sheep have generally been obtained from the high rainfall areas but, at certain times of the year, up to 15 per cent of export sheep have come from the drier pastoral areas.[1]

4.5 There has been conflicting evidence given on the advantages and disadvantages of sheep for the live export trade being obtained from the high rainfall or the low rainfall areas. The New South Wales Department of Agriculture stated:

> 'The selection of sheep from the lower rainfall areas of the state has the addeu advantage in that sheep from these areas are more accustomed to a diet based on dry roughage, as much of the animal grazing is

dry roughage. This is an added advantage in the pre-conditioning of these sheep in feedlots to shipboard diets.'[2]

4.6 Both Dr Dobson of the South Australian Department of Agriculture and representatives of the ACLA commented that sheep obtained from the pastoral or low rainfall areas do not adapt well to the confinement of feedlots or ship pens.[3]

4.7 There is little empirical work available on the correlation of region of origin of sheep and their adaptation to intensive conditions. As lack of adaptation is one cause of losses in the trade, the Committee believes that priority should be given to research that will help to reduce these losses.

4.8 The Committee RECOMMENDS that the AAHQS ensure that research agreed to by the ALEIAC in February 1984, for which funding has been approved by the AMRC, on regional sources of sheep and subsequent adaptation to conditions on live sheep carriers, be commenced without delay.

Sex and Age Groups

4.9 The Livestock Policy Section of the DPI regulates the export of live sheep under the Customs (Prohibited Exports) Regulations. Section 3.1 of the 'Instruction to Regional Offices for Issue of Export Permit' states that: 'Exports of merino ewes are prohibited to all countries except New Zealand'. In addition, exports of entire Merino rams to all countries except New Zealand are subject to quotas and certain other restrictions. Sterilised Merino rams may be exported.

4.10 The original specification for export sheep was for old Merino wethers, that is four years or older, with a good sound mouth and an adequate body weight and length of wool. Sheep with broken mouths were not selected for export because it was

considered doubtful that they would survive the journey. It now appears that the average age of export wethers has dropped considerably. Dr John Lightfoot of the Western Australian Department of Agriculture commented that:

> '(In Western Australia), the full mouth wether, once the mainstay of the wool industry, could now be classified as an endangered species ... On average there would be fewer than 30 animals remaining per farm.'[4]

4.11 In Western Australia, the average age of wethers shipped since 1981 has been less than three years with a growing proportion of export sheep being less than eighteen months.[5] This may also have been influenced by the specification set out by the buyers. Four years ago most contracts stated that export sheep were to be aged 'up to 4 years.'[6]

4.12 The AMLC provided information on the percentage of sheep exported to the Middle East which were under two years of age: in 1983, 3.4 per cent; in 1984, 2.6 per cent and in 1985 to April, 3.3 per cent. These are minimum percentages and they do not include sheep under two years of age included in lines of sheep of mixed ages.[7]

4.13 According to the AMLC, Kuwait, which is the second largest importer, continues to import all ages. However, it told the Committee that:

> 'we export animals less than three years of age. They say they are doing this because they feel that the older animals are not the best to give to their consumers and they would prefer to give them the better animal. They still want the "hot" animal, the hot meat, but they would like them to be not quite as old and heavy as we have given them in the past.'[8]

4.14 The Committee received evidence that young sheep usually adapt to the conditions of the trade better than older sheep. However, care is needed in order not to select sheep too young as they would have difficulty coping with the additional stress of the voyage.[9]

4.15 The Committee RECOMMENDS that live sheep under two years of age not be exported until the AAHQS has completed an investigation as to the minimum age that should apply to export sheep.

Condition

4.16 Condition, not price, is the main criterion for selecting sheep for live export.[10] A standard specification is for a 50 kg hard-fat wether. This means that 50 kg is the total live weight of a sheep in its state of purchase or delivered at the feedlot. Hard-fat indicates that it has been fat for some time.[11] All specifications have a minimum weight and the minimum individual weight and the fat score is invariably nothing under three (store condition) and preferably four (forward store condition). There is no indication that five score (over-fat) animals are used, as AAHQS standards specify that special care is to be taken with their preparation and there is a lower stocking density onboard ship. These welfare considerations have to be balanced against profitability as the heaviest possible sheep are needed to achieve the greatest cost efficiency of the livestock carrier.[12]

Breeds of Export Sheep

4.17 About 90 to 95 per cent of export sheep are Merino wethers.[13] The main non-Merino breeds are the Polwarth and Corriedale, loaded from either Portland or Tasmania.[14]

4.18 Representatives of the ACLA told the Committee that there is no data available for the relative success of different breeds in their adaptation to shipboard conditions.[15] Dr Batey of the ALTV commented on cross-bred animals:

> 'The limited experience would suggest that the animals do adapt very, very well, but there appears to be something of a breed difference and this does become apparent during the process. For instance, the long wool breed crosses such as the Border Leicester, the Romney Marsh and the Coopworth and the like tend to travel better than some of the fat breeds.'[16]

4.19 Dr John Lightfoot of the Western Australian Department of Agriculture believed that while the Merino is an ideal sheep for live export:

> 'More farmers are recognising that first cross lambs from Merino ewes can give earlier turn-off and more flexibility in production systems.'[17]

4.20 The level of sales of British based rams such as Border Leicester, Poll Dorset and Suffolk in Western Australia indicate the popularity of British breeds used as terminal sires in flocks managed for the live export trade.[18]

4.21 There has been little, if any, research done on the genetics of sheep that are best adapted to shipboard and feedlot environments. There has been no attempt to develop a breed of sheep for live export, although the possibility of fat-tail cross-breeds is examined in Chapter 15. This is a response to a marketing specification, not to a management or welfare specification.

Shearing of Export Sheep

4.22 The AAHQS standards specify:

> '2.5 Sheep should be shorn in sufficient time before export to enable the animals to recover from the stress and/or injuries associated with shearing. It is desirable that shearing operations be completed not less than 7 days prior to shipment but acceptable alternative practices could reduce this period.'

4.23 These standards were published in 1982 but the ALEA advised the Committee that the industry-wide standard is a minimum of 14 days off-shears before receival into feedlot.[19] The ALEA also advised that most feedlots have shearing sheds[20] and there is evidence that some sheep are shorn in feedlots and do not stay there for the required 14 days.

4.24 The reason for not holding sheep off-shears in feedlots was amply demonstrated at Portland in March 1983 when 15 000 sheep died in feedlots as a result of cold stress. This disaster prompted the Victorian Department of Agriculture to introduce new standards:

> 'Following that incident we had discussions with the feedlot operators and implemented the number of points we intimated today that have changed that situation. The sheep that were arriving in those times were bare shorn sheep which are much more susceptible to cold stress. There were even sheep being shorn on the lot at the time and so we implemented the 14 day period. Sheep are not accepted on the feedlot unless they have been off-shears 14 days.'[21]

No other State has specific requirements for the shearing of sheep prior to receival in the feedlot.[22]

4.25 However, typical export sheep travel to the Middle East from one to two months off-shears, although at certain times they can have three to four months' wool.[23]

4.26 The attitude of the industry is that a heavier fleece has no economic value to exporters, because they are not able to shear the fleece and the increased weight affects stocking density.[24] The relevant AAHQS standard is as follows:

> '2.6 Sheep should not be forwarded for export if their wool length could adversely affect their ability to travel in reasonable comfort. An average fleece wool length of no longer than approximately 25mm is satisfactory and would enable the animals to be stocked at D.O.T. density requirements.
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> 2.7 Sheep with an average wool length greater than approximately 25mm are to be stocked at a density less than the D.O.T. requirements which is suitable to their comfort as determined by the Government veterinary officer.'

4.27 It is difficult to determine how these standards are administered and how well the regulations are adhered to. This is discussed further in Chapter 15.

'Rubbish' Sheep

4.28 The Government veterinary officer responsible for the inspection of export sheep at the dockside has the option to reject animals 'whose welfare would be adversely affected if they were permitted to embark'.[25]

4.29 The Model Code of Practice for the Welfare of Animals : Sea Transport of Livestock (Draft) specifies that animals which would be unacceptable for loading include those:

- with clinical evidence of disease or parasitism;
- in poor body condition;
- with physical defects;
- less than one week off shears (or a long coat in animals destined for hot humid climates);
- which are heavily pregnant;
- which are lame, blind or injured.

4.30 The AAHQS standards specify that these sheep should not be forwarded for assembly. Culling takes place mainly at the export feedlot both on arrival and on departure but a final inspection and culling takes place at the dockside.

4.31 The selection of sheep initially takes place at the farm but there have been comments about the prevalence of 'rubbish sheep' in the industry. Veterinary consultant Dr Peter Arnold commented at the 1984 annual meeting of the Sheepmeat Council of Australia:

> 'The farmer has got to stop giving us rubbish. In the fortnight between sale and pick-up he has the responsibility for those sheep - and that is not happening ... Those diet responsibilities belong to the farmer. Most farmers do it but you don't need too many to do a bad job to have a bad mortality rate.'[26]

According to Dr Arnold, deaths are occurring in the first three days out to sea - too short a time for the ship to have influenced the sheep's condition.[27]

4.32 The ACLA responded that, as a general rule, the farmer was not giving the live export industry rubbish.[28] It acknowledged that the farmer is responsible for the sheep between sale and pick-up but rejected the allegation that, in this period, sheep are often put into paddocks without sufficient feed or are neglected. 'It does not often happen. It happens in isolated cases and where it does happen it works against the vendor.'[29] The purchasers could reject any sheep at the time of delivery that did not meet the specification. The condition of maltreated sheep would become obvious after a few days.[30] However, when sheep are in short supply for a particular shipment, as occurs when several carriers are in port at the same time, agents sometimes are less discriminating in the quality of the sheep they purchase.

4.33 Mr Lloyd Beeby of the AMLC in a letter to The Land of 31 May 1984 commented that 'the very great majority of farmers supplying sheep to this trade take their responsibilities very seriously, a small proportion do not' and that 'there may be a few producers in Australia who could exercise greater care'.

Export Contracts

4.34 The AFAS commented in its submission that there is indifference to the mortalities aboard the carrier because 'the Arabs pay for the number that leave Australia alive. If they only paid for the number that land alive in the Middle East it might be a different story.'[31] Dr T. Kempton, a livestock nutritionist, agreed:

> 'If a shipper is paid when the stock are loaded, as at present, there is less incentive to prepare them well compared to a shipper whose payment is based on the number and quality of livestock delivered.'[32]

4.35 The Committee has received evidence that contracts vary considerably, that some are based on numbers and others based on weight, that payment may be FOB or part payment at port of destination. The ALEA told the Committee that Middle Eastern buyers:

> 'pay for the number that are loaded here in all cases, but in some cases there is a performance bond or only a proportion paid at that stage and the remainder is paid on the number that arrive and their weight.'[33]

4.36 The KLTT itself monitors live weight by weighing sheep in trucks after unloading in Kuwait.[34] The ALEA agreed that there was an inducement to keep the live weight up but not always in all contracts.[35] The ideal would be contracts based on both live weight and numbers.

4.37 According to the AMLC, payment on shipped weight had been replaced by payment on actual weight unloaded except for some integrated companies that worked in numbers and not weights. It argued that this meant the exporter had a very real incentive to ensure weight loss and death were kept to a minimum.[36]

4.38 There is the problem of payment, either FOB or a percentage payment, being withheld until delivery in the Middle East. The ALEA responded that most supplier companies in Australia insist on immediate payment and that it is accepted in international trade that payment is on an FOB basis.[37] This is also complicated by the procedures within the integrated companies which are 'absorbing all their losses of both weight and deaths within their own system.'[38]

4.39 Mr Phillip King, then head of Rural Export and Trading (WA) (RETWA), the Australian subsidiary of KLTT, confirmed that KLTT did not use contracts:

> 'I give the company an indication of what the price will be, we determine where we will load the vessel, and it is loaded, and it pays.'[39]

There is a long-term contract in the sense that the subsidiary RETWA has a shipping programme for the next twelve months.[40]

4.40 Dr Temple Grandin recommended that contracts should be based on the number of live sheep delivered and not on weights. 'Contracts based on weights encourage salt feeding and detrimental changes in feed formulation which are designed to increase gut fill.'[41] The Committee put this criticism to Dr David Franklin of the ALEA who replied that it was totally incorrect:

> 'I really find it difficult to imagine a feed miller putting in something which presumably would cost extra just to get weight. Most of the feed rations are formulated along certain lines and particular purposes. The story of putting in salt can be fairly dangerous when you are talking about large numbers of animals. I do not believe it is a practice which is followed anywhere in the trade.'[42]

4.41 Mr Lloyd Beeby of the AMLC also dismissed the criticism.[43]

4.42 It should be mentioned that the AMLC is responsible for the product quality of Australian livestock exports. It looks at the standards laid down in the livestock contract such as breed, type and weight and it is required to ensure that those minimum standards are met.[44]