



Live Sheep Exports Phase Out
Department of Agriculture, Water and The Environment
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By email: livesheep.phaseout@agriculture.gov.au

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Submission on PHASE OUT OF LIVE SHEEP EXPORTS BY SEA

Dear Panel

AniMark is an independent public company and not-for-profit formed in 2018 to set standards and monitor conformance for the ethical handling and management of Australian export livestock. Federally funded by the Department of Agriculture Fisheries and Forestry (the department) specializing in the development and adoption of standards-based certification programs, our flagship certification program is the **Livestock Global Assurance Program (LGAP)**. This program aims to foster world's best practice in the welfare and management of livestock. AniMark's standards-setting process is based on science, research and international precedents.

We operate under the first ever **Approved Arrangement for carrying out Exporter Supply Chain Assurance Operations (ESCAO)** for feeder and slaughter cattle, buffalo, sheep and goats exported from Australia. This approval was granted by the department in August 2021 and allows exporters of livestock to utilize our LGAP certification to help demonstrate their ESCAS compliance to the department. We work very closely with exporters and supply chain participants to assist in enhancing real animal welfare outcomes for live export. AniMark is now in its final 12 months of its initial federal funding where we are now looking to transition to an ongoing and fully commercial funding model (funded by exporters and the industry without any government financial support).

AniMark does not take a position on support or otherwise to the policy, however we do wish to objectively acknowledge the significant efforts and improvements to overall animal welfare outcomes (including sheep) made by the export industry (including AniMark as a key facilitator and the department) in recent times in Australia and overseas. Industry data supports real improvements to animal welfare outcomes for the export of livestock (including live sheep) as an indicator of the industry's commitment and actions to achieve this aim.

AniMark's sales revenues are impacted and its financial viability has increased risk –

Awareness of this policy has to date created uncertainty in the live export market and as a consequence created a reluctance for exporters to adopt AniMark's program. This reduction in take-up is impacting AniMark's commercial viability now, and once departmental funding ceases from 2024 when AniMark transitions into a fully commercially funded operating model. Stakeholders (both sheep and other livestock commodity exporters) are reluctant to invest in the AniMark program if their market is to be phased out (sheep exporters) or if pricing (for other livestock export commodities) is to significantly increase as a result.

The policy to phase out live sheep export, or without mitigating measures, will impact on AniMark's financial viability and/or its ability to operate at an efficient scale to economically

recover its overheads. Given AniMark's, business model, our overheads are largely fixed. AniMark's financial model incorporating a reduced customer base (without sheep exports) will mean a reduction in approximately 25% in gross \$ revenues (or > 50% of export volumes based on originally forecast industry export volumes). **In simple pricing terms, this would mean an additional 33% increase in proposed throughput pricing** (based on only cattle, air sheep, goats, buffalo). If not subsidised, this increased pricing would need to be borne via the other program participants for AniMark to remain financially viable. We expect that the ability of these other participants to financially support this extra cost along with their existing departmental charges will be challenging.

We will continue to engage with the Department on mitigating steps that allow AniMark's business model to remain viable.

AniMark is very proud of our contribution to enhancing the animal welfare outcomes achieved by the entire livestock live export industry in Australia since our involvement in 2018. Australia's ASEL and ESCAS animal welfare requirements are world leading and with the ongoing support and effort by all stakeholders will ensure continued improvement and best practice across all live export livestock commodities including sheep.

Thank you for your consideration of this succinct submission. I am available and would welcome the opportunity to elaborate on it further with the panel. In particular, about the significant opportunity for AniMark to use its great capability in advanced systems, processes and in-market reach to partner with all export commodity stakeholders including sheep exporters. This, so as to continue the significant improvements in and high standard of animal welfare outcomes being achieved in the live export of sheep should the phase out policy be reconsidered.

Yours sincerely

Stephen Barnard
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AniMark Ltd