



AUSTRALIAN LIVESTOCK
EXPORTERS COUNCIL

20 January 2022

Ross Carter
Inspector General for Live Animal Exports
Department of Agriculture, Water and the Environment
Canberra ACT 2601

By email: iglae@awe.gov.au

Dear Mr Carter

Re: Review – Livestock Export Licences and Livestock Export Approved Arrangements

The Australian Livestock Exporters' Council (ALEC) is a member-based, peak industry body representing Australia's livestock export sector which contributes over \$1 billion in export earnings annually while employing 13,000 mainly regional Australians. ALEC provides strategic direction to the industry, sets industry policy and represents Australia's livestock export trade in Australia and internationally.

ALEC members account for more than 96 per cent of Australia's annual livestock exports, by volume and value. ALEC's membership also extends to supply chain participants including registered premise operators, ship owners, feed suppliers and other service providers to the trade.

ALEC thanks the Inspector General for Live Animal Exports (IGLAE) for the opportunity to provide a submission to this process. I note that cost recovery is flagged as out of scope for this review. However, it remains a relevant consideration given the intent of Approved Arrangements initially was to increase regulatory efficiency, which in turn would better manage regulatory costs. In fact ALEC would argue it should be a central premise of this review.

Given the record high prices and very low export volumes, exporters are currently faced with extremely challenging commercial conditions. In addition, exporters are also experiencing dramatically increased regulatory costs.

In FY2017-18 the regulatory expenses of the Live Animal Exports Division were approximately \$8.5 million with total livestock exports being approximately 2.9 million that year according to DAWE figures. In the current financial year regulatory expenses are anticipated to be approximately \$22 million with total livestock exports expected to be at least half of FY2017-18. This equates to a tripling of regulatory costs over three-years despite total livestock exports decreasing by half over the same time.

This clearly indicates that regulatory processes have become less efficient and that measures to address this are desperately needed for exporters. Frameworks such as Approved Arrangements implemented and administered as they were originally intended would offer significant efficiency and, more critically, regulatory cost-savings to industry.

Failure to achieve regulatory cost savings will have long-lasting impacts on the viability of the livestock export industry as well as the pastoral industries that rely on it.

Approved Arrangements for livestock exports were introduced following a Regulatory Impact Statement process in 2015. The intent was to move from the existing prescriptive, consignment by consignment approval system to a more simplified livestock export certification process that reduced government intervention in individual export consignments, maintaining the integrity of the trade and reducing costs. In addition to livestock exports, approved arrangements have been successfully implemented in agricultural export commodities such as meat, dairy, eggs, and fish.

Approved Arrangements achieve greater efficiency and reduce costs for both government and industry by reducing duplication, as well as placing more responsibility and accountability on exporters to meet the requirements for livestock exports. The intention of Approved Arrangements was to allow the focus of DAWE's role to shift to one of risk management, informed by exporter performance, audit and verification. Approved arrangements also allow DAWE's officers to step away from the hands-on management of each consignment to a role assessing an exporter's business operations to compliantly export livestock.

Approved Arrangements were framed as a quality assurance framework that would encourage the identification and rectification of issues proactively (i.e. demonstrating an effective assurance system). Industry worked closely with DAWE and invested heavily in the establishment of the Approved Arrangements framework. Their introduction in 2015 ushered in a culture that encouraged the identification and rectification of issues proactively.

Following the Moss Review in 2018, there was a significant change in how DAWE regulated exporters under Approved Arrangements to the detriment of regulatory culture and the quality assurance processes that underpinned the system.

DAWE effectively returned to a consignment-by-consignment assessment and a culture developed that deterred the identification of issues by exporters as identified problems would more likely result in punitive action being taken by DAWE, rather than reflecting positively against the effectiveness of the system. This resulted in a more time consuming and onerous regulatory model that focused on micro-managing individual consignments rather than regulating at the systems level Approved Arrangements were originally developed for.

A return to Approved Arrangements is one of the key outcomes that industry is seeking as part of Minister Littleproud's Regulatory Roundtable process. Other outcomes industry is seeking from this process include:

- A culture shift towards a collaborative approach to regulation that better reflects the on-the-ground practicalities of exporting livestock.
- Great recognition of high performance by exporters when making regulatory decisions.
- Reducing reporting duplication by adopting technological solutions for monitoring and data collection.
- Adopting a risk-based approach to regulatory monitoring including independent observers.
- Modernising technology systems utilised for regulatory decision-making.

All of these outcomes are sought with the intent of increasing regulatory efficiency and decreasing the regulatory burden on industry.

Prior to the regulatory roundtable commencing, a working group of the Live Export Government-Industry Regulation Committee examined operational aspects of the approved arrangements framework and identified several recommendations. It would be worthwhile considering these recommendations of this group as part of this review.

It is important to acknowledge that since the commencement of the Regulatory Roundtable process in July 2020 there has been improvement in the regulatory culture with enhanced communication and collaboration with industry occurring.

There is currently a Regulatory Roundtable Project looking at steps to improve the administration of the Approved Arrangements framework aiming to achieve better balance between checking individual consignments and exporters' systems. This project will deliver improvements such as improved guidance material for exporters and automation under the TRACE system. ALEC is very supportive of this work and the benefits it will bring. In developing recommendations, ALEC considers it would be beneficial for you to receive a briefing from DAWE on the feedback received as part of its consultation with exporters.

However, industry's position remains a return to Approved Arrangements as they originally operated given the efficiency the framework delivers to both exporter and regulator.

Please do not hesitate to contact me at ceo@livexcouncil.com.au or on 0400 980 456 should you wish to discuss further.

Yours sincerely



Mark Harvey-Sutton
Chief Executive Officer
Australian Livestock Exporters' Council

