



20 February 2024

# Exporter Supply Chain Assurance System Review – Stage 2 Recommendations

Submission prepared by the Australian Alliance for Animals





## About the Australian Alliance for Animals

The Australian Alliance for Animals is a national charity leading a strategic alliance of Australia's key animal protection organisations to achieve systemic change for animals. Through our six core member organisations, we have a combined supporter base of over two million people.

Learn more about our work on our website: [www.allianceforanimals.org.au](http://www.allianceforanimals.org.au)

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*In the spirit of reconciliation, we acknowledge the Traditional Custodians of country throughout Australia and their enduring connection to land, sea and community. We pay respect to their Elders past and present.*



# Exporter Supply Chain Assurance System Review – Stage 2 Recommendations

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## Introduction

The Stage 2 recommendations contain some positive features, however, they fail to address the major structural flaws exposing the industry to existential social licence risk. The review should be focused on addressing those flaws and lifting the bar across the board. Instead, current recommendations tinker around the edges, accommodate the lowest common denominator, and in some cases propose arrangements that would take the system backwards in terms of accountability and transparency.

The review imposes artificial limitations on the scope and nature of its recommendations by suggesting that standards ‘should not specify technology’ as this may ‘discriminate against systems due to size, sophistication or technology’. Adopting this approach effectively rules out lifting standards across the board. Prescriptive standards around technologies known to improve compliance rates and achieve desired outcomes are entirely appropriate. The review should not be afraid of proposing standards that some facilities can not meet. This is not discriminating against systems but setting appropriate minimum benchmarks to reduce risk for both animal welfare and the industry as a whole.

We support the development of an overall ESCAS Standard that encompasses control and traceability standards, including mandatory requirements around the use of technologies to facilitate real-time monitoring of critical control points, and animal welfare standards to improve clarity and consistency with Australian standards, including mandating the use of stunning. Contrary to claims made in the review report, aligning ESCAS animal welfare standards with Australian standards is not inconsistent with international trade obligations provided the Australian Government works with, and assists, relevant trading partners in meeting those standards.

Lastly, one of the most concerning features of the current recommendations is the suggestion that exporters using an ESCAO provider would be subject to ‘alternative arrangements than that in the ESCAS noncompliance framework’. Animal welfare organisations have consistently raised concerns about the establishment of private industry owned ESCAO providers like AniMark and the prospect of government deferring key ESCAS regulatory responsibilities to such organisations. As AniMark is owned and controlled by the live export industry, core regulatory

functions such as the approval of new supply chains, the investigation of non-compliance, and the imposition of appropriate sanctions must remain within the domain of the Australian Government. Accordingly, the ESCAS non-compliance framework should apply equally to all exporters within and outside of approved ESCAO services provider schemes.

Please see further detail on these and other matters in the attached table.



## Comments on recommendations

Rec.	Comment
1.	We support this recommendation. Auditing quality is critical to the integrity of ESCAS. It is our view that this has not been upheld in the past leading to substandard facilities being approved under ESCAS for receiving Australian livestock.
2.	We support this recommendation.
3.	We support this recommendation.
4.	We support this recommendation.
5.	This recommendation requires further specificity. The inter-audit gap is one of the most significant risks and limitations of the ESCAS. The day-to-day monitoring requirements under ESCAS should be specified and include real-time monitoring using CCTV technology.
6.	We support the use of additional audit methods. However, these additional audit methods, such as random unannounced audits, should be built into the general ESCAS compliance framework as opposed to making them an optional, discretionary compliance tool that third-party providers of ESCAS services may wish to employ. The recommendation should be to <i>require</i> the use of other audit methods under ESCAS rather than simply to <i>allow</i> them.
7.	<p>We support many of the elements outlined in this recommendation, however, these requirements should form the basis of a uniform C&amp;T standard under ESCAS to improve consistency across all markets and supply chains. The live export supply chain is only as strong as its weakest link and it will be judged by the community on that basis. The conduct of poor operators poses a risk to the entire industry. Exporters and importers who invest in strong C&amp;T measures should not be unfairly disadvantaged and impacted by those who do not.</p> <p>Other components of the live export supply chain and regulatory framework include uniform standards (e.g. the Australian Standards for the Export of Livestock), the control and traceability standards of supply chains are equally important to animal welfare and the social licence of the industry as a whole, and should therefore be formalised via a uniform C&amp;T standard.</p> <p>We strongly disagree with the suggestion that prescribing certain technologies would discriminate against systems based on size, scale, sophistication or technology. Outcomes-based requirements are desirable for a range of reasons but they should not be used as a shield for poor or high risk practices. Where the desired outcome can only be achieved, or is much more likely to be achieved, using a particular method, it is entirely appropriate for this method to be prescribed. For instance, the difference in allowing a system of manual mob-based counting for traceability purposes will be far more susceptible to human error and noncompliance when compared to a system that requires EID and real time monitoring of CCTV footage. EID and CCTV systems may indeed present a challenge for some supply chains, but the very fact this is a challenge raises the question as to whether such supply chains are suitable for receiving Australian livestock.</p>

	<p>If the Australian Government is serious about improving ESCAS compliance, it must lift the bar, and be prepared for a degree of supply chain consolidation as a result. This is not discriminating against systems, it is setting an appropriate minimum benchmark to reduce risk for both animal welfare and the industry as a whole.</p>
8.	<p>Again, we disagree with this recommendation for the reasons outlined at 7 above. Specific technologies can and should be prescribed where there is evidence they have a higher likelihood of achieving the desired compliance outcomes compared with other methods. These technologies should be prescribed in a uniform C&amp;T standard under ESCAS.</p>
9.	<p>We support this recommendation.</p>
10.	<p>We support the replacement of the current Biosecurity guideline for the management of noncompliance with an ESCAS noncompliance framework. However, we wish to express our strong opposition to the proposed carve out of exporters using ESCAO providers. Animal welfare organisations have consistently maintained that their support for the introduction of ESCAO providers is subject to the responsibility for investigating noncompliance, imposing sanctions, and publicly reporting on noncompliance remaining with the Australian Government. We have previously been provided with assurances from the Department that this would remain the case under the ESCAO provider system.</p> <p>The proposal that exporters using ESCAO providers ‘would be subject to alternative arrangements than that in the ESCAS noncompliance framework’ appears to contradict those assurances. This would amount to a form of self-regulation as ESCAO providers are likely to be industry owned or affiliated. AniMark’s four members include LiveCorp, the Australian Livestock Exporters Council, Cattle Australia, and Sheep Producers Australia. To place AniMark in charge of investigating, categorising, and sanctioning noncompliances creates a two-tiered self-regulatory system that would risk undermining trust in the ESCAS. The ESCAS noncompliance framework should apply to all exporters equally whether they are part of a private ESCAO provider scheme or not.</p> <p>We provide the additional specific comments on the proposed framework:</p> <p>We support the proposed matrix including rates of noncompliance as a factor in determining the noncompliance category. High rates of noncompliance should not just determine the noncompliance category but also the sanction imposed.</p> <p>We do not support the proposal to suspend lines within a facility rather than the facility itself. Suspending a line within a facility would not provide the deterrence effect that facility suspension is designed to achieve, and it would be almost impossible to properly monitor and enforce. If the noncompliance is severe enough to warrant suspension, then the entire facility should be suspended.</p> <p>We do not support the proposal to vary the Department’s approach to publicly reporting on self-reported ESCAS noncompliance. All ESCAS noncompliance should continue to be recorded and publicly reported. The Department’s approach to managing ESCAS noncompliance should be aiming to increase transparency, not reduce it.</p> <p>We support the proposed approach to risk ratings.</p>



11.	We support this recommendation.
12.	We support increasing audit frequency for high-risk facilities but we do not support ESCAS being based on the WOH Code as the Code permits practices that fall below Australian standards. Where there is inconsistency between the WOH standards and Australian standards, such as requirements for stunning, the ESCAS should adopt the Australian standard.
13.	We support this recommendation.
14.	We are surprised and concerned that individual facilities in ESCAS supply chains are not already individually identified. We support this recommendation.
15.	We support the development of a consolidated ESCAS Standard that includes animal welfare, control and traceability requirements in one document.
16.	We support this recommendation.
17.	We support the introduction of powers for the Department to apply additional time-based control and traceability measures under an ESCAS to mitigate risks created by cultural or other events. This should include a power to prohibit the export of animals into certain markets and supply chains during high-risk periods.
18.	We support this recommendation.
19.	We support an update to the ESCAS Animal Welfare Standards, however, we disagree with the suggestion that aligning ESCAS standards with Australian standards would be inconsistent with international trade obligations. Recent WTO case law provides a strong basis for the implementation of animal welfare trade measures provided sufficient consultation, advice and assistance is provided to the trading partner in meeting the measures. ESCAS Animal Welfare Standards should be improved in line with Australian standards, particularly concerning stunning. Ongoing failure to align ESCAS Animal Welfare Standards with Australian standards will continue to expose Australia's live export industry to considerable social licence risk. Investment by the Australian Government in working with trade partners to introduce stronger ESCAS Animal Welfare Standards is possible and would not be inconsistent with international trade obligations.
20.	Support.
21.	Support.
22.	We support the recognition of the importing country's animal welfare standards in determining risk ratings provided it does not detract from assessing the risks of individual facilities and supply chains. A country may have equivalent animal welfare standards to those under ESCAS but that does not mean individual facilities and supply chains will meet those standards. Furthermore, exporters should not be the party responsible for undertaking the assessment of the importing country's animal welfare standards. This assessment should be undertaken by an independent party with the necessary experience and expertise.