



Livestock Export Review

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1 Purpose of this discussion paper

The Ministry for Primary Industries (MPI) wants your views on our review of the livestock export system. The aim of the review is to improve the welfare of livestock being exported, and protect New Zealand's reputation.

This discussion paper sets out four options to strengthen our livestock export system.

1.1 HOW TO HAVE YOUR SAY

The best way to have your say on this review is to make a submission.

The deadline for submissions on the review is Wednesday 22 January 2020. (This was extended from an original deadline of Monday 06 January 2020.)

Making a submission is important. It provides MPI with evidence on which we can base our advice to Government. It is your opportunity to ensure that your views are heard.

MPI will accept submissions in any written form.

You can make a submission:

- online via our survey www.mpi.govt/livestock-consult;
- by email (livestock.consult@mpi.govt.nz); or
- by post to Animal Welfare Policy, Ministry for Primary Industries, PO Box 2526, Wellington 6140.

There are some questions in Appendix Two that may help you structure your submission. Answering these questions is optional.

If you send us an email, or a document, please include the following information:

- the title of this discussion paper;
- your name;
- your organisation's name (if you are submitting on behalf of an organisation);
- your contact details (for example, your phone number, address or email).

Submissions are public information.

Any submission you make, including online, becomes public information. Anyone can ask for copies of all submissions under the Official Information Act 1982 (OIA). The OIA says we must make the information available unless we have a good reason for withholding it. You can find these grounds in sections 6 and 9 of the OIA.

Tell us if you think there are grounds to withhold specific information in your submission. Reasons might include that it is commercially sensitive, or personal information. However, any decision MPI makes to withhold information can be reviewed by the Ombudsman, who may require that the information is released.

1.2 WHAT TO EXPECT IN THIS PAPER

This discussion paper contains:

- a summary of the whole discussion paper;
- background information on animal welfare and livestock exports;
- a description of New Zealand's current livestock export rules;
- why MPI is reviewing the current rules;
- the review's objectives, and the criteria for evaluating options;
- an outline of the options considered; and
- an invitation to have your say on the livestock export review.

Appendix One contains extracts from the part of the Animal Welfare Act 1999 that focuses on animal exports.

Appendix Two lists a number of questions that submitters may use to structure their submissions.

1.3 WHAT HAPPENS NEXT?

After the closing date for public comment, MPI will analyse all submissions.

We will use the submissions to inform our advice to the Government on whether any changes to policy or law need to be made, and what those changes should be.

The Government will release its decisions at the end of the review process.

If the Government decides to make new regulations, there will be further, targeted consultation on how any new rules are designed.

A summary of submissions received will be published on our website, www.mpi.govt.nz.

2 Summary

Animal welfare is important

Strong animal welfare standards are important. Animals are sentient and can feel pain and distress. Animals contribute significantly to our economic prosperity, and our commitment to their welfare enhances our global reputation as a trusted food producer.

MPI is reviewing the livestock export system

Exports of livestock (cattle, deer, goats and sheep) contribute to our economy and are valued by our trading partners. There is a comprehensive system in place to manage livestock exports and animal welfare. Nevertheless, some stakeholders¹ are concerned that livestock exports could compromise animal welfare, and damage New Zealand's reputation.

We have the opportunity to review whether our current rules meet New Zealanders' expectations.

The review focuses on cattle, deer, goats and sheep

Animals are exported from New Zealand for numerous reasons. The reasons range from pets being relocated with their owners, to the export of livestock for breeding purposes. The review focuses on livestock—cattle, deer, goats and sheep.

Livestock export is controlled under the Animal Welfare Act 1999

Livestock export is controlled under the Animal Welfare Act 1999 (the Act). The Act recognises that animals have the capacity to perceive and feel, and requires people to attend properly to their welfare.

Most livestock exports need an Animal Welfare Export Certificate (AWEC) before they can take place. In the Act, there is a comprehensive list of matters that MPI considers when making decisions about AWECs. This includes measures to safeguard animal welfare during the voyage, and information about management conditions at the animals' final destination. MPI can place a broad range of conditions on any AWEC. This includes providing post-voyage, and post-arrival reports.

The Government can make regulations about exporting livestock. There is a regulation that places a conditional prohibition on livestock export for slaughter. Since 2008, only breeding livestock have been exported.

The livestock export review has looked at four options to improve the system

The livestock export review gives New Zealanders the chance to reflect on how we can improve the welfare of livestock being exported, while:

- protecting New Zealand's reputation as a responsible exporter of animals and animal products;
- operating in compliance with New Zealand's international obligations; and
- ensuring New Zealand's rural communities can be vibrant, resilient, and sustainable.

The review looks at four options to achieve this objective. The options are outlined below. MPI wants feedback on how these options would affect stakeholders, animals, rural communities, and New Zealand's reputation and economy.

- **Option one: total ban.** This option would mean that no-one would be able to export livestock. A total ban could apply to all livestock, just certain species, or just certain aspects of export (such as journey length or whether the animals travel by sea or air).

¹ For example, on 24 October 2019 the animal advocacy group Save Animals From Exploitation (SAFE) submitted a petition signed by 30,095 people calling for legislation to be passed to prohibit the live export of farmed animals to countries that have lower animal welfare, transport and slaughter standards than New Zealand. This petition has been referred to the Primary Production Committee.

- **Option two: conditional ban.** This option would mean that the approval of the Director-General of MPI would be required before someone can apply to export livestock. It could be very broad (applying to all livestock exports) or very narrow (applying only to specific types of export). If approval was gained, exporters would then need to apply for an AWEC.
- **Option three: new regulations to enhance the export system.** This option would use regulations to enhance the export system without putting in place any bans. Powers to make regulations under the Act are broad. The discussion paper focuses on two areas that can't be fully addressed under the AWEC process: independent voyage monitors, and an exporter registration scheme.
- **Option four: continuous improvement.** Most initiatives under this option don't need a formal rule change to be introduced. The discussion paper outlines three examples of system enhancements: removing livestock from existing AWEC exemptions, an Export Destination Approval Process, and new operational policy.

Each of the four options has advantages and disadvantages

The discussion paper proposes criteria for assessing how each of the four options measures up against our objective. There is uncertainty about the impacts of any changes. In part this is because the impacts will depend on the detailed design of any rule changes, and how they work in practice. For some proposals, detailed design could include cost recovery (charging exporters fees for the costs of ensuring their exports meet all standards).

Your feedback is needed

MPI invites the public to provide evidence about the impacts, both positive and negative, of each option, and views about which option would be best. This will enable us to provide advice to the Government on which option should proceed. If changes to the rules are proposed, MPI will need to undertake targeted consultation to ensure that any new rules are well designed and will meet the Government's objectives.

We also invite feedback on options not considered in the paper, and any implementation issues. For example, there may need to be a lead-in time before any new rules come into force.

3 Background

3.1 ANIMAL WELFARE IN NEW ZEALAND

Animals play an important role in many New Zealanders' lives. They provide companionship and income. They are used for food and fibre, education, and research. Animals work alongside us, entertain us, and are managed as pests. These relationships are generally accepted, as long as they are humane.

New Zealanders take animal welfare seriously and have high expectations that animals under human care are well looked after. New Zealand's reputation for high levels of animal welfare has helped secure access to markets internationally. Even isolated cases of poor animal welfare could have a negative effect on our reputation as a responsible producer of animals and animal products.

Animal welfare policy and law in New Zealand are established and implemented to:

- support society's expectations for the welfare and humane treatment of animals;
- address animal welfare risks; and
- promote improved animal welfare outcomes.

Two Ministerial advisory committees have an important role in helping set those policies and laws while representing society's views on animal welfare. These committees are the National Animal Welfare Advisory Committee (NAWAC) and the National Animal Ethics Advisory Committee (NAEAC).²

MPI leads the management of animal welfare policy and practice in New Zealand. The way people care for and manage animals contributes to New Zealand's reputation as a responsible agricultural producer. MPI has developed *Animal Welfare Matters*,³ New Zealand's animal welfare strategy, which highlights the importance of:

- meeting animals' needs and avoiding unreasonable or unnecessary harm;
- adding value to our exports and contributing to our reputation for integrity; and
- continuing to improve animal welfare.

MPI works within the legislative framework created by the Animal Welfare Act. New Zealand's animal welfare laws go further than just preventing cruelty—they place a duty of care on people in charge of animals to meet their animals' needs. Section 3.4 below gives more details about how this legislative framework controls livestock exports.

3.2 NEW ZEALAND ANIMAL EXPORTS

Animals are exported from New Zealand for numerous reasons. The reasons range from pets being relocated with their owners, to the export of livestock for breeding purposes.

This review deals with livestock (cattle, deer, goats and sheep). The definition of livestock MPI has used is consistent with that in existing relevant animal welfare regulations.⁴

3.2.1 Exports of animals outside the scope of the review

Significant (either in volume or value) exports outside the scope of the livestock export review include horses, poultry and seafood.

² Both Committees are established under Part 4 of the Animal Welfare Act 1999.

³ <https://www.agriculture.govt.nz/dmsdocument/3963-animal-welfare-matters-new-zealand-animal-welfare-strategy>

⁴ Animal Welfare (Export of Livestock for Slaughter) Regulations 2016.

3.2.2 Exporting breeding livestock

Breeding livestock from New Zealand are highly sought after to:

- improve the genetics of stock in the importing country;
- efficiently stock new dairy farm developments;
- meet international agricultural cooperation agreements; and
- provide assistance to developing countries (so that, for example, they can meet their food security aspirations).⁵

There is a conditional prohibition in place on the export of livestock for slaughter. Since 2008, there have been no exports for this purpose.

Animals may be exported by air, or by ship. Large consignments of livestock will typically travel by ship.

Box one: Animal genetics

Some stakeholders have asked why New Zealand doesn't just send embryos and semen (animal genetics) offshore rather than livestock.

Specialist New Zealand businesses already produce animal genetics for export. Approximately 1.5 million straws of bovine (cattle) semen and hundreds of bovine embryos are exported from New Zealand every year. There are also exports of cervine (deer), caprine (goat) and ovine (sheep) semen and embryos. Animal genetics are mainly exported to places with well-established livestock industries, such as countries in Europe and Central and South America.

The total value of New Zealand's bovine semen exports was \$6.9 million for the year ended June 2019.

As with livestock, there are detailed requirements (largely under the Animal Products Act 1999) that exporters must meet before an export can take place. Most importing governments require official assurances from MPI to give them confidence that their import requirements have been met.

Semen and embryos are only useful to importers if they have suitable animals to act as recipients. Recipient animals must be healthy, and an appropriate age. They must be physically capable of birthing the potentially larger offspring that are typical of larger-framed production animals.

Using animal genetics requires specialist skills and technology. Artificial reproductive technologies are expensive.

Importing animal genetics rather than live animals also means there is greater lead-in time before the animals can contribute to the importing farm. There is a risk that animal genetics will not result in successful pregnancies and the birth of new animals.

Using semen means that there are slower genetic gains than using embryos or live animals, as only half of the genetics might be novel to the importing country. However, semen can be collected frequently, and one collection may result in many units suitable for export.

Embryos may result in faster genetic gains, but are more expensive. Embryo collection can be more difficult than semen collection. Collections will only yield a small number of embryos, and can only happen occasionally.

⁵ Food security means a country's ability to have reliable access to enough affordable and nutritious food.

3.3 NEW ZEALAND AS AN INTERNATIONAL TRADING NATION

New Zealand's primary industries generate about \$46 billion a year in exports. This accounts for nearly 80 percent of all of New Zealand's exported goods. Approximately 350,000 people are employed in the sector. In some regions, the primary industries employ up to one in every three people, making it a critical part of social and regional development. The food and primary sector is integral to New Zealand's trading and diplomatic relationships. New Zealand exports to more than 205 countries and territories.

New Zealand is a party to many international treaties and agreements that facilitate trade with other countries. New Zealand benefits significantly from this rules-based multilateral trading system, and the network of free trade agreements that have been negotiated.

New Zealand is an active participant in international standard-setting bodies associated with food safety, and the protection of human, plant, and animal health and welfare. As part of its international engagement, New Zealand also collaborates closely with trading partners to build capacity and capability in their agricultural sectors.

3.4 LEGISLATION GOVERNING LIVESTOCK EXPORT

3.4.1 Animal Welfare Act

The primary legislation governing livestock export is the Animal Welfare Act (the Act). The Act recognises that animals are sentient,⁶ and sets a broad framework for protecting their welfare.⁷

The export of animals is regulated under Part 3 of the Act. The purpose of this Part is to protect the welfare of animals being exported from New Zealand, and New Zealand's reputation as a responsible exporter of animals and products made from animals.⁸

The Act requires that anyone planning to export livestock must apply to the Director-General of MPI for an Animal Welfare Export Certificate (AWEC). There are some exemptions from the requirement to get an AWEC. Examples are where the travel time is less than six hours from the point of departure in New Zealand, or where the Director-General is satisfied that the risk to the welfare of the animal is minimal.⁹

The process for getting an AWEC is described in section 4.1.3 below.

3.4.2 Regulations under the Animal Welfare Act

Regulations can be made under the Act about many things, including animal exports.¹⁰ This includes the power to ban, totally or conditionally, any type of export.

The Animal Welfare (Export of Livestock for Slaughter) Regulations 2016 say that cattle, deer, goats, and sheep cannot be exported for slaughter without the prior approval of the Director-General of MPI. These regulations are an example of a conditional prohibition on export.

⁶ Sentience means the ability to perceive or feel things.

⁷ Extracts from the Animal Welfare Act 1999 are included in Appendix One of this discussion paper.

⁸ Section 38 of the Animal Welfare Act 1999.

⁹ Currently there are three exemptions by Gazette in place: <https://gazette.govt.nz/notice/id/1999-go8933>; <https://gazette.govt.nz/notice/id/2000-go322>; <https://gazette.govt.nz/notice/id/2001-go3181>: Exemptions From the Requirement for Animal Welfare Export Certificates Under the Animal Welfare Act 1999 Notices No. 1145, 1148 and 1195. These exemptions cover exports of crayfish, crab, fish, lobster, and pets on ships, a number of species (including cattle, deer, goats and sheep) when they are travelling for fewer than six hours, octopus, squid and poultry hatching eggs, and cats and dogs going to Australia.

¹⁰ Sections 183, 183A, 183B and 183C of the Animal Welfare Act 1999.

3.4.3 Other relevant legislation

Depending on what is being exported, other legislation apart from the Animal Welfare Act might apply.

The Animal Products Act 1999 includes provisions to facilitate international trade in live animals from New Zealand. In general, people exporting livestock for business reasons need to be registered with MPI. If there are government-to-government agreements in place, such as an Overseas Market Access Requirement (OMAR),¹¹ an official assurance or export certificate may be required.

Official assurances provided by MPI for exported products may include certifying that products:

- are free of pests and diseases;
- meet domestic regulations and standards stipulated under New Zealand's law; and
- meet relevant requirements of countries importing New Zealand products.

3.5 FACTS AND FIGURES¹²

3.5.1 Livestock exports from New Zealand

Value and quantities of livestock exports

For the year ending June 2019, the value of New Zealand's livestock (cattle, deer, goats and sheep) exports was approximately \$54 million. This is in the context of the total trade in live animals which was worth \$239 million.

Trade in animals and animal products was around \$30.8 billion. This accounts for approximately 66 percent of the value of New Zealand's total primary products exported.¹³

Figure 1 below shows the value and numbers of livestock exports from New Zealand in 2019.

The majority of New Zealand's live cattle exports are to China.¹⁴ Export numbers are similar for the last three years, with 23,497 cattle exported in the year ended June 2019, 23,498 in the year ended June 2018, and 36,712 in the year ended June 2017.

Live goat shipments increased in 2019, with two significant shipments of breeding goats to China for the establishment of dairy goat farming. In 2018, there was a single live goat export of 783 breeding goats to South Korea for \$0.932 million.

Live sheep exports have been worth less than \$1 million a year for the last ten years, except for a single shipment to Mexico for \$10 million in 2015. These shipments have usually been high-value rams intended to be used for breeding.

¹¹ OMARs outline what exporters need to do to access markets in different countries. Requirements differ according to the country, and what is being exported. Examples of OMARs are on MPI's website: <https://www.mpi.govt.nz/law-and-policy/requirements/omars-overseas-market-access-requirements/omars-live-animals-semen-embryos-organics/>.

¹² All monetary values are in New Zealand dollars.

¹³ Source: Statistics New Zealand and Ministry for Primary Industries.

¹⁴ Over the last 10 years, 89% of breeding cattle exports have gone to China: unpublished briefing paper by the Animal and Germplasm Trade Association, August 2019.

Figure 1: New Zealand's livestock exports: year ended June 2019

New Zealand's livestock exports for 2019 (year ended June)



Source: Ministry for Primary Industries

Live deer exports

The New Zealand deer industry consists of approximately 851,000 animals.¹⁵ Live deer exports from New Zealand are rare, with overseas demand for New Zealand deer genetics being generally satisfied through export of semen and embryos.

The last live deer export from New Zealand was a consignment of 28 deer that travelled by air to China in 2015. Previous live deer exports in 2011 and 2012 (to Argentina, China, and Northern Ireland) were also by air.

Deer are susceptible to stress and can be significantly affected by temperature changes, which means that they may be more challenging to export than other livestock species.¹⁶ In addition, deer farming is not well established in many other countries, which means that the demand for live deer is limited.

¹⁵As of June 2018: Statistics New Zealand Agricultural Production Statistics.

¹⁶ More detailed information on the effects of hot conditions and the impact of stress on deer is set out in the Deer Code of Welfare 2018.

Box two: Livestock exports and rural communities

Selling livestock for export is generally a small, but useful income generator for rural communities. For example, industry has indicated over the last ten years that around 5,000 farmers from all regions of New Zealand have supplied breeding cattle for export, with the average number supplied per farm being over 40 animals.¹⁷

Cattle exports are usually of Holstein Friesian heifers. About a third of New Zealand dairy cows are Holstein Friesians.

Specialist breeders may be contracted to breed and raise cattle specifically for export customers.

Numbers of sheep and goats exported are generally less than cattle exports, and the specialist breeders who supply the export market are generally also supplying the domestic market.

Livestock for export normally attracts a premium. Industry has indicated that this premium could be 50-85% of the animal's value.¹⁸

The average value of exported animals for the past three years is in the table below. While this is the average value, some exported animals attract a much higher price. For example, a 2019 consignment of 36 breeding rams to the United Kingdom had an average value of \$6,771. When whole dairying herds of sheep are exported, the breeding ewes attract a lower price than the breeding rams.

Table 1: Average value of exported animals in 2017, 2018, and 2019 (years ended June)¹⁹

	2017	2018	2019
Cattle	\$2,248	\$2,125	\$2,018
Sheep	\$750	\$2,298	\$1,411
Goats	\$439	\$1,191	\$1,545

Industry has also indicated that in addition to the value of the livestock that goes direct to farmers, a shipment of around 3,000 animals returns around \$1.5 million to New Zealand-based service providers such as domestic livestock transporters, veterinarians, fodder suppliers, quarantine facilities, and regional accommodation providers.²⁰ Most of the economic benefits from these activities will be focused on rural areas and rural service centres.

¹⁷Unpublished briefing paper by the Animal and Germplasm Trade Association, August 2019.

¹⁸Unpublished briefing paper by the Animal and Germplasm Trade Association, August 2019.

¹⁹Source: Ministry for Primary Industries.

²⁰Unpublished briefing paper by the Animal and Germplasm Trade Association, August 2019.

3.5.2 Animals in New Zealand

As of June 2018,²¹ the numbers of livestock in the production sector were:

Table 2: Numbers of livestock in the New Zealand production sector: year ended June 2018

Species	Numbers of animal in New Zealand
Sheep	27.3 million
Dairy cattle	6.4 million
Beef cattle	3.7 million
Deer	851,000
Goats	98,812 ²²

Source: Statistics New Zealand *Agricultural Production Statistics: June 2018*

Many millions of animals are transported within New Zealand every year, primarily for slaughter, but also for a variety of farm management and other purposes. An enforceable legislative framework is in place to manage animal welfare during domestic livestock transport.²³

3.5.3 Livestock exports: the global picture

New Zealand is a small part of a larger global system of livestock, and live animal trade. Making comparisons between countries can be difficult due to the different units of measure for export (such as number of animals or tonnes). Using export value can also create difficulties as the export value of animals for breeding or slaughter is different.

Global cattle trade

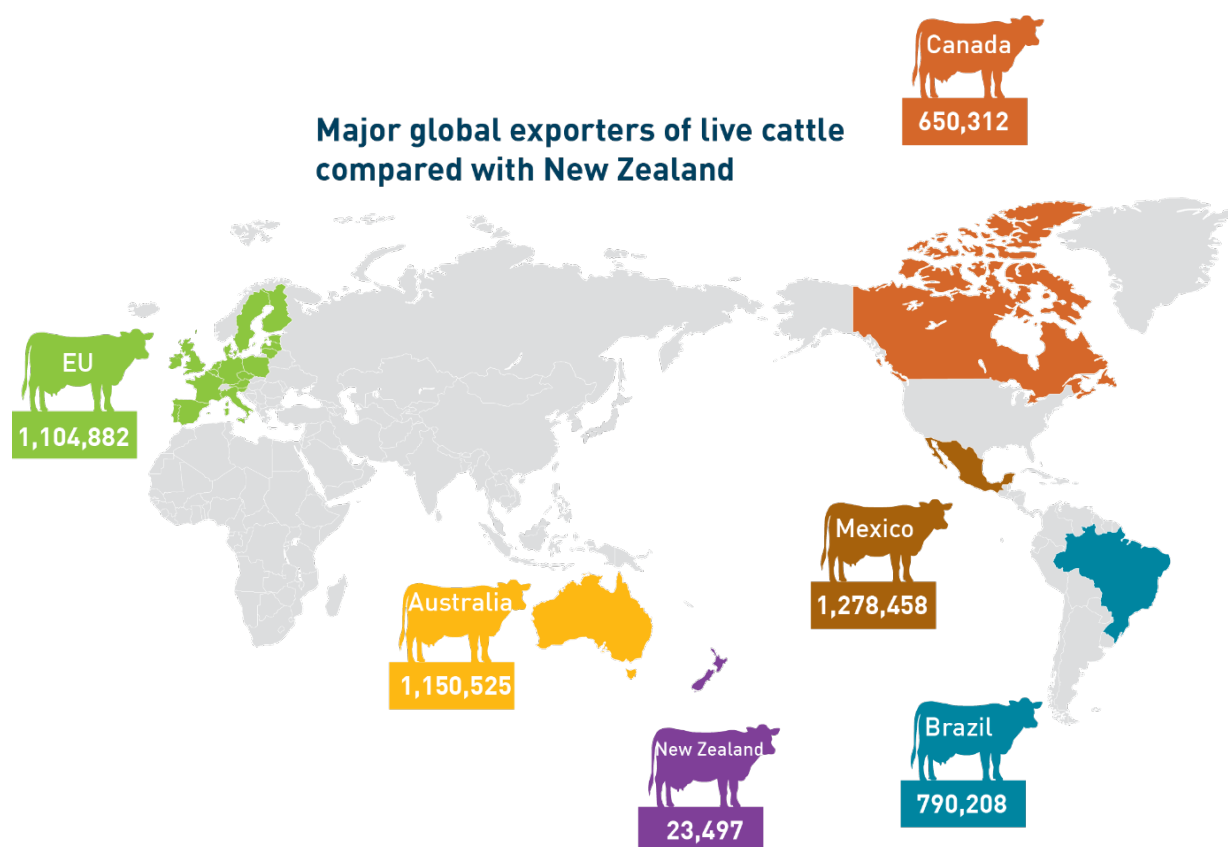
The major global exporters of live cattle are the European Union, Australia, Mexico, Brazil and Canada. Most cattle exported from the European Union and Brazil are sent to the Middle East (including Turkey, Israel and Lebanon). Cattle exported from Australia are mainly sent to Asia (Indonesia, Vietnam, and China). Canada's cattle exports largely go to the United States, as do those from Mexico.

²¹ Statistics New Zealand's Agricultural Production Statistics. Figures for 2019 do not become available until December 2019.

²² This figure is from Statistics New Zealand's Agricultural Production Statistics for 2017. Goat numbers for 2018 are not yet available. The Agricultural Production Statistics do not record numbers of goats on smaller farms that pay less than \$60,000 GST per annum. Scholtens, Megan, Raquel Lopez-Lozano and Rebecca Smith (2017). *New Zealand Goat Industry*. Report to Federated Farmers of New Zealand Inc recorded a total of 125,920 goats in New Zealand. MPI has used the Agricultural Production Statistics in this paper to keep figures across species as consistent as possible.

²³ Animal Welfare (Care and Procedures) Regulations 2018. These regulations support high-level obligations under the Act relating to the care of animals, including livestock transport, and the Code of Welfare: Transport within New Zealand 2018.

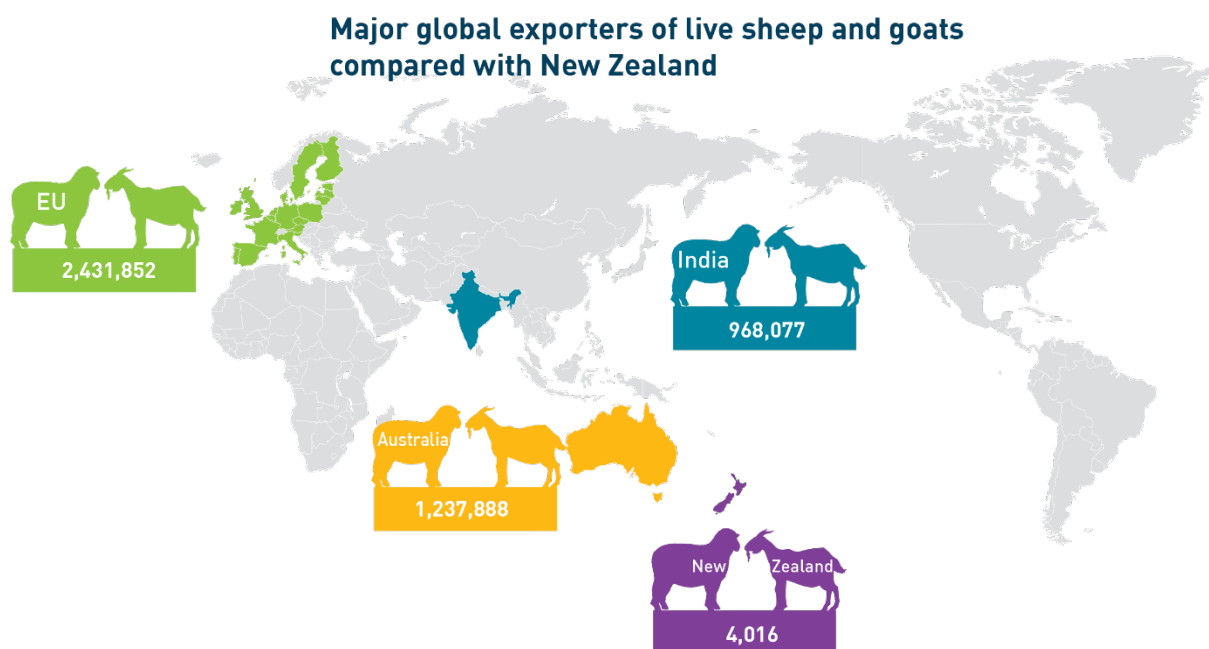
Figure 2: Major global exporters of live cattle: year ended December 2018



Source: Global Trade Atlas 2019

Similarly to their live cattle exports, the European Union's markets for sheep and goats are primarily the Middle East (Libya, Jordan, and Israel). Sheep and goats exported from Australia are sent to Kuwait, Qatar, and Turkey. India exports to the United Arab Emirates, Nepal and Oman.

Figure 3: Major global exporters of live sheep and goats: year ended December 2018



Source: Global Trade Atlas 2019

4 Exporting under the current export rules

4.1 THE LIVESTOCK EXPORT JOURNEY

4.1.1 Getting approval to export livestock

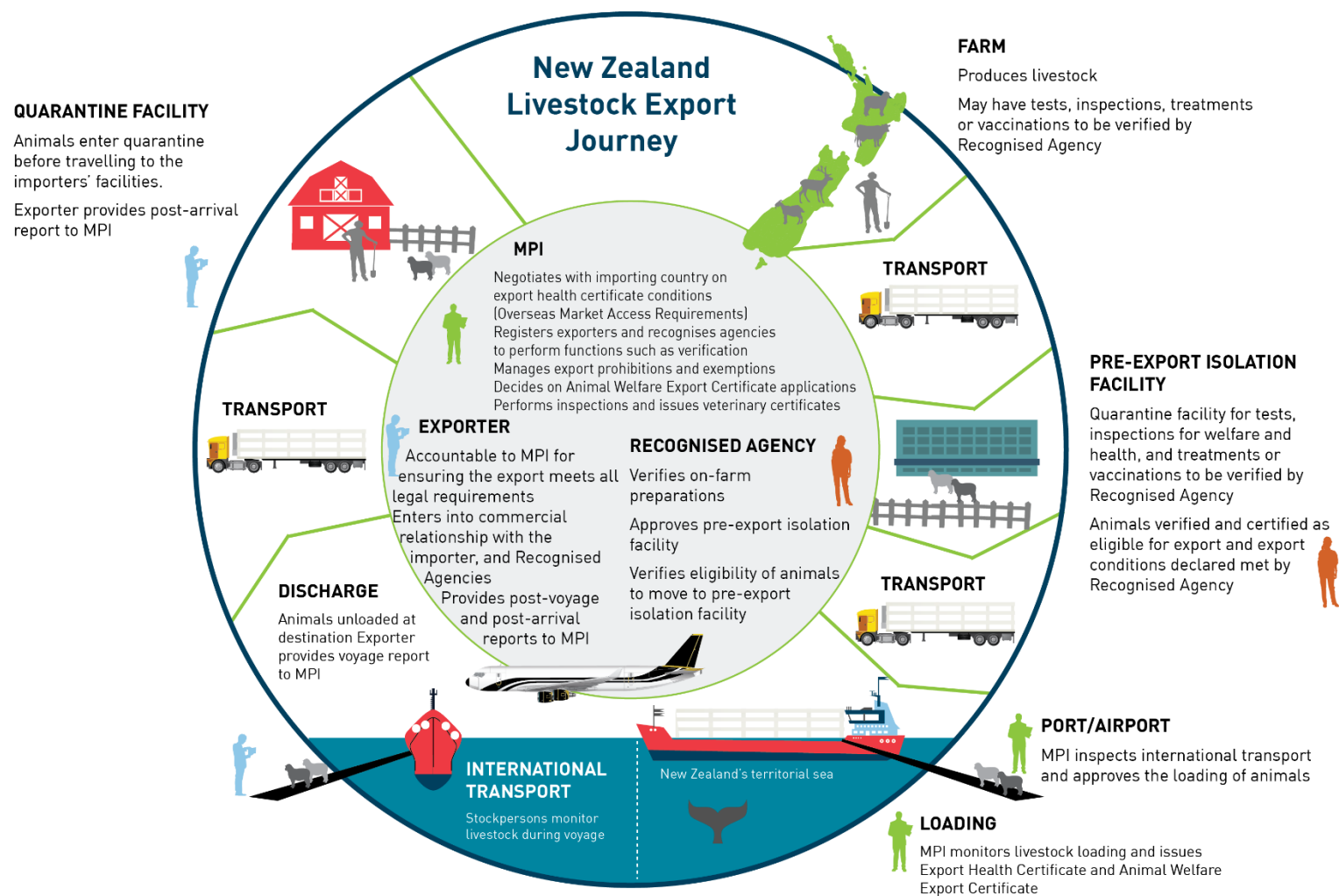
Livestock export is complex. There are a lot of parts to the system. Different people play different roles to make sure animal welfare and health rules are enforced, and all commercial and international requirements are met.

While in New Zealand, anyone who owns or is responsible for animals must comply with the Animal Welfare Act and regulations under the Act. In addition, Codes of Welfare under the Act set out minimum standards for animal care and management. There is a Code of Welfare specifically on transport of animals within New Zealand.²⁴

Figure 4 below shows key parts of the livestock export journey from farm to quarantine in the receiving country.

²⁴ Code of Welfare 2018: Transport within New Zealand.

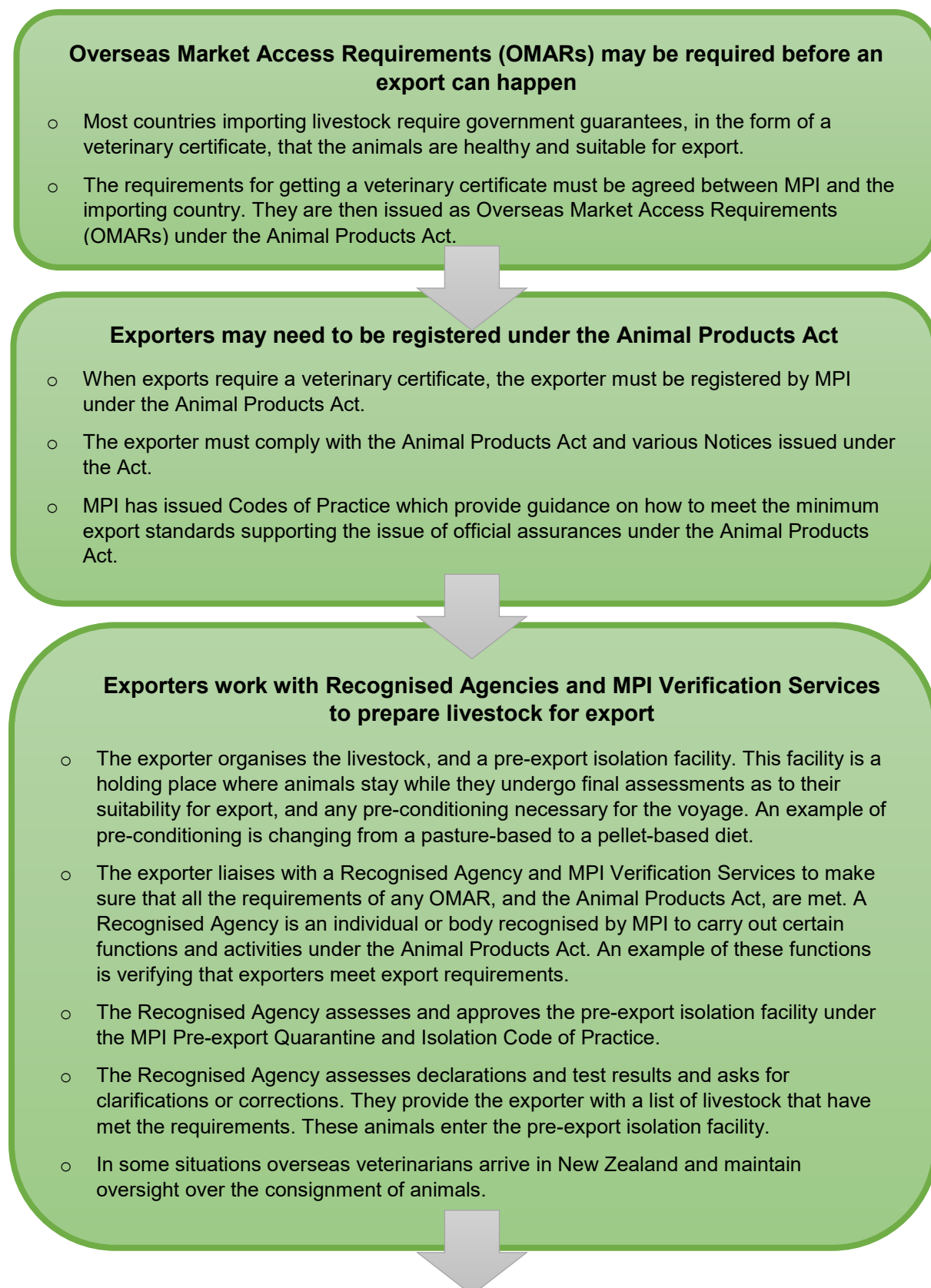
Figure 4: The livestock export journey



4.1.2 Overview of the livestock export control system

The livestock export control system is comprehensive. Exporters need to demonstrate they have met all requirements under existing legislation and guidelines (international and domestic) before exports are approved.

Figure 5: The livestock export control system





Exporter applies for an Animal Welfare Export Certificate (AWEC)

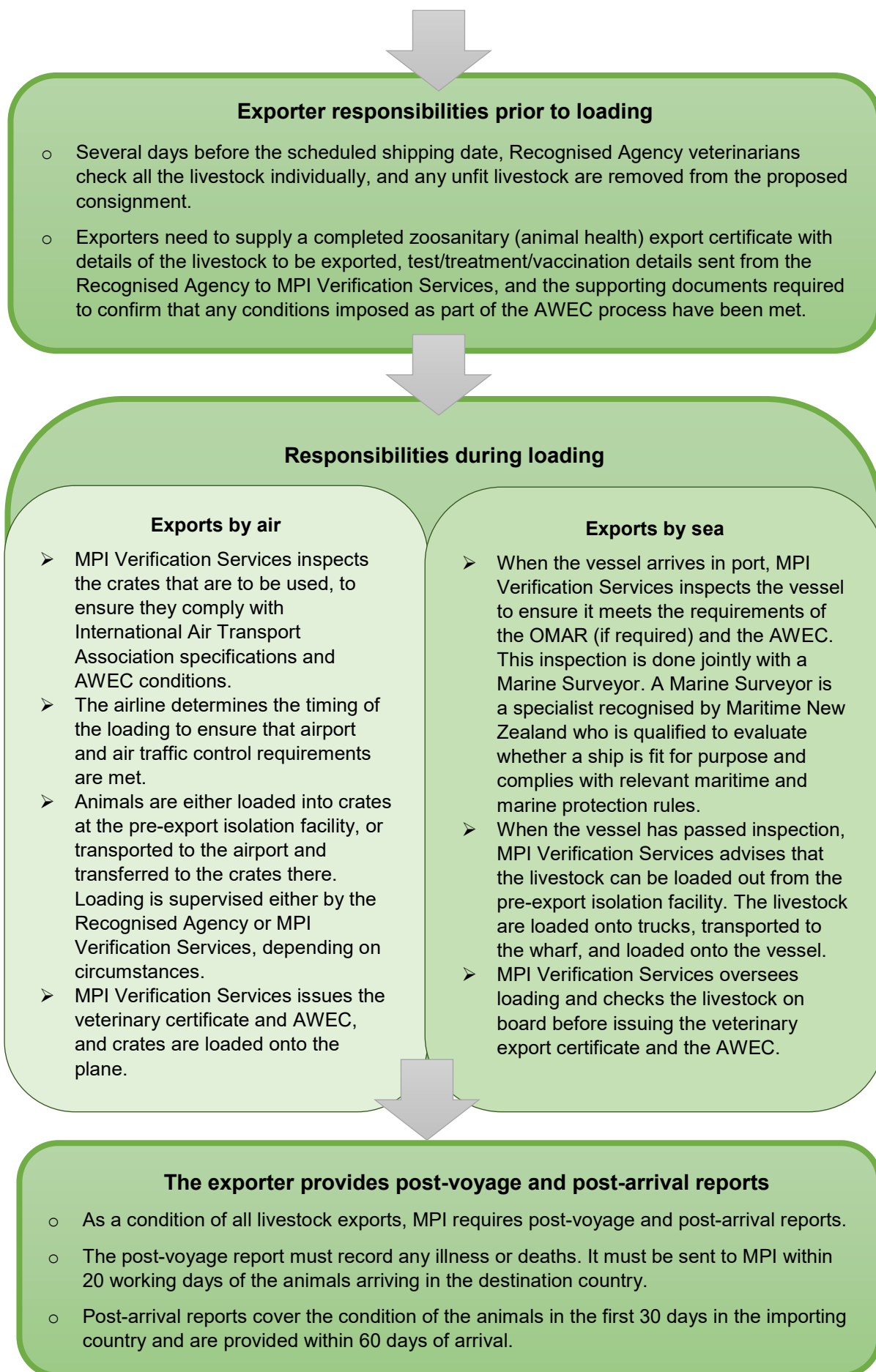
- To export livestock, an AWEC is usually required under the Animal Welfare Act. Exporters must apply to MPI at least 20 working days prior to the intended date of shipment.
- MPI assesses the application. The decision on the AWEC is made by the Director-General or his or her delegate, depending on the nature of the application. In general, the higher the possible risks the export poses, the more senior the official who will decide on the application.
- Guidance material may be used to assess the application. For example, for exports of cattle by sea, MPI has issued Guidance Material for the Transport of Cattle by Sea.
- Exports of livestock by air are assessed using the International Air Transport Association Live Animal Regulations.
- The Animal Welfare Act sets out what must, and may, be considered during the AWEC assessment. Information that must be included is:
 - a declaration that the animals are not being exported for slaughter (under the Oaths and Declarations Act 1957);
 - the previous export history of the company;
 - stock type, number, and physiological state (animals must be a certain age/weight and cannot be in advanced pregnancy – cattle cannot be more than 6 months pregnant at the time of export by sea);
 - stocking density (ensuring each animal has minimum room as per MPI Guidance Material or International Air Transport Association recommendations); and
 - details about the stockpersons accompanying the animals, and their experience.
- The exporter may nominate a veterinarian as a stockperson. Otherwise MPI will require that a veterinarian is available at all times (or during any stops for animals traveling on passenger airplanes) by phone. MPI may require a veterinarian to be on a vessel as part of an AWEC condition.
- When making a decision on the AWEC, MPI can consider the post-arrival conditions for the management of the animals in the importing country, including the welfare of any animals previously exported up to 30 days after they arrived.
- If an AWEC application is acceptable, the exporter and MPI Verification Services are notified that the AWEC can be issued in principle, and what specific and/or additional conditions have to be met. A wide range of conditions can be imposed.

Exports by air

- Small consignments of livestock may be transported in cargo planes or the holds of commercial passenger planes. In this case there is no in-flight access to the animals and no stockperson would accompany the animals.
- For exports by air AWEC applications consider transport crate design, and any intermediate refuelling stops. Animals are transported in custom crates designed and manufactured according to International Air Transport Association specifications.

Exports by sea

- Stockpersons provide expert oversight of the animals, and are assisted by the ship's crew in day-to-day animal management. MPI requires a minimum of 1 stockperson per 1400 cattle. Requirements for stockpersons for other species are determined during discussions between MPI and the exporter.
- AWEC applications also consider details of the vessel including ventilation, power sources, drainage, pen design, fodder, water; and the length and nature of the journey.

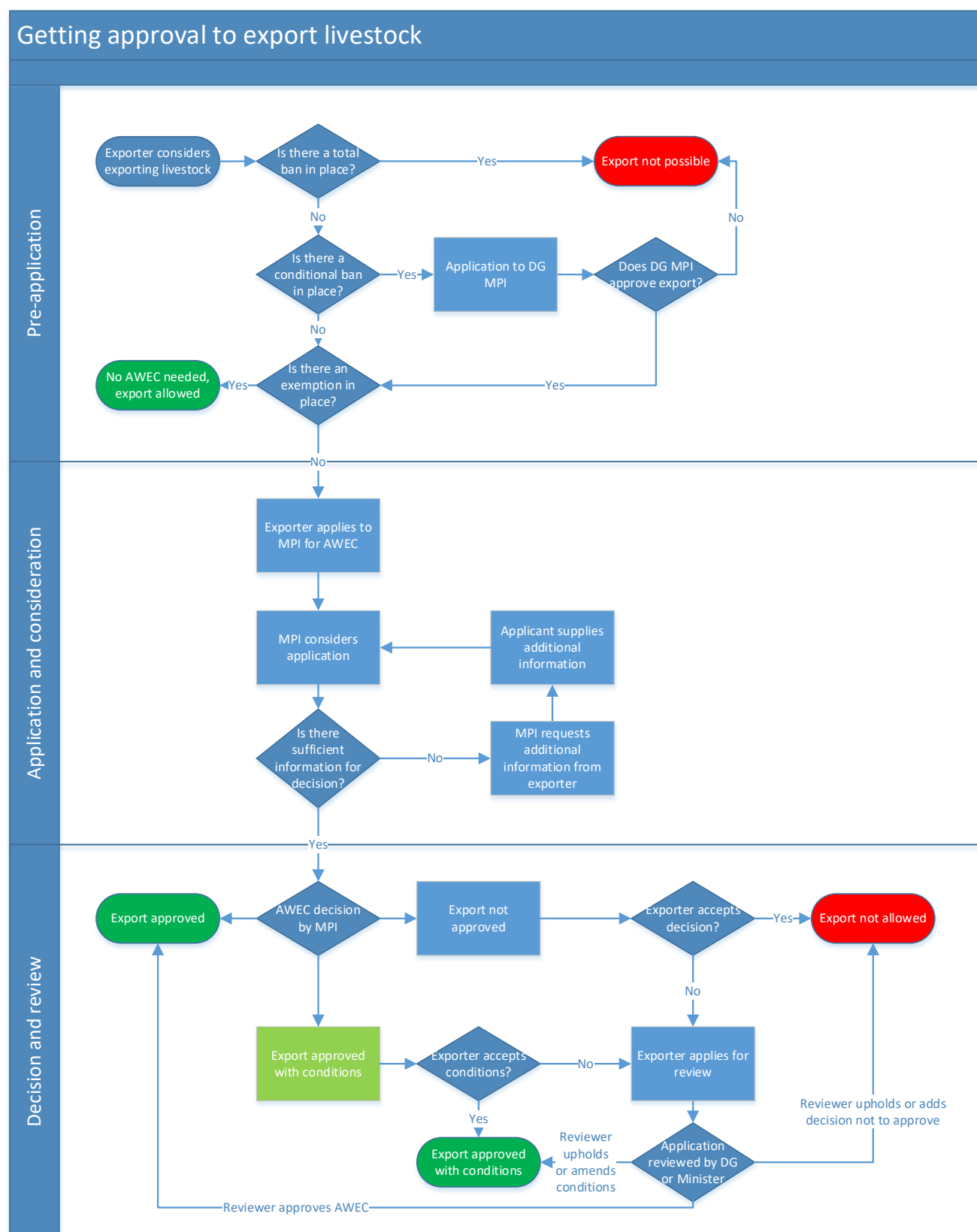


Source: Ministry for Primary Industries

4.1.3 Getting approval under the Animal Welfare Act

The chart below shows the general steps exporters must move through when applying to the Director-General of MPI for an Animal Welfare Export Certificate (AWEC).

Figure 6: Process for getting approval to export livestock



Source: Ministry for Primary Industries

Export bans

Before applying for an AWEC, an exporter would need to know whether any bans are in place. Bans can be put in place using regulations under the Act. Bans may be total (an absolute prohibition) or conditional (a conditional prohibition).

If there were a total ban in place on any aspect of the export, it would not be able to proceed. There are currently no total bans on any aspect of livestock export.

If there were a conditional ban in place, the export could only go ahead if the Director-General agreed. Even if the Director-General agreed, the exporter would still need to meet all other conditions of the Act. This would most likely include successfully applying for an AWEC.

There is currently one conditional ban in place: the conditional prohibition on livestock export for slaughter. To approve an export for slaughter, the Director-General would have to be satisfied that the risks to the welfare of the animals being exported, and New Zealand's reputation, could be mitigated.

There have been no exports for slaughter since 2008, and no successful applications to the Director-General for livestock export for slaughter since the conditional ban came into force.

Initially, restrictions on livestock (cattle, deer, goats and sheep) export for slaughter were implemented from December 2007 using Customs Export Prohibition Orders under the Customs and Excise Act 1996. Amendments to the Animal Welfare Act in 2015 enabled regulations to be made relating to prohibitions on livestock export. Consequently, the conditional prohibition was moved into the Animal Welfare (Export of Livestock for Slaughter) Regulations 2016.

Exemptions from needing an AWEC

Some consignments of animals might not need an AWEC. The Act allows the Director-General to make exemptions from AWEC requirements by notice in the Gazette.²⁵ Exemptions may be made where the Director-General considers the animal welfare risks to be low. For livestock, there is an exemption in place for livestock travelling fewer than six hours.²⁶

Getting an AWEC

Anyone can apply to the Director-General of MPI for an AWEC. Applications must generally be made at least 20 working days before the proposed date of export. The Director-General is able to request that applicants supply additional information before he or she considers the application.

The Act prescribes a range of matters to which the Director-General must or may have regard to when considering an AWEC application.²⁷ These include the length and nature of the proposed journey, and relevant international standards.

MPI uses a range of best practice guidance to assess AWEC applications. Each of the matters outlined in the Act is considered separately.

After considering an application, the Director-General can choose to grant or refuse the application. Where an application is granted, a number of conditions may be imposed.²⁸ The types of conditions that can be imposed are extensive. They include, among other things, the ability to require that a nominated person accompany the animals on their voyage, particular feed and water regimes, and how animals must be managed during the journey. Conditions may include a requirement for exporters to provide reports on the welfare of animals on arrival, and for up to 30 days after their arrival in the importing country.

²⁵ Section 48 of the Animal Welfare Act 1999.

²⁶ Currently there are three exemptions by Gazette in place: <https://gazette.govt.nz/notice/id/1999-go8933>; <https://gazette.govt.nz/notice/id/2000-go322>; <https://gazette.govt.nz/notice/id/2001-go3181>: Exemptions From the Requirement for Animal Welfare Export Certificates Under the Animal Welfare Act 1999 Notices No. 1145, 1148 and 1195. These exemptions cover exports of crayfish, crab, fish, lobster, and pets on ships, a number of species (including cattle, deer, goats and sheep) when they are travelling for fewer than six hours, octopus, squid and poultry hatching eggs, and cats and dogs going to Australia.

²⁷ Section 43 of the Animal Welfare Act 1999.

²⁸ Section 45 of the Animal Welfare Act 1999.

4.2 MANAGING RISKS TO ANIMAL WELFARE DURING EXPORT

New Zealand has been managing risks to animal welfare during livestock exports. Voyage mortality rates have decreased dramatically over the last three decades. Between 1985 and 1989 the average voyage mortality rate in exported livestock, predominantly sheep exported for slaughter in the Middle East, was 2.74 percent. This rate reduced to 0.67 percent between 2000 and 2003, as a result of additional conditions imposed on exports, and the start of a shift in trade towards the export of breeding cattle.

Since 2008, only breeding livestock have been exported. Average voyage mortality rates have decreased further to 0.14 percent. This average includes the only recent large export of sheep and a small number of cattle shipments where issues developed. Expected mortality on routine cattle shipments are 0.035 percent, or 1 animal death during the voyage per 3,000 animals exported.

5 The Livestock Export Review

5.1 WHY MPI IS REVIEWING THE CURRENT EXPORT RULES

5.1.1 Animal welfare standards are important

New Zealanders value good animal husbandry and ethical treatment towards animals. Consumers increasingly care about where their food comes from. As a result, animal welfare standards are a growing focus of consumers around the world.²⁹

Ensuring we have good animal welfare standards is important to animals, important to New Zealanders, and important to New Zealand's economy.

5.1.2 New Zealand's reputation matters

As well as being valued by New Zealanders, New Zealand's strong reputation for animal welfare adds value to our exports, and contributes to our standing as a responsible participant in the international trading system.

The value of New Zealand's reputation to our exports is difficult to quantify. This is not unique to the animal welfare system. While a strong reputation does not necessarily create access to new markets, it may stop New Zealand products from losing access.³⁰

New Zealand's reputation as an exporter of livestock may affect its overall reputation as an exporter of animals and animal products.

5.1.3 Livestock exports are valued by exporters and our trading partners

Livestock exports enhance relationships with other countries and provide income to rural communities. They are part of the broader global network of trade that substantially benefits New Zealand.

5.1.4 Some stakeholders are concerned that livestock exports may harm animals, and damage New Zealand's reputation

There is a comprehensive system in place to manage the welfare of livestock being exported. Nevertheless, there is a range of views about livestock export, and whether current controls are adequate.

Concerns about livestock export centre on matters such as the welfare of animals during their journey, the purpose of the export, the standards of care and farming methods in the country or destination, and how the animals are eventually slaughtered. Some concerns have focused on the exports of large numbers of animals, particularly cattle.

New Zealand cannot control animal welfare outcomes once livestock have left our jurisdiction. Poor animal welfare outcomes have been reported in some instances where we have exported livestock in

²⁹ While in some instances, consumers are willing to pay more for certified food products (including attributes relating to animal welfare), it is unclear whether and to what extent animal welfare standards affect demand. There is evidence that consumers care about animal welfare: they also care about matters such as price and food safety. This means that trade-offs of attributes based on individual preference will occur: Saunders, Caroline, Meike Guenther, Peter Tait and John Saunders (2013). "Assessing consumer preferences and willingness to pay for New Zealand food attributes in China, India and the UK". Contributed Paper prepared for presentation at the 87th Annual Conference of the Agricultural Economics Society, University of Warwick, United Kingdom. Bicknell, Kathryn (2011) "The Distributional Implications for Higher Farm Animal Welfare in New Zealand". Paper presented at the 2011 New Zealand Agricultural and Resource Economics Society (Inc) Conference. August 2011. Lewis, Sara (2018) "Call for Global Animal Welfare Standards and Label at ECI launch". IEG Policy, Agribusiness Intelligence (online Media platform, Informa UK Ltd).

New Zealand research has shown that 93 percent of those surveyed considered it somewhat important, important or very important that their KiwiSaver money was not invested with companies involved in cruelty to animals: Responsible Investment Association Australasia and Mindful Money: *Responsible Investment: NZ Survey 2018* (<https://mindfulmoney.nz/media/pages/file/2d/nz-market-survey-final-report.pdf>)

³⁰ KPMG (2017) Animal Welfare System Operating Model. Report developed for the Ministry for Primary Industries.

the past. This could pose a risk to New Zealand's reputation. In turn, this could pose a risk to our exports more generally, and our economy.

There are also concerns that any undue restrictions on livestock exports will not recognise the important role they play in our overall trading relationships. New Zealand livestock are highly sought after for purposes such as breeding, to meet agricultural cooperation agreements, or as part of assistance to developing countries.

There is an opportunity to review whether our livestock export rules meet New Zealanders' expectations.

5.2 THE REVIEW'S OBJECTIVES, AND CRITERIA FOR EVALUATING OPTIONS

5.2.1 Objectives and scope

The livestock export review gives New Zealanders the chance to reflect on how we can improve the welfare of livestock being exported, while:

- protecting New Zealand's reputation as a responsible exporter of animals and animal products;
- operating in compliance with New Zealand's international obligations; and
- ensuring New Zealand's rural communities can be vibrant, resilient, and sustainable.

The review is focused solely on livestock: cattle, deer, goats and sheep.

Changes to primary legislation (such as the Animal Welfare Act) are out of scope, but may be considered in the future. Changes to other types of legislation (such as regulations) are part of the review.

5.2.2 Criteria for evaluating options

MPI has developed the following criteria to evaluate options:

- Is the option **effective**? An effective option will achieve our objectives. We can easily measure whether or not it is successful.
- Is the option **efficient**? An efficient option will be the minimum necessary to ensure our objectives are met, and will be proportionate to the risks being managed. An efficient option can be implemented quickly, and is not too complex.

5.2.3 Measuring effectiveness

There are different ways that MPI could measure whether an option is effective. Feedback is welcomed on the criteria proposed to assess the options.

Improving animal welfare through greater transparency

Animal welfare is determined by the extent to which the animals' needs are likely to be met. This is guided by scientific knowledge and good practice for animal welfare.³¹

Greater transparency will mean that we can more easily identify where in the system we can make timely changes to improve animal welfare. There will be greater clarity about the system, from farm gate to the animals' final destination.

Protecting New Zealand's reputation as a responsible exporter of animals and animal products

New Zealand's reputation as a responsible exporter is based on its high standards of animal welfare, and the ability to maintain a robust regulatory system. Whether an option will enhance New Zealand's reputation will be difficult to measure objectively. It will reflect whether stakeholders, both domestic and international, have positive perceptions of New Zealand with respect to animal and animal product exports.

³¹ See, for example, section 10 of the Animal Welfare Act 1999.

While building a strong reputation is likely to be the cumulative result of many actions over time, short-term damage to reputation might occur as the result of a single adverse event. In general, options will score higher on this criterion if they increase the likelihood of welfare improvements, and strengthen the export system so that it is less likely to be affected by one-off events.

Operating in compliance with New Zealand's international obligations

New Zealand benefits substantially from the rules-based multilateral trade system. Our interactions with our trading partners are guided by the World Trade Organization (WTO) General Agreement on Tariffs and Trade (GATT) and the free trade agreements that we have negotiated.

Any changes to our rules for livestock export have to take into account New Zealand's legal obligations under the WTO, and our various free trade agreements. By operating in compliance with our WTO obligations, New Zealand maintains positive relationships with trading partners. This means that New Zealand can work with those trading partners to support good animal welfare practices.

Options will score well under this criterion if they are in keeping with, or enhance, New Zealand's trading relationships and associated international obligations.

Ensuring New Zealand's rural communities can be vibrant, resilient, and sustainable.

Healthy and resilient rural communities are critical to the continuing success of New Zealand's primary industries, and the ongoing growth of domestic and international tourism activity.

Rural households and businesses face a number of distinct challenges, due to:

- geographic and social isolation;
- infrastructure and communication constraints;
- long-term structural trends (in their populations and labour force); and
- increasing societal expectations around animal welfare and environmental management.

Māori have substantial interests in primary sector resources, and are central to the cultural and economic life of many rural communities.

Options will score well under this criterion if they enhance opportunities for rural communities to meet their social and economic aspirations, now and in the future.

Ability to measure success

Options will score well under this criterion if it is easy to make a direct and causal link between the implementation of the measure, and an improved ability to achieve our objectives.

5.2.4 Measuring efficiency

There are different ways that MPI could measure whether an option is efficient. Feedback is welcomed on the criteria proposed to assess the options.

Is the option the minimum necessary?

Selecting an option that is the minimum necessary to meet our objectives keeps costs down, and avoids wasting effort and resources.

Is the option proportionate to the risks being managed?

It may be easier to justify stronger measures where New Zealand faces more significant risks to animal welfare, or to our reputation.

Can the option be implemented quickly?

Options that can achieve our objectives faster will be preferred over those that only meet our objectives over the longer term.

Is the option easy to understand?

Under this criterion, we will prefer options that are simple and clear. If export is permitted under any circumstances, it will be easy to know what needs to be demonstrated to get any necessary approvals. Processes to gain approval should not be overly complex or lengthy.

5.3 OPTIONS CONSIDERED

MPI has identified four options that may help us to achieve our objectives. The next section describes these options. Some of these options can be implemented at the same time as other initiatives.

5.3.1 Option one: a total ban on livestock export

Option one is a total ban on livestock exports, or aspects of livestock exports. No discretion would be available for the Director-General to approve exports that are totally banned.

A regulation (absolute prohibition) could be made to implement this policy.³²

A total ban could be made with no limitations, or it could be time-bound. Another possibility is that a total ban could be made on certain types of exports (such as a particular species), or place absolute restrictions on matters such as voyage length.

5.3.2 Option two: a conditional ban on livestock export

Option two is a conditional ban on livestock export, or aspects of livestock export. The presumption would be that export would not be allowed, unless certain conditions were met. This means that discretion would be available to the Director-General to approve in principle exports covered by any conditional ban.

Before letting any application proceed to the next approval stage, the Director-General would need to be satisfied that any risks to the welfare of the livestock being exported can be mitigated, and that New Zealand's reputation would be protected.

A regulation (conditional prohibition) could be made to implement this policy.³³ An example of a conditional prohibition is the one currently in place that restricts export of livestock for slaughter.³⁴

A conditional ban could be broad (for example, covering all livestock - cattle, deer, goats and sheep), or narrow (for example, applying just to one type of livestock).

Section 183C of the Act lists a number of matters that could form the basis of a conditional ban, either separately, or in combination with each other. These matters include, but aren't limited to:

- the species, age, number, and fitness of animals;
- the duration and date of journeys;
- the transport vehicles and associated facilities, such as loading and unloading equipment;
- the purpose of the export;
- pre-conditions to be satisfied before export;
- the people accompanying the animals;
- pre-loading facilities; and
- reporting and independent monitoring.

MPI invites discussion and submissions on any form of conditional ban. Two options are discussed in Boxes three and four below. Box three outlines a broad conditional ban. Box four demonstrates how a more focused conditional ban might be worded.

³² Section 183C of the Animal Welfare Act 1999.

³³ Section 183C of the Animal Welfare Act 1999.

³⁴ Animal Welfare (Export of Livestock for Slaughter) Regulations 2016.

Box three: One possible conditional prohibition: a general conditional ban on livestock export

If a conditional ban on livestock export is favoured, the exact impacts and benefits will depend on its design. MPI has created this example to show at a high level how a conditional ban could be worded. Submissions are welcomed on this conditional ban, or any variation. If any conditional ban is approved in the future, the exact wording will differ from the example below.

Definitions:

For the purposes of this regulation, livestock means cattle, deer, goats and sheep.

Policy:

A person must not export livestock without the prior approval of the Director-General of MPI.

Offences and penalties:

A person commits an offence if they export livestock in breach of this policy, or breach a condition imposed by the Director-General.

A person committing an offence is liable on conviction, in the case of an individual, to a maximum fine of \$5,000, or in the case of a body corporate, to a maximum fine of \$10,000.

Pros and cons

A broad conditional ban could be achieved most simply by removing the words “for slaughter” each time they occur in the current Animal Welfare (Export of Livestock for Slaughter) Regulations 2016.

The benefits of this type of conditional ban are that it is simple, gives certainty, and is easy to understand and implement. It is likely to be most strongly favoured by people whose concerns about livestock export are broad, rather than focused on certain species or ways of travelling. Making a ban by a regulation means that the rules are transparent, and fully enforceable.

On the other hand, this approach risks regulating for situations where the risks to animal welfare are low. By definition a broad-based ban is relatively inflexible and may increase costs for few animal welfare or reputational gains. It also takes time to change regulations if we find they are not working as anticipated.

Any conditional ban would likely need to be supported by detailed operational policy. A clear approval process that sets out the standards that prospective exporters must meet will promote transparency in decision making, and help ensure that a conditional ban doesn't act as a total ban in practice.

Box four: One possible conditional prohibition: a conditional ban on export of deer by sea

If a conditional ban on livestock export is progressed, the impacts and benefits will depend on its design. MPI has developed this example to show how a specific conditional ban could be worded. Submissions are welcomed on this conditional prohibition, or any variation. If any conditional ban is approved, the exact wording will differ from the example below.

Policy:

A person must not export deer by sea without the prior approval of the Director-General of MPI.

Offences and penalties:

A person commits an offence if they export deer in breach of this policy, or breach a condition imposed by the Director-General.

A person committing an offence is liable on conviction, in the case of an individual, to a maximum fine of \$5,000, and in the case of a body corporate, to a maximum fine of \$10,000.

Pros and cons

A specific conditional prohibition can be targeted to the species, transport mode or other factors linked to risks to animal welfare or New Zealand's reputation. Highly specific wording gives certainty as to what the rules are.

Placing these rules in regulations means they are transparent and enforceable.

This example focuses on deer due to the known concerns to animal welfare with deer shipments due to their high susceptibility to stress and temperature changes.

On the other hand, this approach is less suitable for managing more general risks. Greater certainty may be balanced with more costs and less flexibility. It also takes time to change regulations if they are not working as anticipated, and over time, we may end up with multiple, specialised rules rather than fewer, more general rules.

Any conditional ban would likely need to be supported by detailed operational policy. A clear approval process that sets out the standards that prospective exporters must meet will promote transparency in decision making, and help ensure that a conditional ban doesn't act as a total ban in practice.

5.3.3 Option three: new regulations to enhance the export system

Option three is to make new regulations to enhance the export system without using bans. Regulation-making powers relating to exports are broad. They include (but aren't limited to) making requirements about the animals themselves, the journey, the purpose of the export, people accompanying the animals, reporting and independent monitoring.

As there are so many possibilities for regulations, this discussion paper focuses on two matters that cannot be fully addressed by the AWEC process: independent monitoring (Box five), and an exporter registration regime (Box six).

Any new regulations on these matters would promote greater transparency and accountability within the export process, and place stronger controls over who is able to export.

Box five: One possible area for new regulations: independent monitoring

If new regulations that don't ban livestock export are favoured, the exact impacts and benefits will depend on their design. This example of a new regulation has been created by MPI to show at a high level the types of rules a new regulation might set. Submissions are welcomed on this idea for a new regulation, or any variation. If any new regulations are approved, the exact wording will differ from the example below.

Legislative tool:

Make a new regulation under section 183C(1)(h) of the Animal Welfare Act 1999 empowering independent monitoring of all livestock exports by sea.

Policy:

- A pool of suitably qualified independent animal welfare monitors will be established that can be used when necessary.
- The Minister will consult the National Animal Welfare Advisory Committee before appointing monitors for this purpose.
- The Director-General may decide that an independent monitor accompany livestock exports by sea as a condition of an AWEC.
- The Director-General will make it a condition of an AWEC that an independent monitor accompany cattle exports by sea where the number of individual animals exceeds a set number.
- Monitors will be empowered to take video and photographic footage of the animals during loading, the journey, and unloading.
- Monitors will provide a report after each shipment to the exporter and the Director-General of MPI.
- The report may provide comment and supporting evidence on any matter relevant to the welfare of the animals being exported.
- Reports will be publically available.
- The cost of monitors will be recovered from applicants as part of the AWEC process.

Offences and penalties:

A person commits an offence if they export livestock in breach of this regulation.

A person committing an offence is liable on conviction, the case of an individual, to a maximum fine of \$5,000, or in the case of a body corporate, to a maximum fine of \$10,000.

Pros and cons

Section 45 of the Animal Welfare Act allows requirements to be made that animals be accompanied by particular people. Providing for independent monitors through regulations will enable a comprehensive, formalised scheme to be put in place. This would give monitors explicit powers and enable costs to be recovered from exporters.

An independent monitoring service would aim to increase transparency and accountability for animal welfare. It may increase public confidence in the livestock export system, and allow excellent operators to showcase how they achieve strong animal welfare outcomes.

However, an independent monitoring service may be costly. It may be intrusive for ship crew, veterinarians and stockpeople on board ship to be subject to monitoring. Any monitoring regime would need to be carefully designed to ensure that it could be implemented easily and was closely linked to improving animal welfare outcomes. It would need to consider matters such as any practical limitations on how many staff can be reasonably accommodated on a ship, and the command structure of a vessel. There are limitations to the extent that New Zealand can empower independent monitors beyond its territorial borders.

Box six: One possible area for new regulations: an exporter registration scheme

If new regulations that don't ban livestock export are favoured, the exact impacts and benefits will depend on their design. This example of a new regulation has been created by MPI to show at a high level the types of rules a new regulation might set. Submissions are welcomed on this idea for a new regulation, or any variation. If any new regulations are approved, the exact wording will differ from the example below.

Legislative tool:

Make a new regulation under section 183C(1) of the Animal Welfare Act 1999 creating an exporter registration scheme.

Policy:

Anyone who wants to export livestock must first apply to the Director-General of MPI to be registered. The criteria for registration will be that the person must:

- be a fit and proper person (taking into account convictions for fraud, dishonesty, or related to animal welfare or biosecurity legislation);
- be a New Zealand resident, or working through an agent who is a New Zealand resident;
- be of good financial standing; and
- provide evidence that the risks of exporting are likely to be appropriately managed through evidence, such as, successful outcomes of previous exports, an operations and governance manual, standard operating procedures and/or risk management plans.

A fee is payable to recover the costs of registration.

Registration is automatically cancelled if the person is convicted of a breach of this regulation, or any offence under the Animal Welfare Act 1999.

The Director-General may cancel the registration if the exporter fails to comply with any condition of an AVEC, including those relating to post-voyage and post-arrival reports.

Offences and penalties:

A person commits an offence if they export livestock in breach of this regulation.

A person committing an offence is liable on conviction, the case of an individual, to a maximum fine of \$5,000, or in the case of a body corporate, to a maximum fine of \$10,000.

Pros and cons

An exporter registration scheme would increase accountability and set controls over who can export livestock. It may increase public confidence in the export system. It could decrease incentives for one-off or opportunistic exports, meaning that industry participants are more likely to invest their time and resources on longer-term partnership arrangements with their customers, including post-discharge and management advice. These ongoing relationships mean that it is easier for MPI to monitor and enforce animal welfare standards (within New Zealand's jurisdiction), and be satisfied that the purpose of the export is accurately described. Registered exporters have greater incentives to only deal with reputable importers.

Exporter registration may increase compliance costs without improving animal welfare outcomes. It may present a barrier to new entrants to the industry, and thus decrease competition.

The Australian experience

Livestock exporters in Australia must hold a licence under their Australian Meat and Livestock Industry Act 1997.³⁵ This regime manages risks by ensuring that operators meet Australian standards, importing country requirements, and any other relevant legislation. Failure to meet requirements means that exporters lose their licence, and cannot export.

³⁵ <http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/information-exporters-industry/obtaining-a-licence>.

5.3.4 Option four: continuous improvement

Option four focuses mainly on initiatives that don't require a change to the law.

Initiatives under this heading can be easily combined with any other option where livestock export is still permitted.

Under option four, MPI would continue to improve its systems. MPI would use information gained in this consultation process to decide which improvements to its systems should be prioritised, developed and implemented. These might include the initiatives outlined in the rest of this section.

Remove livestock from existing AWEC exemptions

Existing exemptions from AWEC requirements were gazetted soon after the Act came into force in 1999. The focus of the AWEC approval process at that time was the voyage. After the 2015 amendments to the Act,³⁶ MPI was able to consider post-arrival conditions when deciding whether or not to approve an AWEC. However, the exemptions were not reviewed.

There is only one exemption that relates to livestock.³⁷ This is the exemption that allows livestock exports to proceed without an AWEC if the journey is under six hours. In practice, this means voyages by air to parts of Australia and the Pacific Islands are exempt.

Post-arrival conditions for animals are not closely related to the method of transport. However, with the exemptions in place, in practice MPI can only place post-arrival controls on exporters when the animals arrive by sea.

If an AWEC were required for all livestock exports, conditions could be placed on exports or exporters to manage risks to animal welfare and New Zealand's reputation regardless of how the animals arrived at the importing country.

Export Destination Approval Process

MPI would continue to work with industry to get richer information about the transport and facilities at the animals' final destination. This would involve new operational policy that would require the exporter to identify and manage risks to animal welfare and New Zealand's reputation.

This approval process would be focused on the exporter and the particular destination for each consignment of animals, not the importing country itself.

The Export Destination Approval Process could include consideration of:

- the importer;
- the date of shipment, ship or airline, and port of arrival;
- the post-arrival quarantine location;
- details of the land transport used to the quarantine facility, and from the facility to the destination farm;
- the destination farm;
- details of nutrition management;
- animal health management;
- provision for euthanasia or veterinary treatment of sick animals;
- slaughter at the end of the animal's productive life; and
- whether OIE guidelines are adhered to.³⁸

The Export Destination Approval Process (or equivalent) could be required by the Director-General of MPI in order to meet the information requirements of section 43(2)(a) of the Act. This is the part of the

³⁶ Animal Welfare Amendment Act (No 2) 2015.

³⁷ <https://gazette.govt.nz/notice/id/1999-go8933>: Exemptions From the Requirement for Animal Welfare Export Certificates Under the Animal Welfare Act 1999 Notice No. 1145.

³⁸ The OIE is the World Organisation for Animal Health. The OIE publishes two codes (The *Terrestrial Animal Health Code* and the *Aquatic Animal Health Code*) to guide international trade in terrestrial and aquatic animals, and animal products. The *Terrestrial Animal Health Code* includes guidelines on matters such as transport and slaughter: <https://www.oie.int/en/standard-setting/terrestrial-code/>.

Act that allows the Director-General to have regard to post-arrival conditions for the management of the animals in the importing country.

New operational policies

New operational policies could be developed and publicised to promote transparency and accountability within the system. This could include:

- requirements if cattle must be offloaded after being loaded in New Zealand;
- competency assessments for personnel accompanying animals, for use in the AWEC decision-making process;
- policies for when veterinarians must accompany export shipments;
- specifications for shelter for animals while loading;
- MPI negotiating agreements with importing countries to ensure that offloading of animals could occur regardless of circumstances;
- a regular audit process for livestock exports; and
- a standardised decision-making process that the Director-General of MPI will follow should his or her approval be sought for an export subject to a conditional prohibition.

6 Cost recovery under any of the options that allow livestock export is possible

The Government can make regulations prescribing matters for which livestock export costs can be recovered.³⁹

Cost recovery is an important part of MPI's funding arrangements. It involves charges (usually in the form of fees or levies) to recoup the costs of providing services to individuals, businesses or other entities.

Four key principles guide MPI's approach to cost recovery - equity, efficiency, justifiability and transparency:

- equity – services should be funded from users that benefit from the service, or users that create risks that the service is designed to manage;
- efficiency – costs should be charged to ensure that maximum benefits are delivered at minimum cost;
- justifiability – charges should only recover the reasonable costs (including indirect costs) of providing the service; and
- transparency – costs should be identified and allocated to the service for the recovery period in which the service is provided.

The options set out in this paper are intended to manage risks to animal welfare and New Zealand's reputation by ensuring New Zealand is a responsible exporter. This will benefit service users (exporters).

If new regulations were eventually made, MPI anticipates that they would include cost recovery proposals. MPI would carry out targeted consultation to develop a cost recovery model specific to each cost recovery proposal.

³⁹ Sections 182 and 183(1)(e) of the Animal Welfare Act 1999.

Box seven: A possible cost recovery model: veterinarians accompanying export shipments

An example of something that, if progressed, could be subject to cost recovery, is where a MPI veterinarian had to accompany export shipments.

Any new operational policies developed would take into account any practical limitations on when veterinarians can accompany shipments (for example ensuring there is accommodation and sufficient life preserving equipment available on board), whether a veterinarian would displace a stockperson, whether exporters could provide their own veterinarian, and how a veterinarian's responsibilities interact with the command structure of a vessel. Cost recovery would likely only apply if a policy were developed that required the presence of a MPI veterinarian (rather than a veterinarian employed by the exporter).

Duties of veterinarians accompanying export shipments

Duties of veterinarians accompanying shipments could include:

- attending to the treatment of any sick or injured animals during loading, unloading and the voyage;
- monitoring and reporting on feeding and watering systems, stocking density, and bedding conditions
- morbidity and mortality management;
- taking readings from any environmental monitoring equipment;
- recording temperature at specific times of day;
- undertaking heat stress risk assessments within a heat stress management plan; and
- monitoring pen air turnover.

Some of these duties may be shared with stockpeople.

Duties before and after voyages could include participating in briefings and debriefings with the crew and exporter, report writing and traveling for the purpose of the programme. Some veterinarians may need training in sea safety and survival.

After the voyage the veterinarian could provide a report to the exporter and the Director-General of MPI.

Cost recovery

The Animal Welfare (Cost Recovery) Regulations 2015 provide fees and charges for cost recovery in relation to applications and services. These regulations could be amended to provide for recovery of the costs of veterinarians accompanying export shipments.

An hourly rate of \$186.30 for veterinarians is currently prescribed in the Animal Welfare (Cost Recovery) Regulations 2015, the Animal Products (Fees, Charges and Levies) Regulations 2007, and the Biosecurity (Costs) Regulations 2010. The latter also has rates for travel time, waiting time and callouts. These rates could be used for cost recovery for veterinarians accompanying shipments.

Other recoverable costs may include specific expenses related to voyages; for example, return travel from the destination port and associated accommodation costs, and a vessel rating allowance (based on a rating system that provides for a higher allowance where a vessel has moderately or greatly reduced comfort and/or working conditions).

7 Implementation issues

Any changes to the rules relating to livestock export may need lead-in time. This is because, depending on the design of any final proposals, some stakeholders will need time to adjust their practices or enter new commercial contracts.

Detailed consideration of implementation issues will be part of further consultation on the final design of the preferred option or options.

8 MPI invites submissions on the Livestock Export Review

MPI invites stakeholders to provide us with evidence on whether and how each of the options described improves animal welfare and protects New Zealand's reputation.

There is significant uncertainty about whether each option will meet our objectives. This is because in most cases, whether the option will meet our objectives will depend on its detailed design.

Consultation will assist in getting more information on how effective and efficient each option is likely to be.

A full list of questions is in Appendix Two. Submissions may take any written form: these questions are given as a guideline only.

For each option, we invite your feedback on whether you agree with each option, and the reasons for this viewpoint. We are also interested in the evidence you can provide about the impacts each option would have on you, your business, the people or animals you represent, and the animals in your care.

In addition, we invite comment on any alternatives not outlined in this paper that you prefer, and combinations of different options.

The deadline for submissions is Wednesday 22 January 2020. (This was extended from an original deadline of Monday 06 January 2020.)

Appendix One: Extracts from the Animal Welfare Act 1999

This appendix sets out extracts from the Animal Welfare Act 1999, Part 3: Animal exports. Please refer to www.legislation.govt.nz for the full Act.

Definitions

Animal welfare export certificate means an animal welfare export certificate issued under section 46 of the Act.

Director-General means the chief executive of the Ministry of Primary Industries.

Part 3: Animal exports

Section number and title	Section text
38: Purpose	The purpose of this Part is to protect the welfare of animals being exported from New Zealand and to protect New Zealand's reputation as a responsible exporter of animals and products made from animals.
40: Animal welfare export certificate	<p>(1) A person commits an offence who exports an animal from New Zealand to another country on a ship or aircraft other than under the authority, and in accordance with the conditions, of an animal welfare export certificate.</p> <p>(2) Nothing in subsection (1) applies if the exportation of the animal—</p> <p>(a) is exempted from the requirements of that subsection by a notice published under section 48(1); or</p> <p>(b) is being effected under the authority of a permit, certificate, or other authorisation issued under the Conservation Act 1987 or any Act listed in Schedule 1 of that Act.</p> <p>(3) A person who commits an offence against subsection (1) is liable on conviction,—</p> <p>(a) in the case of an individual, to imprisonment for a term not exceeding 6 months or to a fine not exceeding \$25,000 or to both; or</p> <p>(b) in the case of a body corporate, to a fine not exceeding \$125,000.</p>
42: Application for animal welfare export certificate	<p>(1) Any person may apply to the Director-General for the issue of an animal welfare export certificate.</p> <p>(2) The application must—</p> <p>(a) be made on a form provided by the Director-General for the purpose; and</p> <p>(b) contain, or be accompanied by, such information as the Director-General requires; and</p> <p>(c) be accompanied by the prescribed fee (if any); and</p> <p>(d) be made to the Director-General at least 20 working days before the date on which the applicant proposes that the animal leave New Zealand.</p> <p>(3) The Director-General may permit an application to be made other than in accordance with subsection (2)(d) if he or she is satisfied that unforeseen or unusual circumstances prevented the application from being made in accordance with subsection (2)(d).</p>

Section number and title	Section text
	<p>(4) Where an application made in accordance with subsection (2)(d) or subsection (3) does not comply in any material respect with subsection (2)(a) or subsection (2) (b), the Director-General may request the applicant to make good the deficiencies in the application.</p> <p>(5) If the deficiencies are made good at least 20 working days before the date on which the applicant proposes that the animal leave New Zealand, the Director-General must proceed to deal with the application.</p> <p>(6) If the deficiencies are not made good at least 20 working days before the date on which the applicant proposes that the animal leave New Zealand, the Director-General may deal with the application only if he or she is satisfied that there is sufficient time to give proper consideration to the application before that date.</p>
43: Consideration of application	<p>(1) The Director-General must, in considering any application under section 42, have regard to such of the following matters as are relevant:</p> <ul style="list-style-type: none"> (a) the manner in which the welfare of any animals previously exported by the applicant was attended to on the journey between New Zealand and the country to which they were exported: (b) the capability, skills, and experience of the applicant in relation to the export of animals: (c) the species or type of animal and the number of animals proposed to be exported: (d) the ages, and the physiological state, of the animals proposed to be exported: (e) the mode of transport proposed and the facilities provided: (f) the length and nature of the journey proposed: (g) the susceptibility of the animal to harm and distress under the conditions of transport proposed: (h) any New Zealand requirements in relation to the export of the animal: (i) any requirements of the country into which the animal is being exported: (j) any relevant international standard: (k) the date on which it is intended that the animal leave New Zealand: (ka) any regulations made under section 183C relating to the export of animals: (kb) New Zealand's reputation as a responsible exporter of animals and products made from animals: (l) any other matters that the Director-General considers relevant to the welfare of the animal. <p>(2) The Director-General may, in considering any application under section 42, have regard to the following matters:</p> <ul style="list-style-type: none"> (a) the post-arrival conditions for the management of the animals in the importing country: (b) the manner in which the welfare of any animals previously exported by the applicant was attended to during— <ul style="list-style-type: none"> (i) the 30-day period commencing on the date of their arrival in the importing country; or (ii) any lesser period after their arrival that the Director-General thinks fit.
44: Decision on application	<p>(1) After considering an application under section 42, the Director-General must decide whether to grant or refuse the application.</p>

Section number and title	Section text
	<p>(2) On the grant of any application under section 42, the Director-General may, under section 45, specify the conditions that are to be imposed on the issue, under section 46, of the animal welfare export certificate.</p> <p>(3) If the Director-General grants the application and, under section 45, imposes conditions of the animal welfare export certificate, the Director-General must forthwith notify the applicant in writing that the application has been granted, and that an animal welfare export certificate will be issued subject to satisfactory compliance with, or satisfactory arrangements being made for compliance with, all of those conditions.</p> <p>(4) If the Director-General grants the application and does not, under section 45, impose conditions of the animal welfare export certificate, the Director-General must forthwith issue an animal welfare export certificate to the applicant.</p> <p>(5) If the Director-General refuses to grant the application, the Director-General must forthwith give notice in writing to the applicant of the refusal and the reasons for it.</p>
45: Conditions	<p>(1) The Director-General may, in granting an application for an animal welfare export certificate, impose, as conditions of that certificate, all or any of the following conditions:</p> <p>(a) a condition that the animal or the ship or aircraft be inspected before the animal is loaded or after the animal is loaded or both before and after the animal is loaded by a person authorised by the Director-General:</p> <p>(b) a condition that the animal receive specified preconditioning before travel:</p> <p>(c) a condition that a person authorised by the Director-General certify in writing that the animal is fit to travel:</p> <p>(d) a condition that an animal health certificate be issued by a person authorised by the Director-General:</p> <p>(e) a condition that the animal be loaded onto the ship or aircraft in a particular manner and in accordance with particular requirements:</p> <p>(f) a condition that the animal be accompanied on the ship or aircraft by a particular named person:</p> <p>(g) a condition that the animal be accompanied on the ship or aircraft by a person approved by the Director-General to undertake the work:</p> <p>(h) a condition that the animal be accompanied on the ship or aircraft by a person who has certain qualifications or skills:</p> <p>(i) a condition specifying the manner in which, and the extent to which food and water is to be provided to the animal while it is on the ship or aircraft:</p> <p>(j) a condition that the animal be provided on the ship or aircraft with facilities specified by the Director-General:</p> <p>(k) a condition specifying the manner in which the animal is to be managed on the journey:</p> <p>(l) any condition specified in any relevant international standard:</p> <p>(la) a condition requiring an exporter to provide a report on the way in which the animals were managed during their journey and to provide any specified information that the Director-General considers relevant:</p> <p>(lb) a condition requiring an exporter to provide a report on the welfare of the animals and to provide any specified information that the Director-General considers relevant, for—</p> <p>(i) the 30-day period commencing on the date of their arrival in the importing country; or</p>

Section number and title	Section text
	<p>(ii) any lesser period after their arrival that the Director-General thinks fit;</p> <p>(m) such other conditions as the Director-General considers appropriate for the welfare of the animal.</p> <p>(2) The Director-General may at any time before the departure of the animal amend or add to the conditions imposed under subsection (1).</p> <p>(3) The amendment or addition must be effected by giving written notice of the amendment or addition to the person to whom the animal welfare export certificate has been issued.</p> <p>(4) Except where the amendment or addition is necessary to meet the requirements of the country to which the animal is being exported, the Director-General may not, under subsection (2), amend the conditions or add to the conditions in such a way as to impose on the person to whom the animal welfare export certificate has been issued requirements that, at the time of the amendment or addition, that person cannot reasonably be expected to meet before the date of the departure of the animal.</p>
46: Issue of animal welfare export certificate	<p>(1) Subject to satisfactory compliance with, or satisfactory arrangements made for compliance with, all conditions (if any) imposed under section 45, the Director-General must issue the certificate by signing it and giving it to the applicant.</p> <p>(2) The failure to comply with any relevant regulations made under this Act is a sufficient ground on which the Director-General may—</p> <p>(a) refuse to issue a certificate; or</p> <p>(b) revoke or amend any certificate that has already been issued.</p>

Appendix Two: Questions for Submitters

MPI invites you to answer the following questions. These questions are given as a guideline: submissions may take any written form. Please present evidence, where available, to explain your views.

Submitters may choose to fill in the online form available at www.mpi.govt.nz/livestock-exports.

Problem definition

1. Do you think that existing controls on the export of livestock – cattle, deer, goats and sheep – are about right, too strict, or not strict enough? These existing controls are outlined in section 4.1.2 of this paper. Why/why not?

For all options:

2. Is there an alternative not outlined in this paper that you think would be best? Tell us about this, and why you prefer it.
3. Are there any combinations of different options that you prefer? If so, tell us what those combinations are, and why you prefer them.
4. Tell us about the costs, if any, of the options.
5. Do you agree with the criteria proposed to assess each option (as outlined in section 5.2)? Why/why not?
6. Tell us about any alternative criteria you prefer, and why you prefer them.
7. Are there any implementation issues that you would like to comment on? For example, if new rules are made, how much lead-in time do you think there should be before they come into force?
8. What is the most important thing we should do to improve animal welfare as it relates to the export of livestock – cattle, deer, goats, and sheep – and New Zealand's reputation?

Option one: a total ban on livestock export

9. Do you agree with this option?
10. Why/why not? Please describe in your answer whether you refer to a total ban on all livestock, or a variation on this (such as a ban on exporting certain species only, or a ban on livestock traveling by sea or by air).
11. What impact would this option have on you, animals, those you represent, or your business?

Option two: a conditional ban on livestock export

12. Do you agree with this option?
13. Why/why not? Please describe in your answer under what sort of conditions you think livestock export should be banned (if relevant). You may wish to refer to the examples in boxes three (a broad conditional ban) and four (a narrow conditional ban).
14. What impact would this option have on you, animals, those you represent, or your business?

Option three: new regulations to enhance the export system

15. Do you agree with this option?

16. Why/why not? Please describe in your answer what specific initiatives you would support (if relevant). You may wish to refer to the examples in boxes five (independent animal welfare monitors) and six (exporter registration scheme).

17. What impact would this option have on you, animals, those you represent, or your business?

Option four: continuous improvement

18. Do you agree with this option?

19. Why/why not? Please describe in your answer what specific initiatives you would support (if relevant). You may wish to comment directly on the ideas on section 5.3.4: remove livestock from existing AWEC exemptions, Export Destination Approval Process, and new operational policy.

20. What impact would this option have on you, animals, those you represent, or your business?