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Schuster Consulting Group

Exporter Supply Chain Assurance System (ESCAS) Review – stage 1

Discussion paper: current state challenge identification

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Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

Contents

Overview

The Exporter Supply Chain Assurance System (ESCAS) was introduced in 2011, following the suspension of export of feeder and slaughter cattle to Indonesia due to mistreatment of Australian cattle in some Indonesian abattoirs. ESCAS is a set of regulatory conditions placed on exporters. It requires them to have arrangements in the importing country to ensure humane treatment and handling of livestock from the time the animals arrive up to and including the point of slaughter. Australia is the only country in the world, out of over 100 livestock exporting nations, with such a regulatory system in operation. Since the implementation of ESCAS, 0.21% of exported feeder and slaughter livestock have been involved in non-compliance with ESCAS. Since 2019, the proportion of feeder and slaughter livestock involved in non-compliance has been below 0.1%.

The department has commenced a targeted review of ESCAS. This is the first review by the department of ESCAS since the framework was first implemented in 2011. The review will ensure the existing ESCAS framework remains robust, functional, and effective in ensuring that animal welfare, control and traceability outcomes continue to be met for exported feeder and slaughter livestock in importing countries, up until and including the point of slaughter.

The ESCAS Review is being conducted in a staged manner according to a specific scope (**Appendix 1: summary and scoping document**) that identifies areas of focus that can be summarised as:

- Monitoring and verification activities – for example:
  - closing the inter-audit gap and
  - ongoing monitoring and verification activities.
- Control and traceability – for example:
  - developing a control and traceability standard.
- Noncompliance management – for example:
  - Updating the *Biosecurity guideline for management of non-compliance* to incorporate a proportionate escalating noncompliance framework which considers aggravating and mitigating factors.
- Administration – for example:
  - streamlining and improving internal administrative processes.
- The ESCAS Animal Welfare Standards – for example:
  - comparison with the World Organisation for Animal Health (WOAH) Terrestrial Animal Health Code (2022) and
  - updating the Standards where relevant.

In particular, the review considers recommendations from the Inspector-General of Live Animal Exports' (IGLAE) review of ESCAS conducted in 2021. This review recognised that ESCAS has largely achieved its broad objectives and has lifted the standards and practices that Australian livestock are subjected to in importing countries. However, it identified a range of issues that need to be

addressed to ensure that all Australian livestock exported for slaughter are treated in accordance with ESCAS requirements and that ESCAS is operating as effectively and efficiently as possible.

Approach

The review is being done iteratively in 3 stages with 3 opportunities for stakeholder feedback.

For stage 1, a review of documentation was undertaken to identify challenges with the current state of ESCAS based on the areas of focus. In addition, a range of publicly available information, reports and presentations that relate to ESCAS were reviewed. This included the WOAH Code, compliance reports and research and development project reports.

Challenges identified through this desktop review have been documented in this paper and represent components of ESCAS that may be considered through the review process and in forming recommendations for changes to ESCAS. The challenges identified do not indicate that the situation is occurring but rather there is a risk of occurrence. Further, the challenges do not pre-empt an outcome or propose solutions; rather, this discussion paper presents an opportunity to identify possible challenges and gather feedback from stakeholders on possible constructive solutions.

The list of documented challenges is not exhaustive and further challenges may be identified as the review progresses, in particular as a result of stakeholder feedback.

It is recognised that processes and procedures for approaching ESCAS administration and compliance have evolved over time and have been documented to various degrees. Therefore, some challenges identified may have been resolved through agreed norms or procedures but documentation of these may not be evident. All procedures and processes for approaching ESCAS administration and compliance will be documented at the conclusion of this review.

Stakeholder feedback – stage 1

Stakeholders have an opportunity to provide constructive feedback on the challenges identified in stage 1, noting the scope of the project (**Appendix 1: summary and scoping document**).

The timeframe for submission of feedback is from 10 January to 21 February 2023.

For each challenge, stakeholders should indicate whether they agree that the challenge exists, disagree if they believe it does not, or agree if the challenge exists but with clarification or amendments. Such clarification or amendments should then be provided. If stakeholders do not believe the challenges exists, they should provide a rationale as to why this is the case. Stakeholders are also asked to provide their views on possible solutions to the challenges they agree exist.

There is also an opportunity for stakeholders to submit further challenges, along with references or evidence to support the submission as well as possible solutions.

Information provided in the format and timeframe specified will be considered and the challenges finalised. The finalised challenges from stage 1 will inform recommendations that will be the subject of further stakeholder consultation (stage 2).

Stage 2 will commence once feedback from stage 1 has been considered.

Current state challenge identification

The following sections contain the identified challenges in the current state of ESCAS.

1 Monitoring and verification activities

1.1 Requirements for audit company accreditation and auditor rotation

The criteria that audit companies must be accredited against is not identified in Export Advisory Notice (EAN) 2015-06.

The most commonly provided example of an international standard exporters should ensure audit companies are accredited against is ISO/IEC 17021. This is not appropriately specified in the documentation and may not be the optimal ISO standard for auditing the complex system, processes and outcomes related to animal welfare, traceability and control.

For example, auditing based on ISO/IEC 17021 will focus on the intent only, typically through an assessment of documentation, whereas ISO/IEC 17065 will consider the intent, the method and the result, and considers much more than documentation (such as observations, sampling etc.).

There is currently no standard departmental process to regularly verify and monitor the accreditation and performance of audit companies and their auditors who are engaged by exporters to conduct ESCAS audits.

Further, it is preferable to rotate auditors so that they only conduct a certain number of consecutive audits, to reduce familiarity and potential lack of observance. This limitation on consecutive auditing is not addressed under ESCAS.

These challenges pose risks, particularly when combined with the model under ESCAS for direct engagement of auditors by exporters. These risks may include:

- the use of unsuitably accredited audit companies
- a potential conflict of interest where repeat engagement fosters familiarity and creates an environment where auditors become less observant
- auditors may be compelled to offer lower audit fees and less rigorous audits in competition with other providers to generate business
- alternative audit findings may be sought from competitive audit companies in instances where unsatisfactory results are reported
- noncompliance may go undetected or unresolved.

1.2 Specific standard/s for auditor competency to conduct ESCAS audits

There are currently no specific standard/s for auditor competency to conduct ESCAS audits. Auditor competency relates to the skills and experience required to effectively audit animal welfare, traceability and control outcomes.

An international standard for auditor competency and scope for the ESCAS audit is not formally defined. This could result in auditor competency and approach to auditing not being suitable to arrangements relating to live animals, traceability, control and processes. For example, the competency and/or approach to auditing management systems differs from that needed to effectively conduct an observational audit of animal handling and welfare outcomes and to undertake track and trace activities.

1.3 Interpretation of requirements by auditors

Requirements under ESCAS are not always well articulated, creating potential for ambiguity and misinterpretation in some instances. Ambiguity in requirements can result in variation between auditors in their approach to ESCAS auditing. Further, without clear requirements and guidance, auditors may take their direction from on-site personnel who may be equally unclear in relation to requirements.

This may result in inconsistent monitoring and verification activities as well as outcomes.

1.4 Audit sharing and allocation of noncompliance responsibility

Exporters may collaborate in the auditing of facilities to reduce audit duplication.

Demonstrating if a noncompliance identified during an audit is unique to a supply chain or a single exporter may be a challenge, as well as identifying who is responsible for correcting a noncompliance if it is identified during a shared audit.

1.5 Sample sizes for audits

Sample sizes for minimum number of animals to be observed in feedlots during an audit are unclear.

1.6 Inter-audit gap

There is a risk that a facility's compliance on the day of audit might not reflect their compliance during the period between audits (inter-audit gap). For example, on the day of the audit animals may not be observed to slip, but there is no mechanism to verify this does not happen at other times.

Mechanisms do not exist under ESCAS to effectively provide assurances that facilities remain consistently compliant during the inter-audit gap.

1.7 Use of other surveillance methods

The primary method of determining compliance is through an audit based on a frequency set by a risk rating.

ESCAS audit requirements do not currently incorporate the utilisation of other surveillance methods, and different timeframes are commonly used in other audited systems such as desktop audits, random audits, unannounced audits, audits of varying scope and frequency and targeted audits.

2 Control and traceability

2.1 Overall standard or detailed requirements

No overall standard with detailed requirements for control and traceability exists under ESCAS as it does for animal welfare. A market-specific standard for Vietnam was released in 2015.

Despite this, several control and traceability stipulations appear across various Exporter Advisory Notices (EANs) and in guidance materials.

Under ESCAS, declarations are made that control and traceability arrangements are in place. The declarations must be supported by evidence of ongoing conduct and compliance with these arrangements throughout the supply chain; however, without specific requirements, there is nothing to consistently review and verify the evidence against.

The lack of specific requirements has resulted in variability in interpretation, application and enforcement.

2.2 Expectation of 100% compliance

The expectation of no acceptable level of leakage means there must be 100% compliance. The practicality of tracing animals means there are genuine failures with technology as well as human error, making 100% compliance an unachievable standard.

2.3 Use of indicator events

ESCAS does not require the monitoring and analysis of information that may indicate a possible leak or issue with traceability, for example feedlot over capacity, journey times longer than expected, or unusually high deaths, losses, transfer to breeding livestock or replacement NLIS tags.

2.4 Critical control points for traceability

ESCAS does not clearly articulate requirements for critical control points where traceability issues may occur to be monitored. For example in some cases livestock may be scanned out of a facility but not in, or vice versa, or traceability equipment may not be present when needed.

This creates a risk where, for a period of time, an animal may be in one facility on paper but is actually in transit, in another facility, or deceased. For example, there may be a delay between scanning out of a feedlot and confirmation of death.

2.5 Timely provision of data

The concept of traceability under ESCAS infers being able to trace animals at all times, rather than typical traceability approaches which relate to being able to trace animals within a timeframe.

Timeframes for when information is provided to an exporter by their supply chain partners are highly variable.

As a result, issues relating to the control and tracing of livestock may not be immediately identified, nor able to be actioned due to the length of time taken to obtain and assess data.

This may also impact on the ability of exporters to respond to investigations by the department in a timely manner.

2.6 Variability in approaches

2.6.1 Varying systems and sophistication

The systems, technology and human resources used for control and traceability may vary between supply chains. There may be varying degrees of sophistication between these systems, with some being highly automated and others being manual.

Data exchange is often manual, basic and involves the transfer of data in a format which may pose a risk of tampering, inaccuracies and human error. This is compounded if data is transferred using a method such as email.

2.6.2 Varying oversight and verification

There may be variation in the levels of oversight, verification and reconciliation that individual exporters perform on their own or using third-party control and traceability systems, as relevant requirements are not clearly articulated under the current ESCAS framework.

The types of activities may range from no verification to internal quality assurance processes such as internal audits, human resources in-market, use of imagery etc.

2.6.3 Varying data custodianship

There may be varying approaches to data custodianship, for example in some cases importers rather than exporters are the primary custodians of traceability data for facilities in the supply chain.

2.7 Methods to verify traceability

2.7.1 Use of imagery

Where relevant, the use of imagery to verify traceability, in particular at the point of slaughter, may present a series of challenges related to:

- image quality
- timeliness
- framing and focus
- GPS referencing
- location verification
- metadata

2.7.2 Use of visual recording and fixed radio frequency identification (RFID) scanning

Where relevant, the use of visual recording (such as CCTV) combined with fixed tag scanning points to verify traceability activities can be hindered by connectivity challenges, cost and possible legal issues associated with surveillance and data localisation in the different export markets.

2.7.3 Transfer and storage of evidence

Where relevant, the use of imagery (including GPS information that may be associated with such imagery and visual recordings) to verify compliance under ESCAS could potentially be diminished if the transfer of data occurs through unsecured channels that may be at risk of tampering, or are not adequately protected from improper access.

In addition, storage of such evidence in a format and timeframe that allows for auditing and investigations requires consideration.

2.7.4 Reliance on technology

There may be a risk that technology is considered the single solution to traceability. Effective traceability has been stated to be "multifaceted and relies on a balanced combination of on-ground resourcing to verify events, an effective management system and readily and rapidly accessible data. Where any one of these factors is diminished, so too is the reliability of the process, thereby increasing the risk of noncompliance." (MLA/LiveCorp 2021).

2.7.5 Availability of traceability data

There is a potential risk that traceability data may not be made available to those who undertake verification activities, for example to auditors by importers, facilities or third-party system providers.

2.8 Accuracy of traceability data

2.8.1 Accuracy of counting livestock

Counting of livestock, regardless of individual identification, may be subject to human error.

2.8.2 Technology as the 'solution' to accurate sheep and goat counting

There is a commitment for a national implementation of electronic identification (EID) for sheep and goats which presents an opportunity for the use of EID for sheep and goats rather than mob-based recording.

NLIS does have issues, such as non-reading ear tags, duplicate RFID numbers, missing tags etc. Further, there are occurrences where livestock (even those individually identified) have been mixed or one supplier's livestock have been reported as another supplier's livestock, impacting the reliability of the data. These issues demonstrate that the system is not faultless and a lack of adequate controls in place (like protocol for tag replacement), can result in counting inaccuracies.

2.9 Third-party traceability providers

In some cases, third parties relied upon by exporters to undertake traceability services may also be responsible for monitoring the traceability system, creating a potential conflict of interest.

Further, there is a potential risk that third-party traceability system providers may be hesitant to report leakage to their clients as it may be perceived to detract from their service.

2.10 Attribution of noncompliance

Where supply chain entities are approved in multiple supply chains, it can be difficult to attribute a noncompliance to a specific exporter. In such cases, a noncompliance may be attributed to all exporters that use that supply chain entity, which may act as a disincentive to improve compliance.

2.11 Proportionate noncompliance

The lack of tolerance of leakage may result in a noncompliance being applied that may be disproportionate to the number of livestock involved. For example the leakage of one animal may result in the same noncompliance category or regulatory action as if a much larger number of animals leaked.

3 Noncompliance management

3.1 Framework for noncompliance

3.1.1 Noncompliance categorisation

The noncompliance categorisation in the *Biosecurity guidelines for management of non-compliance* is not exhaustive and may be difficult to interpret and implement.

There does not appear to be consideration given to the impact of the noncompliance in combination with the prevalence of the noncompliance in the categorisation.

3.1.2 Consideration of noncompliance

In the *Biosecurity guidelines for management of non-compliance,* it is not clear if a distinction is made between a noncompliance identified:

- during an audit
- through self-reporting
- through a third-party report

and how these are treated, managed, closed out or escalated.

3.1.3 Consideration of cumulative noncompliance

The severity of an individual noncompliance appears to be considered in isolation from other factors.

A track record of noncompliance, especially repeated noncompliance against the same requirements, does not appear to result in proportionate escalation in subsequent regulatory responses. This approach risks not correcting underlying or systemic causes of noncompliance and limits the department's ability to take appropriate regulatory action in proportion to exporter performance history.

3.1.4 Escalation pathway for noncompliance

The existing *Biosecurity guidelines for management of non-compliance*:

- appears to lack clarity and granularity in relation to how noncompliances:
  - may be escalated through categories
  - relate to the application of compliance measures and regulatory action
  - are affected by mitigating and aggravating factors
- may not reflect the full range of powers available under the *Export Control Act 2020* and the terminology is confused with terms used interchangeably
- may not consider broader compliance measures that could be applied, for example requiring greater oversight of the facility while animals are on site, use of internal monitoring and reporting and visual recording.

3.2 Corrective action and timeframes for correction

When a noncompliance is identified, there could be more clarity around actions required to rectify the noncompliance, the evidence that will satisfy the department that the action has been

completed, the timeframe in which such correction must occur and a mechanism for the department to formally close out the noncompliance and advise the noncomplying party in a timely manner.

3.3 Process for managing allegations of noncompliances

When allegations of noncompliance are made outside of an audit (for example through third-party reporting), a staged investigative approach is taken by the department.

The staged approach, as well as any regulatory action that may be applied to mitigate the risk of further noncompliance while an allegation is being investigated, may not be documented appropriately in the *Biosecurity guidelines for management of non-compliance.*

3.4 Utilisation of auditors in noncompliance management

ESCAS may not currently be consistent with the generally accepted methods of auditing and compliance verification to which auditors are accustomed.

Typically, in audits other than for ESCAS, auditors identify and raise noncompliances against specific requirements and assign a category for severity (like minor, major or critical).

Auditors are then responsible for checking that corrective action has been undertaken and that such action is sufficient to rectify the root cause of the noncompliance. Once satisfied, the auditors then close the noncompliance.

The approach to noncompliance under ESCAS requires the department's involvement in all levels of noncompliance categorisation and management, which under-utilises auditors and potentially over-burdens the department resources internally. This also impacts continual improvement by removing the mechanism through which auditors would normally oversee and verify positive change.

3.5 Effective framework for analysing noncompliances

ESCAS appears to lack an effective, continuous reporting framework that would allow the department to record and analyse data relating to noncompliance and observations to identify compliance trends, accurately report compliance outcomes, moderate surveillance activities and analyse the performance of an exporter over time or of a market.

3.6 Incentives for performing higher than a minimum standard

ESCAS is currently based on a minimum standard with no mechanism to encourage and incentivise performance above the minimum, for example through reducing surveillance activities and type for exporters demonstrating a good compliance history.

3.7 Consideration of risk factors in risk rating

The existing method for determining a facility or supply chain's risk rating considers minimal criteria (like previous noncompliance, time approved, slaughter lines) and does not consider the full breadth of risks and control mechanisms that impact compliance outcomes.

3.8 Timeframe for compliance information exchange

The current timeframe for submitting audit reports is one month after the audit.

This may present a risk that noncompliance identified during an audit is not reported to the department for up to a month. It is acknowledged that there is a standard condition in all ESCAS instruments requiring exporters to notify the department in writing as soon as practicable and within 5 days of becoming aware of an incident. However, the timeframe between auditing and provision of the audit report to an exporter is not articulated under ESCAS, meaning exporters may not be aware of noncompliance identified at audit within their own supply chains in a reasonable timeframe.

4 Administration

4.1 Facility risk ratings

Risk ratings for facilities are calculated based on a range of variables including date of approval. Typically, a facility will remain approved in at least one supply chain; however, the approval date reflects when a facility was first approved in any supply chain and does not account for any following time spent unapproved.

This results in facilities potentially being re-added to a supply chain and automatically assigned a low risk rating despite not being audited recently.

4.1.1 Naming conventions and premises identification

In some instances, it can be difficult for the department to accurately verify the identity of facilities, particularly those that may be used in multiple supply chains.

This could lead to duplication of facilities in department records, or some facilities not being removed from supply chains in response to non-compliance.

4.2 Consolidation of ESCAS requirements

ESCAS is based on the 4 principles of animal welfare, control, traceability and independent auditing. Animal welfare requirements under ESCAS are contained in the ESCAS Animal Welfare Standards, which are in place to ensure that animal handling and slaughter processes meet the relevant WOAH animal welfare standards.

Understanding all of the requirements and rules related to ESCAS requires access to, and familiarity with, numerous individual documents found in different locations. For example EANs, auditor materials and additional requirements for some countries, and so on.

This potentially makes it difficult to consistently interpret and apply ESCAS requirements.

4.3 Mechanism for continual improvement in ESCAS

Changes to the WOAH recommendations, changes in markets, improvements in handling techniques and equipment, updated scientific research into animal welfare, and changes in traceability technology mean the ESCAS framework and approaches to demonstrating compliance with it should evolve over time.

Standards are typically considered ‘living documents’ and should be subject to regular review. There is currently no inbuilt mechanism within ESCAS for the regular review of all requirements and an ongoing appraisal of its fitness for purpose.

5 ESCAS Animal Welfare Standards

5.1 Consistency of ESCAS Animal Welfare (AW) Standards with WOAH recommendations

5.1.1 Use of goads

WOAH Article 7.5.2 requires that electric goads be used only in extreme cases.

ESCAS AW Standard 2 does not identify the routine use of electric goads as inappropriate use.

5.1.2 Facility design

WOAH Article 7.5.3 contains specific recommendations for facility design.

The ESCAS AW Standards do not address design elements relating to passageways and races including stopping animals from turning around, waiting pens and adequate ventilation.

5.1.3 Tethering

WOAH Article 7.5.4 provides that animals that are tied should be able to stand up and lie down.

The ESCAS AW Standards do not address tethering and tying of animals.

5.1.4 Protection

WOAH Article 7.5.4 provides that livestock should be kept securely and protected from predators.

The ESCAS AW Standards do not address the security and predator protection recommendation noting that security of animals is inferred, as escaped animals are considered a noncompliance.

5.1.5 Foetus management

WOAH Article 7.5.5 requires the euthanasia of a foetus that shows signs of consciousness to avoid suffering.

The ESCAS AW Standards do not permit foetal rescue; however, they do not address foetal euthanasia where a foetus shows signs of consciousness.

5.1.6 Back-up stunning device

WOAH Article 7.5.7 specifies the availability of a back-up stunning device for immediate use if the primary method of stunning fails.

ESCAS AW Standard 17 requires a “back-up stunning procedure” which can be interpreted to mean:

- reusing the original stunning method
- having a back-up device
- stopping the operation until the issue is resolved
- in circumstances where a facility is approved for non-stun slaughter, animals may be slaughtered in this manner until the issue is resolved.

5.1.7 Consolidation of list of unacceptable practices

While the list of unacceptable practices and inappropriate handling under ESCAS AW Standard 2, 4 and 15 aligns to aspects of WOAH recommendations, it does not list all practices identified throughout the relevant parts of the WOAH Code (for example Chapter 7.1, 7.3 and 7.5) that are unacceptable. It also does not reflect practices that industry has had to clarify as being unacceptable over time.

For example:

- mechanical clamping of the legs or feet of the animals as the sole method of restraint
- forcing water into an animal's stomach by placing a hose down the throat
- forcing water into an animal's mouth or up its nose in an attempt to make it stand or move.

Further, these types of inappropriate or unacceptable practices are distributed throughout the Standards but are relevant across the Standards. This spread may result in the misinterpretation that such practices are only unacceptable in relation to a particular activity.

5.1.8 Specification of competencies

WOAH Article 7.5.1 includes recommendations that relate to number of personnel, competence and familiarity with requirements.

There are some references to personnel competencies in the ESCAS AW Standards; however, there are other critical control points the Standards address where competent personnel are essential to ensure an appropriate outcome, for example stunning and slaughter. It is noted that Standard 29 includes requirements related to Standard Operating Procedures (SOPs); however, it does not clearly address the level of competency needed to work in accordance with a SOP at all times.

5.2 Differentiating between signs of unconsciousness and signs of death

There may be ambiguity around signs of unconsciousness and signs of death in the ESCAS AW Standards as well as when each applies (for example stunned vs non-stunned slaughter).

There is also a lack of clearly defined checks for when animals may be transitioning back to consciousness during stunning and slaughter procedures, as well as appropriate courses of action that should be taken in these situations.

5.3 Method for throat cut

There may be ambiguity around how to interpret ESCAS AW Standard 22 in relation to appropriate throat cutting technique. For example:

- sawing motion vs single stroke of the knife
- use of a second cut in the event of pseudoaneurysms/false aneurysms.

5.4 Requirements for landing sites or physical transportation

It is not clear how landing sites that animals transit through, such as ports (air or sea) or physical transportation from the point of disembarkation to a facility and between facilities, is managed on an ongoing basis.

There is currently no mechanism referenced to verify the ongoing compliance or suitability in these situations.

There are accepted norms that have developed for how this is managed but they are not reflected in the documentation.

5.5 Specificity in the Standards

WOAH recommendations are currently referenced rather than specified in the ESCAS AW Standard, which may mean that facilities and auditors have to access different sources of information to understand the complete requirements. There are also inferences and historical norms that exist that are not well documented.

5.6 Consistency of structure and nomenclature of requirements under ESCAS with best practice standards design

The ESCAS AW Standards include a “Standard” along with “Evidence of compliance” and “Guidance” for each Standard. There is also the “Animal Welfare Performance Targets and Measurements” in the audit report which includes outcomes, performance checklists and measures and targets. In some cases, a “Standard” under ESCAS includes one or 2 requirements.

The use of the term “Standard” under ESCAS may be misleading. A Standard is a documented collection of requirements and auditors expect requirements to be well articulated in a Standard. Requirements themselves are generally singular in nature, with each requirement specified separately.

Auditors may be inclined to use the Animal Welfare Performance Targets and Measurements in the audit report which reflect the Evidence of compliance and Guidance as requirements for auditing; however, facilities interpret the Standards to be the requirements.

These issues with documentation structure and nomenclature create a disconnect between what auditors perceive to be requirements and what facilities perceive to be requirements, which may lead to confusion and inconsistent interpretation, implementation and evaluation. It also creates further challenges when assigning noncompliances.

5.7 Interpretation of Standard 29

Standard 29 requires “each facility in the ESCAS supply chain must have Standard Operating Procedures (SOPs) that outline the appropriate procedures for each element of handling and slaughter of livestock, consistent with the ESCAS animal welfare standards.”

This requirement is open to interpretation particularly in relation to the use of the word “appropriate”. What is appropriate will vary from person to person, facility to facility, and supply chain to supply chain.

Often in compliance programs, procedures are required to be in place at critical control points and these points and procedures are identified clearly in the requirements.

5.8 Requirement to keep records of outcomes of processes

There is no encompassing requirement in ESCAS for facilities to maintain records of outcomes of processes, for example records showing that on a day-to-day basis, the limits under ESCAS are not exceeded for slips, falls, vocalisations and restraint-to-slaughter time intervals.

These records would be useful should, during audit, auditors observe that limits were exceeded; however, the facility could provide evidence to demonstrate that historically they were operating within ESCAS parameters.

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7 Appendix 1: summary and scoping document

7.1 Purpose

To review specific elements of the ESCAS framework, policies and processes to ensure ESCAS continues to be fit for purpose; to integrate improvements identified throughout its implementation; and to include, where appropriate, findings of reviews, including by the Inspector-General of Live Animal Exports (IGLAE). The review will also identify and address gaps and consolidate ESCAS policy. The outcome of the review will support consistent risk-based and proportionate regulation and provide a single documented source of truth for stakeholders and departmental staff.

7.2 Scope

The scope of the review includes specific elements of the framework, guidelines, policies, instructional material, independent auditing, and the department's assurance activities in relation to ESCAS. The *Biosecurity guideline for management of non-compliance* will also be reviewed. The key focus of the review is:

- Closing the inter-audit gap (ongoing monitoring and verification activities)
- Developing a control and traceability standard
- Updating of the *Biosecurity guideline for management of non-compliance* to incorporate a proportionate escalating non-compliance framework which considers aggravating and mitigating factors
- Streamlining and improving internal administrative processes
- Addressing the recommendations from the IGLAE review of ESCAS conducted in 2021.

7.3 Out of scope

The review will not consider expansion of ESCAS to breeders. The review will not consider the effectiveness or appropriateness of the legislative basis for ESCAS; however, opportunities for improvements to the Export Control (Animals) Rules 2021 may be identified for consideration following the review. The review will not develop a detailed quality assurance system. It will be up to exporters to ensure their ESCAS arrangements continue to meet the standards.

7.4 Related projects

Outcomes of the ESCAS review will feed into the performance and compliance project.

7.5 Process

7.5.1 Current state and challenge identification

The current state of ESCAS with areas for improvement and issues for resolution will be identified through a review of:

1) Data – including number of exporters with approved ESCAS supply chains, markets and volume of livestock that move through the system
2) Current legislation, policies and procedures in the framework, including Export Advisory Notices relevant to ESCAS
3) Recommendations from the IGLAE report into ESCAS (which included views from stakeholders)
4) Outcomes of ESCAS investigations
5) Correspondence and media from exporters and animal welfare organisations in relation to ESCAS
6) Issues that have been identified and noted for consideration by the LAE ESCAS team
7) Comparison with WOAH standards

Engagement at stage 1 will encompass a wide range of stakeholders. It will include exporters with an existing approved ESCAS supply chain, ALEC, MLA, LiveCorp, Cattle Council of Australia, Sheep Producers Australia, the Australian Buffalo Industry Council, the Goat Industry Council of Australia, Exporter Supply Chain Assurance Operations (ESCAO) providers with an approved arrangement, and animal welfare organisations. These stakeholders will be invited to provide feedback and comment on matters they would like considered as part of the review that fall within the determined scope. Feedback will be received through the department's 'Have Your Say' platform. A stage 1 engagement plan will define the scope of engagement and articulate how the broad group of stakeholders can provide relevant, specific and actionable feedback.

7.5.2 Develop recommendations

Following stage 1, recommendations will be developed to revise relevant parts of the ESCAS framework. A refreshed model will be proposed for approval.

The recommendations will clearly articulate options for addressing the issues identified in the review and justification for recommending options.

Engagement at stage 2 will test the recommendations on a targeted range of stakeholders and may include the use of workshops and interviews. Not all groups will be engaged in the same way on all issues. In this stage of engagement, comment and feedback on the technical components will be invited and considered in finalising the revised ESCAS framework.

7.5.3 Refresh and production of new materials

Following approval of any proposed revisions to the ESCAS framework, guidelines, policies, procedures and instructions will be refreshed to ensure that the documents clearly articulate the reviewed arrangements.

Engagement at stage 3 will include public consultation with relevant stakeholders and engagement with exporters and industry groups on the readability and design of materials for industry.

Any changes arising from the review will be rolled out in 2023 (date or tranche dates to be determined). We will focus on change management and provide industry and the department with a preparation period prior to implementation.