

PO Box 3727
BROOME WA 6725

27 November 2018

Mr Steve McCutcheon
Chair - Technical Advisory Committee
ASEL Review – Comments on Draft Recommendations

Dear Mr McCutcheon,

RE: ASEL REVIEW – SUBMISSION ON DRAFT RECOMMENDATIONS

The Kimberley Pilbara Cattlemen's Association (KPCA) is writing to confirm its support for the submissions provided by the Cattle Council of Australia and Australian Live Exporter's Council to the Technical Advisory Committee (TAC) overseeing the review of the Australian Standards for the Export of Livestock. In providing support for these submissions however, the KPCA wishes to provide some contextual information to help illustrate the importance of the live cattle trade to the north of WA and also the nuances/differences between the northern WA trade compared to the NT and the north of Queensland.

In developing its position, the KPCA has also worked in collaboration with the Northern Territory Cattlemen's Association and AgForce to ensure a consistent view on issues in common across the northern Australian cattle industry.

By way of background, the Kimberley Pilbara Cattlemen's Association (KPCA) is an industry development and advocacy body that represents a diverse range of producers with, on a cumulative basis, significant pastoral land holdings across the Kimberley and Pilbara and into the Gascoyne region of WA. The membership base is also inclusive of Aboriginal producers and a number of related businesses servicing the industry. The KPCA's vision is to support and promote a resilient, profitable and sustainable beef industry.

1. Socio-Economic Significance of the WA Live Cattle Trade and Key Trading Partners

In 2017, live cattle exports in WA were worth around \$237 million with 228,000 head of cattle exported. In comparison, domestically slaughtered exports totaled \$160 million.

Consistent with the overall WA trade for live export cattle, the main destinations for cattle from the Kimberley and Pilbara are Indonesia (49% of the WA trade worth \$135

PO Box 3727
BROOME WA 6725

mill in total), Vietnam (25% of the WA trade worth \$67 mill in total) and Israel (14% of the WA trade worth \$38 million in total).

Around 120,000 head of cattle/53% of WA's cattle live exports worth \$137 million were exported from the WA Northern Ports in 2017 (the balance from WA Southern Ports – mainly Fremantle). 93,000 head/41% of WA's live cattle exports went to Indonesia worth \$105 million and 27,000 head/12% of WA's cattle live exports went to Vietnam worth \$32 million.

WA's live export trade with Israel in total is valued at around \$38 million with a volume in 2017 of 30,000 head of cattle which is mainly exported out of Fremantle. It is estimated that a significant proportion the live export cattle from the Pilbara as well as Kimberley cattle goes to this market.

According to the Mercado Value Analysis of the Australian Cattle Live Trade Report – Key Highlights Report from November 2018, commissioned by LiveCorp and Meat and Livestock Australia, other key attributes of the northern WA cattle industry include:

- The live cattle export trade contributes a vital element to regional economies across all cattle production with particular importance in the Northern Territory and north of WA. The vast area of Northern Australia is well suited to breeding cattle, but has limited capacity to fatten cattle. In contrast, the fertile area of South East Asia has the ability to fatten cattle, but limited space with which to breed cattle. The export of live cattle from Northern Australia to South East Asia. The live export of cattle from Northern Australia to South East Asia aligns with each regions natural advantage. It allows breeds that are well suited to the Northern Australian climate to be delivered into an Asian market that has a preference for this type of breed to the benefit of all supply chain participants.
- The domestic value chain for live cattle export indicates that 40-57% of the value chain revenue is retained on farm. This is particularly true of the Northern Territory and the north of WA, where the value of cattle underpins the land value itself. In many remote cattle stations the live export trade supports the cattle value, which in turn flows through to the ability for the cattle producer to borrow against.
- Direct employment on farm as a result of the Australian live cattle export sector is calculated to have averaged 2,029 for the 2012-2017 period. However a multiple of 4.83 for every on-farm position extrapolates to a total employment relevant to the sector (which encompasses farms/pastoral operations, transport operators, fodder suppliers, livestock agencies, export companies, shipping contractors, port operators, veterinarians and financial service

PO Box 3727
BROOME WA 6725

industries) to an average of 9,799 full time equivalent positions for the 2012-2017 period. Of this, WA accounts for about 50% of the direct employment figure. Further, the northern WA cattle industry has an Indigenous employment rate of 15% which is the highest in the Australian cattle industry, inclusive of the domestic processing sector.

- 44% of the total WA herd will be turned off in to the live trade. The bulk of the WA live cattle trade is from the Kimberley and Pilbara/Central Pastoral zone at 24% and 17.3% of the cattle herd respectively. Although the Central and South East Wheatbelt and South West Coastal pastoral zones hold over 36% of the WA herd, their contribution to the live trade is limited. In these two latter regions, 0.6% and 1.3% of the State's total cattle herd is destined for the live trade and amounts to around 40,000 head of cattle.
- The high proportion of cattle entering the live export trade from Australia's northern region demonstrate that in this region the business model is centred on a higher volume, lower margin trade based on a cents/kg measure. In contrast, the southern trade, which is dominated by breeding stock, has a business model centred on lower volumes and higher margins, using a \$/head measure.

2. Specific Comments on Key TAC Draft ASEL Recommendations

On the basis of the key socio-economic factors illustrated above, the approach taken by the TAC in drafting recommendations to change ASEL, particularly in relation to stocking densities (**recommendations 21 and 22**) and requirements for bedding (**recommendation 32**) are of significant concern given the lack of scientific evidence to underpin the proposed changes. Further, the consistently low mortality rates for cattle during live export voyages (according to the Department of Agriculture and Water Resources website for the period from 2010-2018, both short haul and long haul, mortality rates average just under 0.14%) whilst only one indicator of animal welfare, but a core indicator in terms of availability of historical data, does not provide a compelling case to support the changes being proposed. The proposed adoption of the allometric approach and use of a standard k value figure of 0.03 for all cattle voyages and no differentiation between long and short haul voyages between stocking densities for long and short haul voyages lacks an evidence base and is instead an attempt to find a middle ground between competing views in submissions provided to Stage 2 of the ASEL Review. In the absence of any compelling evidence, the TAC should be recommending the adoption of a k value figure of 0.027 in line with the OIE (World Organisation for Animal Health) which does have a scientific evidence base. Similarly, the recommendations regarding bedding requirements are lacking in compelling evidence and have more of a feel good element to them to appease members of the public who do not understand

PO Box 3727
BROOME WA 6725

the conditions on board vessels, short haul versus long haul considerations, let alone the risks and best options to manage those. Recommendations relating to these items alone bear significant risks to the industry of reduced margins for producers for questionable animal welfare gains on a cost benefit basis.

In relation to the recommendation of the separate review of the heat stress risk assessment model (**recommendation 24**) and this leading to the testing criteria in ASEL being further revised to support the new model, this will be critical for the reasons in particular highlighted in the ALEC submission, i.e. to ensure there is no confusion/unintended consequences for short haul voyages in particular between the adoption of the allometric model/k value for stocking densities and influencing factors to effectively manage heat stress.

The northern cattle trade in Western Australia consists of both long haul and short haul voyages. The main northern port in WA is Broome, followed by Wyndham in the East Kimberley and Port Hedland in the Pilbara. Most of the trade from the north of WA is to Indonesia, followed by Vietnam and Malaysia. However, cattle from the Kimberley region can also be trucked to Darwin for live export, mainly to Indonesia followed by Vietnam. Further, cattle from both the Kimberley and Pilbara regions of WA can be trucked to Fremantle (south of the 26th parallel) for export to Indonesia, followed by Vietnam or Israel/the Middle East. Most of the cattle trade in the north of WA is Bos Indicus cattle however, there are specific cross breeds of Bos Taurus cattle, bred especially for the conditions in the north of WA (semi desert and tropical climates in the Pilbara and tropical in the Kimberley). It is therefore important from a northern WA perspective that there are no unintended consequences that arise from the recommendations relating to Bos Taurus cattle that impact for cross bred/partial breed Bos Taurus cattle from the north of WA that are bred for semi desert and tropical climates and end up being trucked south of the 26th parallel for live export out of Fremantle to either long or short haul destinations. It is imperative in this instance that there is clarification that the intent of the recommendations (**recommendations 1 to 3**) is to apply to pure bred Bos Taurus cattle that is sourced from producers south of the 26th parallel.

3. Concluding Remarks

As a general principle, the KPCA confirms its support for measures directly aimed at increasing transparency and building public confidence in relation to live export operations in addition to the adoption of current and future research and development initiatives/innovations aimed at improving the integrity and standards of the live export industry. Such measures are critical in ensuring the future of the industry's licence to operate and its fundamental profitability and sustainability. In relation to the regulation of the industry and the standards to which it operates,

PO Box 3727
BROOME WA 6725

such as ASEL, the KPCA concurs with ALEC that in accelerating the timeframe for the completion of the ASEL Review, it appears that there is a significant risk that mooted changes to ASEL will result in overly prescriptive/inflexible requirements which are not substantiated by an evidence based approach nor measured against objective criteria. The trade off of bringing forward the timeframe has resulted in an inability to take a more innovative and enabling, risk based approach, informed by objective criteria and scientific evidence. Unless the TAC takes the time to revisit and review its draft recommendations on this basis, there could be a number of unintended consequences flow through which threatens the future viability of the northern cattle trade with significant flow through implications to the future viability of producers, related businesses and resultant poor animal welfare outcomes (i.e. the necessary destruction of animals due to a restriction in market options and rival countries with lower animal welfare standards taking Australia's place in the trade) and land degradation/decline in rangelands condition. Further, any increased, prescriptive regulation of the industry that is not evidence nor outcomes based could result in restrictions to trade and damage international relations as well as create food security and flow on defence risks in less developed countries of strategic, regional importance.

Please do not hesitate to contact our CEO, Emma White via ceo@kpca.net.au or 0499 331 643 should you require any further information.

Yours sincerely,



David Stoate
Chairman