

Chapter 3

Overview of regulation of animal welfare prior to suspension of exports of live cattle to Indonesia in June 2011

Introduction

3.1 In examining the role and effectiveness of initiatives implemented by the Australian Government and relevant industry bodies in improving animal welfare standards in Australia's live export markets, the committee was mindful that initiatives to improve animal welfare standards span over a decade of government and industry activities. The committee was also mindful that the live export trade has been the subject of a number of major reviews, frequently in response to specific incidents which have highlighted animal welfare concerns.

Independent Reference Group reports on the livestock export industry

3.2 In 2002, following a spate of livestock export incidents involving unacceptably high mortalities, the then Minister for Agriculture, Fisheries and Forestry requested the Independent Reference Group (IRG) to reconvene¹ to develop advice on future initiatives to improve animal welfare outcomes for the livestock export trade for consideration by the Government and industry.

3.3 The IRG identified evidence of systemic failures within the live animal export program (and associated framework) and highlighted the risk to Australia's reputation if these incidents were not addressed in a transparent and comprehensive manner.

3.4 The IRG found the following factors as critical to improving the performance of the trade:

- adoption of risk assessment from paddock to customer for the wider trade and individual voyages covering sourcing of livestock, preparation, on-board management, climatic conditions, market and trade dynamics;
- a contemporary, outcomes-focussed program and regulatory framework;
- review of the Livestock Environmental Assurance Program (LEAP) to re-orientate it to an outcomes approach;
- a comprehensive and ongoing research and development program;
- a joint industry/government emergency management plan; and

1 The Independent Reference Group (IRG) was originally formed in July 1999 to review all aspects of the live export trade. The IRG's initial review was completed in February 2000.

- overall government coordination and leadership to be driven by the Department of Agriculture, Fisheries and Forestry (DAFF).²

3.5 The IRG made specific recommendations in relation to the following key areas:

- development of an action plan jointly by industry and government;
- implementation of risk assessment for the trade and individual voyages;
- improved approach to the investigation of incidents; and
- better risk communication to improve transparency.³

2003 Livestock Export Review (Keniry Review)

3.6 In 2003, the then Minister for Agriculture Fisheries and Forestry, the Hon Warren Truss MP, announced a review into the livestock export industry in response to concerns about animal welfare in relation to live exports to the Middle East. The review was undertaken by a panel chaired by Dr John Keniry.⁴

3.7 The Keniry Review identified the following five principles to inform its conclusions and recommendations:

- The welfare of the animals in the livestock export trade is a primary consideration in all areas of the industry.
- The Australian Government is responsible for protecting the broader interests of the Australian community in the export process by setting clear standards for the export of livestock, administering them firmly and consistently, and for ensuring governance and reporting arrangements in relation to animal welfare during export are transparent.
- The Australian livestock industry is responsible for development of the livestock export industry by establishing and managing systems that support the adoption of best practice animal husbandry and commercial practices along the export chain.
- The livestock export industry is part of the wider Australian meat and livestock industry and the way it operates has implications for the industry as a whole.

2 <http://www.daff.gov.au/animal-plant-health/welfare/reports/livestock> (accessed 10 September 2011).

3 <http://www.daff.gov.au/animal-plant-health/welfare/reports/livestock> (accessed 10 September 2011).

4 The review panel comprised: Dr John Keniry, Mr W Murray Rogers AM, Professor Ivan Caple, Dr Michael Bond and Mr Lachlan Gosse.

- The livestock export industry is uniquely and inherently risky because it deals with sentient animals along an extended production chain, from farm to discharge into the market.⁵

3.8 The Keniry Review recommended a range of initiatives to improve animal welfare conditions in the livestock export trade including:

- implementation of a national standard for livestock exports;
- regulation of export licences and export permits;
- the role and accountability of 'third party' veterinarians;
- the need for research and development programs on the suitability of different types of livestock for export;
- establishment of an operational quarantine holding facility in the Middle East and improvements in approving the health status of animals; and
- establishment of a national response system to manage any future livestock export emergency.⁶

Regulatory arrangements for the export of livestock from Australia

3.9 The export of livestock is regulated through a range of Commonwealth, state and local government legislation and regulations.

3.10 The roles and responsibilities of key players under this legislation, including Australian animal health and welfare requirements, are explained in the Australian Position Statement on the Export of Livestock (APSEL). The APSEL was developed in 2006 as part of the Australian Government's response to the Keniry Review to provide a framework for the development of standards for the export of livestock.⁷ A revised position statement was released in April 2011.

Australian Position Statement on the Export of Livestock

3.11 The position statement stipulates that a whole-of-chain risk-based approach must be adopted to minimise the chance of adverse animal health and welfare outcomes during the live export process. The position statement observes that:

5 *Livestock Export Review, Final Report: a Report to the Minister for Agriculture, Fisheries and Forestry*, 23 December 2003, pp 4-5.

6 *Livestock Export Review, Final Report: a Report to the Minister for Agriculture, Fisheries and Forestry*, 23 December 2003, pp 5-7.

7 The Primary Industries Ministerial Council first endorsed the Australian Position Statement on the Export of Livestock in November 2006. A revised position statement was released in April 2011.

The export of animals obliges all participants in the trade to ensure that the animals' health and welfare is protected to the greatest extent possible and reflects Australian community expectations.⁸

3.12 The position statement also outlines the following responsibilities of the key participants in the live export industry in Australia:

- (a) Exporters are responsible for ensuring compliance with the Australian animal health and welfare system and all applicable Australian Government and state, territory and local government laws. They must also ensure importing country requirements are met and verification systems established to meet audit scrutiny throughout the export chain. Exporters must source suitable livestock to meet consignment specifications and ensure adequate on-board care and management of livestock throughout the voyage. To this end the Australian Standards for the Export of Livestock (ASEL) prescribe that the exporter must engage an accredited stockperson and veterinarian, where required. The exporter must also ensure appropriate stocking densities and provisioning on board the vessel prior to departure and demonstrate that preparation and loading of livestock is in accordance with an approved loading plan.⁹
- (b) The Australian Government is responsible for export policy, regulation of the live export industry, including licensing livestock exporters, inspection and health and welfare certification of livestock for export, and issuing export permits and health certificates. This includes ensuring exporters, operators of registered premises and accredited veterinarians comply with the standards, and ensuring the effectiveness of the standards in achieving their aims of acceptable animal health and welfare outcomes by regular review that involves stakeholders.¹⁰
- (c) State and territory governments have responsibility for ensuring that livestock producers and exporters comply with relevant state and territory legislation, including animal welfare Acts. In some jurisdictions local governments have responsibility for some areas of animal health

8 Australian Position Statement on the Export of Livestock, April 2011, p. 7, http://www.daff.gov.au/_data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

9 Australian Position Statement on the Export of Livestock, April 2011, p. 13, http://www.daff.gov.au/_data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

10 Australian Position Statement on the Export of Livestock, April 2011, p. 14, http://www.daff.gov.au/_data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

and welfare. There are formal consultative processes to ensure appropriate communication between the three tiers of government.¹¹

- (d) Livestock organisations are responsible for assisting their members meet the standards and other relevant legislation through the development and management of quality assurance systems, the provision of training and the accreditation of stockpersons travelling on live export vessels. They are also responsible for identifying research and development initiatives and promoting a culture of sustainable improvement in animal health and welfare outcomes.¹²

3.13 The position statement also sets out the responsibilities of accredited stockpersons, AQIS-accredited veterinarians and live export chain service providers; such as producers, transport operators, feed suppliers, stockpersons, stevedores, and the Master of the Vessel.¹³

3.14 The committee notes that the obligations outlined in the position statement extend from the point at which planning of a live export consignment begins to the completion of disembarkation. The position statement is clear that:

After disembarkation, the health and welfare of the livestock is the responsibility of the importer, under the authority of the importing country.¹⁴

3.15 However, the committee notes the statement goes on to say that:

The Australian Government and the Australian livestock export industry are committed to furthering the health and welfare of livestock in importing countries. Improvements at all stages of the livestock handling chain are being achieved by the fostering of cooperation and goodwill, the sharing of Australian technical expertise, the provision of educational and training opportunities, and support for infrastructure.¹⁵

11 Australian Position Statement on the Export of Livestock, April 2011, p. 14, http://www.daff.gov.au/data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

12 Australian Position Statement on the Export of Livestock, April 2011, p. 14, http://www.daff.gov.au/data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

13 Australian Position Statement on the Export of Livestock, April 2011, p. 15, http://www.daff.gov.au/data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

14 Australian Position Statement on the Export of Livestock, April 2011, p. 10, http://www.daff.gov.au/data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

15 Australian Position Statement on the Export of Livestock, April 2011, p. 10, http://www.daff.gov.au/data/assets/pdf_file/0010/1904365/australian-standards-v2.3.pdf (accessed 5 October 2011).

Australian Standards for the Export of Livestock

3.16 In addition to the position statement, the ASEL set the basic standards for the conduct of the livestock export trade and were developed in response to recommendations in the Keniry Review. The ASEL aim to provide a nationally consistent whole-of-chain risk-based framework from the selection of livestock on farm through to the point of discharge at the overseas port. Compliance with the ASEL is overseen by AQIS.¹⁶

3.17 The ASEL impose conditions and standards on companies and organisations within Australia that export livestock. The ASEL are developed by the Livestock Export Standards Advisory Group which comprises representatives of the livestock industry and exporters, state governments, the animal welfare sector, an eminent animal welfare research scientist and AQIS as the regulator. The most recent version of the ASEL came into force on 27 April 2011.¹⁷

3.18 In their joint submission, Meat and Livestock Australia (MLA) and LiveCorp told the committee that the current Australian regulatory arrangements have served the industry well to the point of destination and that the ASEL is delivering against its stated objectives. They noted that declining vessel mortalities demonstrate the continuous improvement in animal welfare outcomes on board vessels.¹⁸

3.19 However, to ensure continuous improvement in the ASEL and animal welfare outcomes throughout the export process, MLA and LiveCorp acknowledged that there is a need for ongoing refinement to better meet changing producer, exporter, importer, community and government expectations.¹⁹ They advised the committee that with support from the Australian Government, the two organisations have undertaken a range of research and training over the last decade, much of which they consider has contributed to improved standards and management practices related to the ASEL.²⁰

Memoranda of Understanding

3.20 In addition to the establishment of standards around the preparation and shipping of livestock, DAFF manages the negotiation of Memoranda of Understanding (MOU) with a number of importing countries.

3.21 Australia has entered into MOUs with a number of countries in the Middle East.²¹ MOUs aim to protect the health and welfare of livestock by setting out the

16 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 28-29.

17 Rural Affairs and Transport Budget Estimates 24 May 2011, *Committee Hansard*, p. 72.

18 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 29.

19 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 29.

20 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 30.

21 These countries include: United Arab Emirates, Kuwait, Saudi Arabia, Jordan, Libya, Lebanon, Eritrea, Egypt, Oman, Qatar and Bahrain.

conditions under which trade can be undertaken. Key provisions in the MOUs include the assurance that live animals are offloaded on arrival, to guarantee that animals will not be left on vessels for long periods, beyond the normal shipping time for the journey.

Expenditure and efforts to promote or improve animal welfare standards with respect to all Australian live export market countries

3.22 As noted above, responsibility for animal welfare throughout the live export chain is shared between the three tiers of government and the red meat industry. Beyond the point of disembarkation, neither the Australian Government nor industry representatives have any formal authority to enforce Australian animal welfare standards. However, both the Australian Government and the industry accept responsibility for working cooperatively with importing countries to further animal health and welfare in each of these countries.

3.23 Initiatives to improve animal welfare standards in Australia's live export markets are developed and funded through a partnership between MLA, LiveCorp and the Australian Government. Primary responsibility for implementation of initiatives falls to MLA and LiveCorp. However, neither MLA nor LiveCorp have any regulatory powers in relation to Australia's red meat industry.²²

3.24 In evidence to the committee, MLA Chairman, Mr Don Heatley stressed that:

MLA has no regulatory role within the live export trade, neither here in Australia or in transit, nor in destination markets. Let me also state that MLA does not sell animals into the live export trade and hence has no commercial influence in the live export supply chain. What MLA does is invest levies paid by Australian livestock producers to deliver R&D and market support activities designed to improve the wellbeing and performance of Australian livestock throughout the export process.²³

3.25 MLA is a producer-owned public company funded by levies paid on sales of sheep, goats and cattle. The Australian Government matches funds for investment in research and development on a dollar-for-dollar basis and MLA also receives co-operative contributions from individual processors, wholesalers, food service operators, and processor and livestock export industry bodies.²⁴

3.26 Similarly, LiveCorp is a public non-listed company, limited by guarantee, funded by levies paid by exporters on the export of live sheep, goats and cattle and a voluntary levy on the export of dairy cattle. All licensed Australian livestock exporters are eligible to become members of LiveCorp.²⁵

22 Mr Don Heatley, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 18.

23 Mr Don Heatley, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 18.

24 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 3.

25 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 8.

3.27 Peak bodies within the red meat industry also play a role in setting priorities and the strategic direction for the red meat industry. In its submission, the Cattle Council of Australia (CCA) outlined its involvement, through the red meat industry MOU, in advising on strategic direction for, and assessing the performance of, services delivered by MLA.²⁶

3.28 CCA told the committee that investments by MLA and LiveCorp on behalf of the industry have focused on activities that are intended to deliver improvements both to productivity and animal welfare. CCA said:

If a practice improves productivity, it is more likely to be taken up by supply chain partners and deliver benefits to animal welfare. Examples of this include projects to deliver improved animal handling at facilities receiving Australian livestock and improve ration formulation in Indonesian feedlots.

Improved animal handling delivers animal welfare benefits from reducing stress from handling and productivity benefits from increased live weight gain and minimizing setbacks to the animal's growth path. Improved nutrition has obvious productivity benefits but also delivers animal welfare benefits through reduced nutrition disease and improved rumen function and gut health.²⁷

3.29 In addition to financial investments in animal welfare projects, the Australian Government makes representations to its trading partners and seeks to provide international leadership with regard to the promotion, adoption and implementation of OIE animal welfare standards.

The Australian Government is committed to working with trading partners and the live export industry to improve animal welfare in countries that import Australian livestock. The government makes representations to the Indonesian Government on a range of issues, including animal welfare, as part of its bilateral activities. The department also has a permanent Counsellor (Agriculture) based in Jakarta whose work includes liaising with Indonesian authorities on all agriculture matters, including animal welfare.

In addition, the government has provided international leadership on the development of a Regional Animal Welfare Strategy for Asia, the Far East and Oceania (RAWS) since 2007. The RAWS supports World Organisation for Animal Health (OIE) member countries in the Asia Pacific, including Indonesia, to promote, adopt and implement OIE animal welfare standards through activities including education, legislation, regulation, research and development.²⁸

26 Cattle Council of Australia, *Submission 118*, pp 2-3.

27 Cattle Council of Australia, *Submission 118*, p. 6.

28 Rural Affairs and Transport Legislation Committee, *Budget Estimates*, May 2011, Answer to Question on Notice, Question 276, Trade and Market Access Division.

3.30 MLA and LiveCorp told the committee that they consider they have taken a proactive and responsive approach to animal welfare issues. Specifically, they pointed to funds invested through the Live Export Program (LEP) and the Live Trade Animal Welfare Partnership (LTAWP).²⁹

Livestock Export Program

3.31 MLA and LiveCorp undertake the investment of industry levies through the LEP. The aim of this joint initiative is to invest in activities and tools to improve the trade in Australia, on board livestock vessels and overseas. The LEP supports a range of activities in the Middle East and Africa and in the Asia Pacific. The LEP also dedicates resources to:

- assisting industry to meet regulatory requirements and improve efficiencies;
- research and development; and
- educating and building relationships with both the Australian community and industry stakeholders.³⁰

3.32 In their joint submission MLA and LiveCorp advised the committee that the Australian government contributes 50 per cent of the cost of MLA and LiveCorp LEP research and development projects, up to a cap.

3.33 MLA and LiveCorp said that the level of resources committed to animal welfare has increased both physically and financially. The committee notes that animal welfare is the largest expenditure component of the LEP and that 40 per cent of total program expenditure over the last five years has been devoted to animal welfare. In the Asia Pacific, 75 per cent of expenditure on animal welfare has been devoted to Indonesia.³¹

3.34 The following table was included in the MLA and LiveCorp submission:

29 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 36.

30 Meat and Livestock Australia Website, <http://www.mla.com.au/About-the-red-meat-industry/Livestock-exports>, (accessed 5 October 2011).

31 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 38.

Table 6.1: investment in animal welfare related to livestock exports

	05/06	06/07	07/08	08/09	09/10
ANIMAL WELFARE					
R&D	819	744	676	1,129	1,038
Support					
- Asia Pacific	218	338	397	121	323
- Middle East	545	290	761	650	851
LTAWP/LATP					
-Asia Pacific	54	284	199	332	253
-Middle East		246	589	356	359
-Other					
Total Animal Welfare	1,636	1,902	2,622	2,588	2,824

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Live Trade Animal Welfare Partnership

3.35 In addition, the government has fully or partially funded the Live Animal Trade Program (LATP) and the LTAWP. Much of the funding delivered through these programs has been used to expand and accelerate work by MLA and LiveCorp on improving animal handling and welfare.³³

3.36 In the 2009-2010 Budget, the government announced the LTAWP. The Partnership builds on the previous LATP, which funded a range of initiatives, including improved infrastructure to reduce livestock stress or injury, and training for feedlot, abattoir and transport staff in overseas markets.

3.37 The aim of the partnership with industry is to support cooperative activities with a range of countries that receive Australian live animals and to support animal welfare outcomes associated with that trade. The stated objectives of the LTAWP are to:

- support projects which enable better animal welfare outcomes in the handling, transport and processing of live animals in importing countries;
- support importing countries to adopt and implement World Organisation for Animal Health (OIE) animal welfare standards; and
- provide other assistance as appropriate to advance the bilateral agricultural relationship with importing countries with regard to the trade in livestock.

3.38 The committee notes that through the LTAWP, the Australian Government and the Australian live export industry are investing a total of \$3.2 million on a 50:50 co-contribution basis in projects which enable better animal welfare outcomes in the

32 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 38.

33 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 37-38.

handling, transport and processing of livestock in importing countries.³⁴ In response to questions taken on notice during Budget Estimates hearings in May 2011, DAFF advised that:

In 2010-11, the government approved \$125,000 under the Live Trade Animal Welfare Partnership for a project to improve post-arrival animal welfare conditions for Australian cattle in Indonesia. This funding is matched by industry. In accordance with the funding agreement, the department has made one payment of \$50,000 to date.³⁵

Initiatives by region

3.39 In their submission, MLA and LiveCorp provided a detailed summary of actions taken to improve animal welfare outcomes in each of the three key livestock export countries/regions: Middle East/North Africa, Indonesia and Malaysia.³⁶ In each case, MLA and LiveCorp outlined the manner in which the effectiveness of these initiatives has been assessed.

3.40 The range of initiatives are listed as:

- training in animal handling, transport and processing practices;
- infrastructure improvements, including:
 - assessment of existing animal handling practices and processing infrastructure;
 - repair and replacement of existing infrastructure;
 - design and construction of new equipment and facilities; and
 - better utilisation of improved infrastructure through provision of animal handling training.
- technical support in the areas of abattoir design, livestock nutrition and training; and
- research and development.³⁷

Middle East/North Africa

3.41 The Middle East and North Africa (MENA) program is run from MLA's office in Bahrain, where the Middle East Manager Livestock Services is based. This role has responsibility for ten countries and is supported by a team of animal welfare

34 Rural Affairs and Transport Legislation Committee, Budget Estimates, May 2011, Answer to Question on Notice 275, Trade and Market Access Division.

35 Rural Affairs and Transport Legislation Committee, Budget Estimates, May 2011, Answer to Question on Notice 275, Trade and Market Access Division.

36 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 40 - 51.

37 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 38 -39.

and technical support specialists employed as consultants and contractors working in individual countries within the region.

3.42 MLA and LiveCorp activities in MENA are tailored to the specific requirements of each market and have taken a supply chain approach, focussing initially on ports and then moving through the chain to point of slaughter.³⁸

3.43 Since 2008, an annual independent assessment has been commissioned of the 14 feedlots in eight countries across the MENA region where Australian livestock are fed, and MLA and LiveCorp have actively delivered training. The assessment is of areas covered by both the OIE Guidelines and the Terrestrial Animal Health Code (2010). The committee notes that the average assessment score results provided in the MLA and LiveCorp submission, indicate continuous improvement since 2008.³⁹

3.44 Over the past two years, assessments of abattoirs in the MENA region have been undertaken based on guides and assessment protocols defined by Dr Temple Grandin,⁴⁰ and include areas covered by both the OIE Guidelines and the Terrestrial Animal Health Code. MLA and LiveCorp stated that assessments in 2010 and 2011 show a small increase in the average score. MLA and LiveCorp also stated that they provide technical assistance and support to processing facilities to address areas of weakness.⁴¹

Indonesia

3.45 MLA and LiveCorp stated that Indonesia has been the most important market for Australian live cattle over the past decade and, as a result, has attracted the majority of expenditure under the LEP program. The need to improve animal welfare in Indonesian abattoirs was identified in the late 1990s, stemming from the widespread use of traditional slaughter practices.⁴² However, in evidence to the committee, MLA and LiveCorp stressed that prior to the temporary cessation of the live cattle trade with Indonesia, the agreed strategy between industry and government with regard to animal welfare has been one of incremental and progressive change based on an understanding of animal welfare gathered through the organisation's on the ground presence in each of the markets.⁴³

3.46 MLA opened an office in Indonesia in February 2010. Prior to this, the Asia region was serviced out of MLA's Sydney office through a livestock services position,

38 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 40.

39 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 42-43.

40 Dr Temple Grandin is a Colorado State University Professor and is a consultant to the livestock industry on animal behaviour.

41 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 43.

42 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 43.

43 Mr Scott Hansen, Meat and Livestock Australia, *Committee Hansard*, 20 September 2011, p. 6.

using a team of contractors with expertise in areas such as animal handling, livestock nutrition, yard design and point of slaughter. For two years prior to the office opening, a contractor specialising in point of slaughter was engaged on a full time basis to deliver the restraining box program. A full time assistant was also contracted and supplemented with animal welfare training contractors. Since opening its office in Indonesia, MLA has employed six local employees, of whom three are focused on animal welfare and two expatriates, of whom one is responsible for animal welfare.⁴⁴

3.47 The effectiveness of LEP projects in Indonesia have been measured by reporting against Annual Operating Plan Key Performance Indicators and against delivery milestones detailed in the Australian Government funding deeds. In 2010, MLA and LiveCorp commissioned an independent assessment of animal welfare in the Indonesian market place, based on OIE codes and standards.⁴⁵

3.48 The committee notes the unfettered access given to the independent study panel, who commented:

The trade in Australian cattle in Indonesia was found to be transparent and the tour group received unfettered access to facilities and staff. Abattoir operators and workers were generally welcoming, cooperative and unperturbed by the panel's presence. This was found to be the case at facilities where the visit was prearranged as well as at those facilities where the visit was impromptu.⁴⁶

3.49 The welfare of Australian cattle was found to be generally good, though some incidents of non-compliance with OIE standards were observed and improvements were recommended in a number of areas to address this.⁴⁷ Of the recommendations made, the review panel commented that the two of most importance were:

44 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 14.

45 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, http://www.daff.gov.au/data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011). The review panel comprised: Professor Ivan Caple, University of Melbourne; Dr Penelope McGown, Beef Cattle Veterinarian, Brisbane; Professor Neville Gregory, Royal Veterinary College, University of London and Dr Paul Cusack, Australian Livestock Production Services.

46 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. 28, http://www.daff.gov.au/data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011).

47 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. 44, http://www.daff.gov.au/data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011).

- encouraging the use of non-lethal stunning during slaughter, and
- developing an increased appreciation of the animal welfare and production benefits gained by importing cattle suited to the conditions.⁴⁸

3.50 The review panel found that the point of slaughter posed the greatest risk to the welfare of Australian cattle in Indonesia. The panel noted the fragmented nature of the Indonesian processing sector and the typically rudimentary nature of processing infrastructure.⁴⁹ The panel examined 29 cattle during slaughter in 11 abattoirs. Stunning was used in several 'advanced facilities' as were restraining boxes and copy boxes.⁵⁰

3.51 In their submission, MLA and LiveCorp advised the committee that the review panel's recommendations have been fully accepted by the industry and actions to address the recommendations have been included in plans.⁵¹

3.52 Key initiatives in the Indonesian market have been the commencement of the restraining box program in 2000 and a range of initiatives to assist port, transport and feedlot operators to improve animal welfare outcomes.⁵²

Restraining boxes

3.53 The restraining box program commenced in 2000 as a means of addressing animal welfare concerns in relation to traditional slaughter methods employed in Indonesian abattoirs. The restraining boxes were designed by MLA and LiveCorp, cognisant of capital and infrastructure limitations within the Indonesian market.

3.54 The program commenced with installation of Mark I restraining boxes. The Mark I box is manually operated. MLA/LiveCorp provide the following explanation of the operation of the Mark I box:

48 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. i, http://www.daff.gov.au/data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011).

49 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. 42, http://www.daff.gov.au/data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011) and Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 49-50.

50 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. 30, http://www.daff.gov.au/data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011), May 2010.

51 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 50.

52 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 44-45.

An animal is walked up the race into the box and a front and back leg is roped and tied off. The door of the box is then opened allowing the animal to fall on its side down the slope of the cement plinth. A butcher ropes and/or holds down the head of the animal to prevent an animal from regaining its feet. Slaughter and butchering then takes place.⁵³

3.55 MLA and LiveCorp stated that "the Mark I box has always been considered a significant improvement on traditional slaughter practices", but they have continued to improve the design.⁵⁴ In 2010, the Mark IV box was designed with the intention of providing greater control of the animal and removing the need to rope the animal's legs. The Mark IV box has been designed to use hydraulics powered by an electric motor or to be manually operated using a hand pump. Once the animal has entered the box, the hydraulics restrain it and tilt the box to present the animal appropriately for slaughter.⁵⁵

3.56 The committee notes that during 2010-11, specific projects have been undertaken in Indonesia focussing on the construction and maintenance of restraining boxes and also on training animal handlers to use the boxes. During the 2011 Budget Estimates, the Rural Affairs and Transport Legislation Committee (the Legislation Committee) was told:

In 2010-11 the project was actually building on an earlier project which [we] had run the previous year. The first year of the project was predominantly construction and maintenance of restraining boxes. Under the program they also provided animal handlers with training in standard operating procedures, and there was an independent assessment of past projects that had been delivered in South-East Asia. The more recent one, in 2010-11, worked to improve post-arrival animal welfare by maintaining or upgrading the infrastructure. That was the restraining boxes and other elements of the abattoirs. Further training programs for the local staff on handling and slaughter techniques was also involved.⁵⁶

3.57 During 2009-10, \$150,000 was allocated to Indonesian point of slaughter improvements under the LTAWP. These included the installation of slaughter boxes and other equipment of the type used in the Middle East.⁵⁷ In answers to questions taken on notice during Budget Estimates in 2011, the Legislation Committee was told that as at 30 June 2010, there were 109 Mark I restraining boxes in Indonesia and that these 109 boxes had been installed in 91 abattoirs. The Legislation Committee was also informed that four Mark IV boxes had been delivered to Indonesia; that two of

53 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 46.

54 Meat and Livestock Australia and LiveCorp, *Submission 315*, pp 46-47.

55 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 48.

56 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 77.

57 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 25 May 2010, p. 30.

these boxes had been installed in the first half of 2011 (and were operating) and the remaining two were yet to be installed.⁵⁸

3.58 DAFF also advised the Legislation Committee that as part of the 2010-11 LTAWP funding, MLA proposed to deliver training in 70 per cent of facilities in Indonesia with industry installed retraining boxes. As at January 2011, MLA had completed training at 18 per cent of Indonesian facilities under this project. On 17 June 2011, MLA announced that it would increase training for Indonesian abattoir workers as part of its \$9 million animal welfare plan for Indonesia.⁵⁹

3.59 In addition to restraining boxes manufactured and installed under the LTWAP, there are a number of locally manufactured copy boxes in use.

3.60 During 2011 Budget Estimates, the Legislation Committee sought clarification of the extent to which the effectiveness of restraint boxes was being monitored. DAFF advised that:

Industry advises that they have conducted animal welfare assessments at 91 abattoirs in Indonesia, covering 109 restraining boxes. The abattoirs are in the Indonesian provinces of Jakarta, Riau, Lampung, East Java, West Java, Banten, Nangroe Aceh Darussalam, South Sumatera, North Sumatera, West Sumatera, Bengkulu and Jogjakarta.⁶⁰

3.61 The committee is aware that the greater sophistication of the Mark IV box has played a role in limiting its deployment to date. During 2011 Budget Estimates, DAFF also advised that:

The Mark 1 box is a straightforward design. It does not require much in the way of electricity and so on to operate it. The Mark 4 box is an improvement in the sense that it holds the animal ... it cradles the animal as it tips the animal onto its side into the position in which it can be slaughtered. But that system requires a series of hydraulic and other powered mechanisms which ... are not appropriate or are unable to be installed in many of the locations where the Mark 1 boxes are currently installed. I think that gives you a sense of the difference between the two boxes, but a correctly used Mark 1 box delivers substantial animal welfare improvements over the traditional slaughter techniques that are used in Indonesia for example.⁶¹

58 Rural Affairs and Transport, Budget Estimates, May 2011, Answer to Question on Notice, Question 43 (received by Secretariat, 26 July 2011).

59 Rural Affairs and Transport, Budget Estimates, May 2011, Answer to Question on Notice, Question 50 (received by Secretariat, 26 July 2011).

60 Rural Affairs and Transport Committee, Budget Estimates, May 2011, Answer to Question on Notice, Question 288, Trade and Market Access.

61 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 76.

3.62 However, during this inquiry the committee was pleased to hear that the roll out of Mark IV boxes appears to have accelerated in recent months. Dr Barnard, MLA, told the committee:

There will be a reasonably rapid rollout of the mark IV boxes, I believe, by commercial players over the next couple of months. I could not give you a percentage figure on that second area, but that would give you an order of magnitude for the numbers that we are currently dealing with.⁶²

3.63 There are mixed views regarding the use of Mark I boxes and the extent to which they can be said to contribute to improved animal welfare at the point of slaughter.

3.64 The committee notes that the independent assessment of animal welfare in Indonesia found that restraining boxes deliver significant animal welfare benefits. However, the review panel noted that there was "an appreciable observed difference in the handling and obvious animal welfare benefits where training in standard operating procedures had been delivered".⁶³

3.65 Professor Ivan Caple, Chair of the independent review panel, was asked about examples cited in the panel's report "of Mark I boxes where cattle fell, hit their heads and tried to get up a number of times". Professor Caple indicated that this problem could also occur in copy boxes and argued that:

... The real problem they have is restraint of the animals. The critical thing for slaughter of animals without stunning is adequate restraint before and after the throat is cut. If they are not adequately restrained, that is a real issue. The problems with casting animals from these control boxes or copy boxes that the people need to be very skilled to do it correctly. We made a recommendation for stunning. Stunning is an excellent way to restrain an animal.⁶⁴

3.66 During the 2011 Budget Estimates, DAFF stated that it was aware of concerns in relation to the use of restraint boxes and that, as a result, the department had asked industry to place greater emphasis on training. DAFF advised that it is:

... not the box per se but the way in which it is used and the appropriate training for the individuals who are involved. In discussions with industry about what we should be doing as we roll the program forward in the

62 Dr Peter Barnard, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 23.

63 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, pp 30-31, http://www.daff.gov.au/_data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011).

64 Professor Ivan Caple, *Committee Hansard*, 14 September 2011, p. 35.

coming year, we have asked to have a greater focus on the training and handling side of the equation rather than additional physical boxes.⁶⁵

3.67 DAFF also suggested that despite the advancements in restraining box technology, there were still opportunities for further deployment of Mark I boxes in Indonesia in the right circumstances.

There is another round of the Live Trade Animal Welfare Partnership program for the coming year where we have not yet finalised the projects themselves. But it is fair to say that there are still opportunities to put in Mark 1 boxes where that would have a substantial animal welfare improvement. They are still in the mix of the kind of activities that could be considered under the program.⁶⁶

3.68 However, at the direction of the Minister, DAFF implemented a moratorium on the installation of any new Mark I restraint boxes using Commonwealth funds on 31 May 2011. DAFF then asked MLA to provide a proposal for alternative use of the funds that would result in demonstrable improvements in animal welfare.⁶⁷ After the moratorium was implemented, DAFF advised that the Australian Chief Veterinary Officer (CVO) would coordinate an independent, scientific assessment of the ongoing appropriateness of both Mark I and Mark IV restraint boxes and that this review would inform any changes to the current system.⁶⁸

3.69 The CVO's assessment found that the use of Mark I boxes cannot comply with several elements of OIE standards for the slaughter of animals, but found that the proper use of Mark IV restraint boxes is compliant. The CVO also noted that the development of the Mark I box had occurred prior to the development of OIE standards.⁶⁹

3.70 The CVO also found that poor animal welfare outcomes associated with the use of restraint boxes were further exacerbated by a lack of competency in animal

65 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 78.

66 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 76.

67 Rural Affairs and Transport Legislation Committee, Budget Estimates, May 2011, Answer to Question on Notice, Question 275, Trade and Market Access Division.

68 Rural Affairs and Transport, Budget Estimates, May 2011, Answer to Question on Notice, Question 281, Trade and Market Access Division.

69 Chief Veterinary Officer, An assessment of the ongoing appropriateness of Mark I and IV restraint boxes, p. 7, accessed at http://liveexports.gov.au/data/assets/pdf_file/0010/1999099/acvo-assessment-of-restraint-boxes.pdf on 6 October 2011.

handling and deficiencies in infrastructure, operational procedures, equipment and training.⁷⁰

3.71 The CVO observed a number of practices associated with the use of Mark IV boxes that were inconsistent with the OIE Code. In his report, the CVO stated that:

Even with suitable equipment, poor animal welfare outcomes can result from lack of slaughterman competency in animal slaughtering and inadequate operational procedures. These types of deficiency can be addressed through proper procedures and training.⁷¹

3.72 The CVO also noted that the OIE Code calls for the development of performance standards to assess operational outcomes from use of facilities and equipment used in association with the slaughter of animals. The CVO's report stated that he was unaware if such standards were developed as part of the training for operation of either the Mark I or Mark IV box.⁷²

3.73 In response to the CVO's assessment, the Minister announced that the Australian Government will no longer fund the installation of any further Mark I boxes and that the previously announced moratorium is now a permanent ban. The Minister also announced that any future funding for restraint boxes will only be provided where it can be verified that the box is capable of meeting all relevant OIE standards.⁷³

Stunning

3.74 The Rural Affairs and Transport Committees have been very interested in initiatives to encourage the use of stunning technology in Australia's live export markets. The committee notes that during the 2011 Budget Estimates, the Legislation Committee sought further information regarding facilities in Indonesia using pre-slaughter stunning and was advised by DAFF:

70 Chief Veterinary Officer, An assessment of the ongoing appropriateness of Mark I and IV restraint boxes, p. 13, accessed at http://liveexports.gov.au/_data/assets/pdf_file/0010/1999099/acvo-assessment-of-restraint-boxes.pdf on 6 October 2011.

71 Chief Veterinary Officer, An assessment of the ongoing appropriateness of Mark I and IV restraint boxes, p. 1, accessed at http://liveexports.gov.au/_data/assets/pdf_file/0010/1999099/acvo-assessment-of-restraint-boxes.pdf on 6 October 2011.

72 Chief Veterinary Officer, An assessment of the ongoing appropriateness of Mark I and IV restraint boxes, p. 6 and p. 8, accessed at http://liveexports.gov.au/_data/assets/pdf_file/0010/1999099/acvo-assessment-of-restraint-boxes.pdf on 6 October 2011.

73 Minister for Agriculture, Fisheries and Forestry, Media Release, *Minister Welcomes Chief Vet's Report*, 24 August 2011, DAFF11/211L.

While we are aware that a number of abattoirs use stunning in Indonesia we are not aware of any official numbers available on how many facilities routinely use stunning.⁷⁴

3.75 DAFF subsequently advised the Legislation Committee that MLA had contracted a consultant in January 2011 to deliver a stunning pilot project in Indonesia and that as of 27 June 2011, two abattoirs had implemented stunning as a result of that project.⁷⁵ A further three sites were being sought to participate in the project.⁷⁶

3.76 However, the stunning trial did not proceed under the LTAWP as the industry advised it was not feasible to implement a stunning trial at that time.⁷⁷

3.77 The independent study of animal welfare in Indonesia concluded that stunning delivered the single biggest animal welfare benefit, and recommended that the general adoption of stunning in the slaughter of Australian cattle in Indonesia. However, the review panel also observed that most facilities were unsophisticated and the adoption of stunning technology at these facilities was not feasible.⁷⁸

3.78 During 2011 Budget Estimates, officers from DAFF advised that there are a number of cultural and practical limitations on the introduction of stunning. They stated that:

... in a number of our export markets it simply is not possible at this point to introduce stunning because it is not allowed. Certainly in Indonesia we know that the industry is working on introducing some further facilities where stunning can be used, and under the Live Trade Animal Welfare Partnership we have a project in Jordan where we are looking at introducing stunning. So it is certainly a part of the approach that we are taking. But, again, while there are clearly animal welfare benefits involved in using stunning, it is not the only way to improve animal welfare in these countries.⁷⁹

...

74 Rural Affairs and Transport Legislation Committee, Budget Estimates May 2011, Answer to Question on Notice, Question 296, Trade and Market Access Division.

75 These facilities are located in the provinces of Banten and West Java.

76 Rural Affairs and Transport Legislation Committee, Budget Estimates May 2011, Answer to Question on Notice, Question 275, Trade and Market Access Division.

77 Rural Affairs and Transport Legislation Committee, Budget Estimates May 2011, Answer to Question on Notice, Question 296, Trade and Market Access Division.

78 *Final Report, Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter*, May 2010, prepared for Meat and Livestock Australia and LiveCorp, May 2010, p. 30, http://www.daff.gov.au/data/assets/pdf_file/0005/1886477/indonesia.pdf (accessed 5 October 2011).

79 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 74.

My understanding from the advice we have received from industry is that for the most part there are some difficulties in introducing stunning just due to the practical arrangements of what it is like on the ground in Indonesia, so access to electricity and so on that can enable the stunning equipment to operate effectively. It is the industry's project in Indonesia at the moment; the Australian government is not directly funding this project. They did have some difficulty in importing the stunning equipment into Indonesia because the equipment itself was regarded as some kind of a weapon and it was difficult to have the equipment arrive in Indonesia. That was one difficulty.⁸⁰

3.79 During this inquiry, MLA told the committee that it has been actively promoting the use of stunning over the past 18 months as part of an incremental process of improving animal welfare.⁸¹ The MLA and LiveCorp submission stated that "five relatively large modern, privately run, abattoirs in Indonesia (that account for approximately 8% of Australian cattle imports) have been stunning for some years".⁸²

3.80 MLA confirmed that since the start of the year a further two abattoirs had commenced using stunning. Mr Heatley told the committee that there were now approximately seven abattoirs using stunning and that this represents about 80,000 cattle.⁸³ He said:

Of the first eight supply chains that we think will get up and running to Indonesia I think seven are going to stun. So, yes, there is rollout of the mark IV boxes—and we have talked about that before and their plans to roll more out—but there is also rollout of stunning programs in Indonesia.⁸⁴

3.81 Mr Finucan told the committee that the eighth supply chain would be conducting a ritual slaughter operation using the Mark IV box.⁸⁵

3.82 MLA also advised the committee that commercial operators are:

... working down a path of promoting stunning and supporting people who want to increase stunning. Commercial operators that do not see that fitting with their business are progressing with mark IVs and they are producing them themselves.⁸⁶

80 Rural Affairs and Transport Budget Estimates, *Committee Hansard*, 24 May 2011, p. 75.

81 Mr Don Heatley, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 19.

82 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 45.

83 See also, Dr Peter Barnard, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 22.

84 Mr Michael Finucan, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 22.

85 Mr Michael Finucan, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 22.

86 Mr Michael Finucan, Meat and Livestock Australia, *Committee Hansard*, 4 August 2011, p. 22.

3.83 MLA and LiveCorp advised that stunning equipment that is reliant on explosive charges rather than a pneumatic device is cheaper, less complicated and easier to use than other stunning equipment. However, there are some difficulties associated with importing and using such equipment in Indonesia. MLA and LiveCorp called on the Australian Government to assist in working to overcome these difficulties with the Indonesian Government.⁸⁷

3.84 In its response to the Independent Review of Australia's Livestock Export Trade (the Farmer Review), the Government indicated that it would further its commitment to increasing the use of stunning in live export markets by:

- raising the inclusion of stunning in the OIE guidelines through the formal OIE process;
- promoting the use of stunning through work instructions and improved processes and stunning training through regional OIE forums;
- pursuing, where possible, bilateral agreements which include stunning with our training partners;
- supporting industry efforts to develop and implement voluntary codes of conduct that raise standards above OIE and which include stunning; and
- funding animal welfare improvements in importing countries with support from Australian industry.⁸⁸

Malaysia

3.85 Initiatives in the Malaysian market have focussed on the live goat trade and have included a range of training for goat breeders, farmers and importers. A series of infrastructure investments have also been made at key facilities.⁸⁹

3.86 DAFF undertook a review of the welfare of goats en-route to Malaysia and in-market, based on OIE standards. MLA and LiveCorp advised that while the animal welfare conditions encountered during the study were observed to be approaching compliance with OIE standards, several infrastructure and training improvements were recommended. Following the study, significant infrastructure upgrades have been undertaken at Kuala Lumpur International Airport and at the Government abattoir. Animal handler training is also occurring.⁹⁰

87 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 65.

88 Media Release, Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, *Gillard Government reforms live export trade*, DAFF11/240L, 21 October 2011, pp 3-4.

89 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 50.

90 Meat and Livestock Australia and LiveCorp, *Submission 315*, p. 51.

Supply chain assurance system

3.87 In late 2010, the Australian Government began working with industry to develop a new framework for the livestock export industry.⁹¹ In response to a story on the *7:30 Report* on live sheep exports to the Middle East, the Minister sought advice from the industry as to how matters might be improved. The industry held two forums on animal welfare and live exports and which led to the consideration of a supply chain assurance system.

3.88 In January 2011, the Minister wrote to the live export industry seeking advice on ways to improve animal welfare outcomes for the live animal trade and alternative approaches to managing livestock exports, including the possibility of extending a closed loop system to other markets. The industry responded with a plan to address animal welfare concerns, which was publicly released on 22 May 2011.⁹²

91 Mr Peter Kane, Australian Livestock Exporters' Council, *Committee Hansard*, 4 August 2011, p. 4.

92 Media Release, Meat and Livestock Australia, *Livestock industry launches ambitious plan for animal welfare improvements*, 22 May 2011, p. 1.

