

The facts about

LGAP

LIVESTOCK
GLOBAL
ASSURANCE
PROGRAM

**Development of a global
conformity assessment and
assurance program for the
livestock export industry**

Summary to final report

This summary document provides an overview of the Livestock Global Assurance Program (LGAP) as developed through the research project W.LIV.3027. It is highly recommended that the full report be consulted to provide a more thorough understanding.

Development of the Livestock Global Assurance Program (LGAP) was funded under the Livestock Export Program with 50 per cent from the Australian Government, 25 per cent from LiveCorp, and 25 per cent from Meat & Livestock Australia.

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Purpose of this document

This document provides a summary of the final report for project W.LIV.3027 - Development of a global assurance program for the livestock export industry (the Project) which commenced in July 2014 and concluded in March 2016. Readers can use this document to gain an insight into how LGAP was developed and trialed and consider recommendations for implementation. This document is a summary only and readers should consult the final report for more thorough detail regarding the Program and development Project.

Background and summary

In 2011, the Australian Government introduced a new regulatory framework for the live export industry (the Industry) that covers the entire export supply chain in overseas market places from the point of disembarkation to the point of slaughter. The Exporter Supply Chain Assurance System (ESCAS) places the responsibility on Australian exporters to maintain control and traceability of livestock and to ensure measurable animal welfare outcomes in-market.

Coinciding with this, the Australian Government commissioned an independent review of the livestock export trade. The review, undertaken by Mr Bill Farmer AO, recommended that industry explore the application of quality assurance (QA) through the supply chain back on-farm to complement the Government's regulatory compliance program, ESCAS.

Industry initiated foundation research in 2012 into the role QA and risk assessment may have in assisting exporters demonstrate compliance with ESCAS. A number of recommendations stemmed from this research, primarily: *That a QA program complemented by a risk assessment component be developed to support the live export industry in aspiring to best practice and achieving ESCAS compliance.*

The outcomes from the foundation research formed the basis of this research Project initiated in 2014 and funded through the Livestock Export Program (LEP) which is a joint research and development (R&D) partnership between the Australian Government, Meat & Livestock Australia (MLA) and LiveCorp.

This Project focused on the development and piloting of such a program and was awarded by competitive tender to a Project Team of subject matter experts operating under the guidance of an Industry-Government Consultative Committee.

Under this Project, a fully implementable conformity assessment and certification Program was developed and successfully trialed. In February 2015, this Program became known as the Livestock Global Assurance Program (LGAP).

LGAP has been designed to provide assurances that animals continue to be treated in accordance with the ESCAS Animal Welfare Standards for Australian livestock from discharge up to and including the point of slaughter in-market.

LGAP is not proposed to be a form of self-regulation and is not intended to dilute ESCAS which remains the ongoing regulatory framework for livestock exported from Australia covering animal welfare from discharge in-market to the point of slaughter. Rather, LGAP has been developed to strengthen the assurance sought through ESCAS and strengthen the commitment, oversight and management of welfare more proportionately along the supply chain through Operators (ie exporters and importers) and Facilities (ie feedlots, farms and abattoirs).

Objectives and basis for the Program

The basis for the Program is the need, identified by Industry and Government, for a program that provides assurances that the welfare of animals exported from Australia is being protected and to demonstrate that the industry is being proactive in providing this assurance.

The Program is designed to be independent of any government (particularly the Australian Government) and to operate at 'arm's length' to industry. The Program does not constitute 'self-regulation,' as ESCAS would remain the Australian Government's regulatory framework. The Program has been developed to be 'global' in recognition of the fact that it will be required to operate outside of Australia and in sovereign jurisdictions.

Broad objectives for LGAP include:

- Define and support international standards for animal welfare, husbandry and management based on international precedents and scientific evidence.
- Foster world's best practice in the welfare and management of animals.
- Encourage and recognise continuous improvement in the welfare and management of animals.
- Provide assurances that effective animal welfare and management standards are in place and are being fulfilled.

An Industry-Government Consultative Committee was established to guide the development of the Project and provide a consolidated mechanism for considering stakeholder feedback and input as well as Project Team outputs. Broader consultation also occurred at specific stages of the project with key stakeholders such as exporters, importers, in-market facilities, peak industry councils, the Australian Government's Department of Agriculture and Water Resources, and animal welfare organisations.

Governance model and organisational structure

The Program is primarily a 'facility-based' Program which allows 'Facilities' (feedlots, farms and abattoirs) and 'Operators' (exporters and importers) to be uncoupled from specific supply chains and conduct business in a more normal or commercial manner than is currently the case under ESCAS, which is supply chain focused and does not recognise individual Facilities.

A conformity assessment or assurance program typically requires an 'owner', a legal entity to own the intellectual property, predominately in the form of standards and rules (ie the 'Certification Requirements') as well as policies and procedures, with the necessary resources to administer and maintain the intellectual property, as shown in Figure 1.

Program Owner Responsibilities

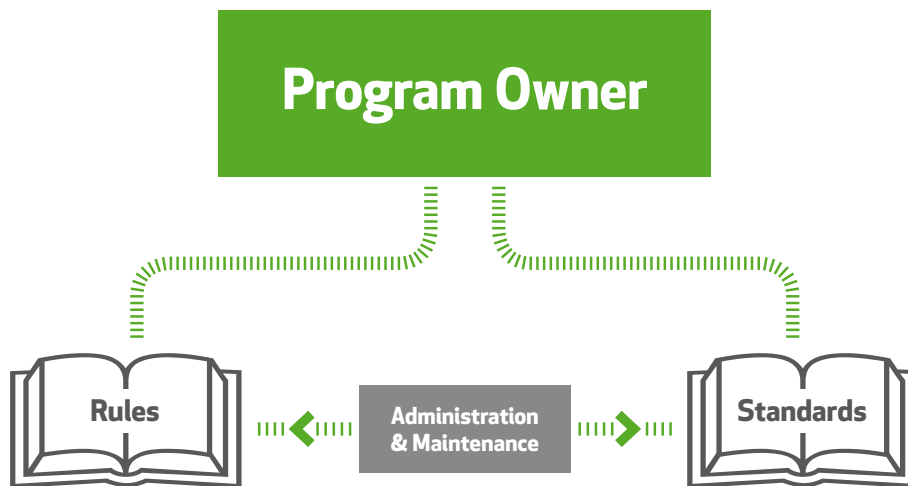


Figure 1: Program owner responsibilities

Six ownership models characterise the majority of conformity assessment programs (Figure 2). Based on an assessment of these models against key criteria¹, the agreed model selected is a mixed membership model established as a not-for-profit organisation, limited by guarantee. Membership will be open to, for example, industry service providers and companies, such as exporters, as well as affected stakeholders, such as importers, feedlots, farms and abattoirs. Opportunity would also exist for other organisations to become members such as those involved in animal welfare.

¹ Appendix 9: Program owner models and analysis; final report.

Six organisational structures considered under the Project

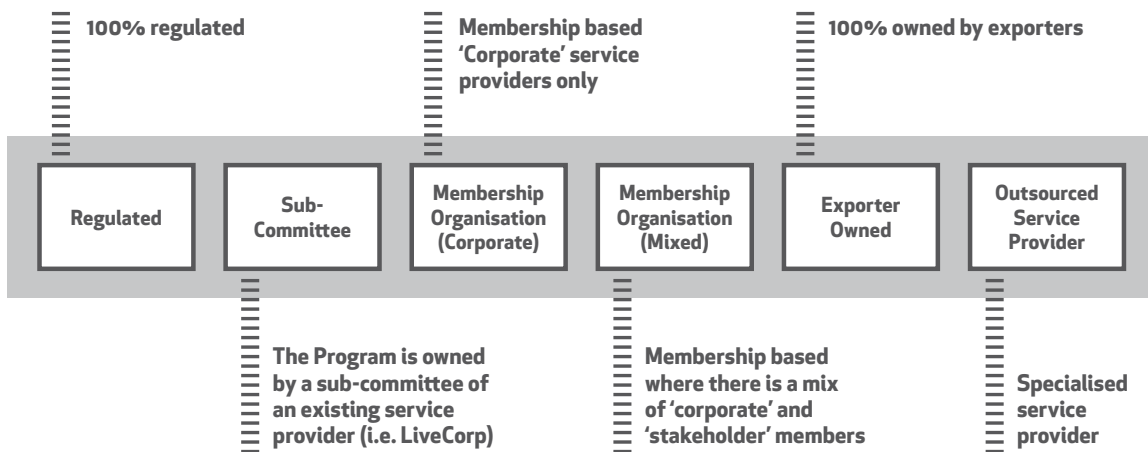


Figure 2 The six ownership models considered under project W.LIV.3027

The Program Owner will be comprised of a board of directors, including an independent chair and managing director,² and two committees responsible for the review and maintenance of intellectual property; being a Rules and Integrity Committee and a Standards Committee. Regardless of the structure, the Program requires operational management resources estimated to be seven personnel plus a managing director. It is proposed that some form of agreement be in place between the Program Owner and the Regulator to ensure the Program gains and maintains the confidence of the Regulator that the assurances currently being sought through ESCAS, but not necessarily being delivered, are being provided through the Program.

Proposed Program Owner Structure

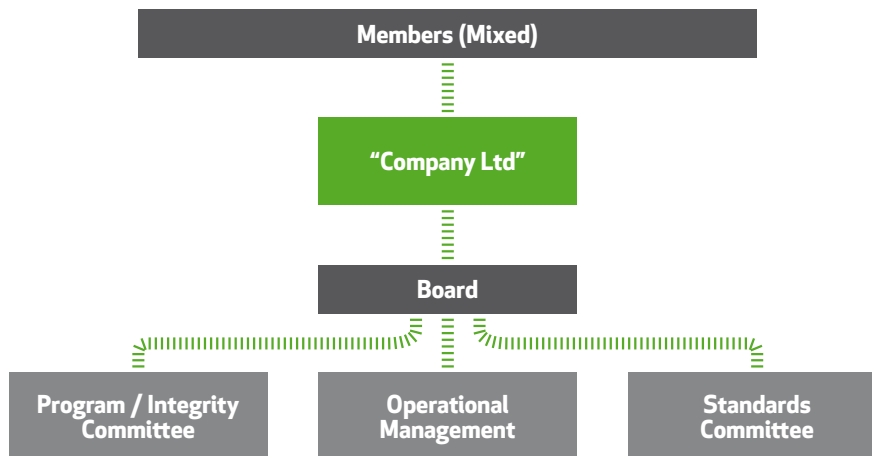


Figure 3 Proposed Program Owner structure depicting governance, operational management and a potential agreement with the Regulator.

Legal advice

Legal advice has been sought from a top tier law firm³ regarding the Program. The report provided is generally considered to be complimentary of the Program and the Program Owner structure, and did not identify any significant barriers or issues that required immediate consideration. The areas requiring further investigation were typically those which cannot be explored until implementation and establishment occur.

² Appendix 10: Draft model constitution; final report.

³ Appendix 11: Legal advisory report; final report.

Operational budget

The budget model and accompanying notes^{4,5,6} shows that, averaged over six-years, the total cost of LGAP is likely to be \$7.1 million per year, with revenue of \$4.2 million per year resulting in a deficit of \$2.9 million per year. This does not include revenue from membership streams and other possible sources (such as training or royalties for use of the Program's intellectual property).

REVENUE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
AUDIT ADMINISTRATION FEES	299 585	455 025	608 081	555 292	631 869	709 102
FACILITY AND OPERATOR AUDITS	1 997 230	3 033 500	4 015 348	3 714 545	4 212 458	4 727 349
AUDITOR TRAINING REVENUE	40 000	50 000	50 000	50 000	50 000	70 000
TOTAL REVENUE	2 336 815	3 538 525	4 673 429	4 319 837	4 894 327	5 506 451
EXPENSES						
GOVERNANCE	287 200	287 200	215 000	215 000	215 000	215 000
HUMAN RESOURCES	1 100 100	1 100 100	1 100 100	1 192 740	1 192 740	1 192 740
GENERAL AND ADMINISTRATION	1 691 500	1 773 500	1 836 000	1 868 500	1 941 000	2 030 500
AUDITS - NON PASS THROUGH	89 766	131 649	172 871	302 420	357 264	394 286
AUDITS - PASS THROUGH	1 997 230	3 033 500	4 053 870	3 701 945	4 212 458	4 727 349
TOTAL EXPENSES	5 165 796	6 325 949	7 377 841	7 280 605	7 918 462	8 559 875
PROFIT/LOSS BEFORE TAX	-2 828 981	-2 787 424	-2 704 412	-2 960 768	-3 024 135	-3 053 424

Table 1: Summary budget (A\$)

A recent economic analysis undertaken by consulting firm Ernst & Young found that ESCAS costs alone create an additional \$22.3 million per annum in regulatory burden on exporters.

Participation costs

For individual Operators and Facilities, the cost of participation in LGAP comprises administration, auditing and certification fees paid to the Program Owner. The number of audits, and therefore costs, would vary depending on the assessed level of risk of each Operator or Facility.

Individually, the likely **cost per year** per Facility or Operator including all administration fees, risk assessments, audit and certification fees and expenses, as well as nonconformity management fees, training and access to Program Owner support, resources and materials and depending on the region and risk rating, is illustrated in Table 2. This is an all inclusive annual fee rather than a per audit fee and should not be compared with ESCAS, this annual fee includes a range of other services.

REGION	RISK RATING	ANNUAL ALL INCLUSIVE COST PER OPERATOR OR FACILITY (\$A)
MIDDLE EAST	Low	5 590
	Med	11 180
	High	22 360
INDONESIA	Low	2 415
	Med	4 830
	High	9 660
SOUTH EAST ASIA AND OTHER	Low	2 415
	Med	4 830
	High	9 660
AUSTRALIA	Low	2 070
	Med	4 830
	High	9 660

Table 2: Likely annual all inclusive costs per Facility or Operator based on region and risk rating

4 Appendix 12: Summary six-year operational budget; final report.

5 Appendix 13: Explanatory notes to the budget; final report.

6 Appendix 14: Detailed budget model; final report.

This cost structure presents a clear incentive for Operators and Facilities to move from medium and high risk to low risk and, in doing so, deliver a better animal welfare outcome. The opportunity for cost sharing, as currently exists under ESCAS for audits, ie where exporters or importers share the audit cost for a Facility, can continue to exist under the Program.

Interaction with the Regulator and ESCAS

The Program has been developed in consideration of the four principles of ESCAS and is therefore designed to be 'ESCAS equivalent'; that is, to provide the same assurances currently being sought through ESCAS, and to provide a platform for those Operators and Facilities seeking to achieve higher standards than ESCAS.

Under the model developed, it is proposed that the Program Owner seek recognition from the Regulator that the Program can, does and continues to deliver ESCAS equivalence.

In providing these assurances it may be appropriate that the Regulator and Program Owner enter into some form of agreement that prescribes how the Program will deliver ESCAS equivalence and the mechanisms that would need to exist to demonstrate, to the Regulator's satisfaction, that this is occurring. Under such an agreement, it may be appropriate that the Regulator monitors (for example, through auditing the Program Owner) the Program's implementation and ongoing operation, rather than auditing each exporter's individual assurance system. In this way, an exporter's certification under the Program would constitute their individual compliance with ESCAS regulation.

As such, the Program would become recognised as the 'regulatory enabler' that allows exporters to more effectively demonstrate and ensure true compliance with the principles of ESCAS, as demonstrated in Figure 4.

Such recognition by the Regulator remains a matter for further consideration and dialogue, Industry to Government. If the Regulator was agreeable to such a model, this would require a regulatory change, take time and would need to follow a certain process. In addition, what criteria would be used to determine ESCAS equivalence would also need to be established.

Proposed interaction between Regulation and the Program

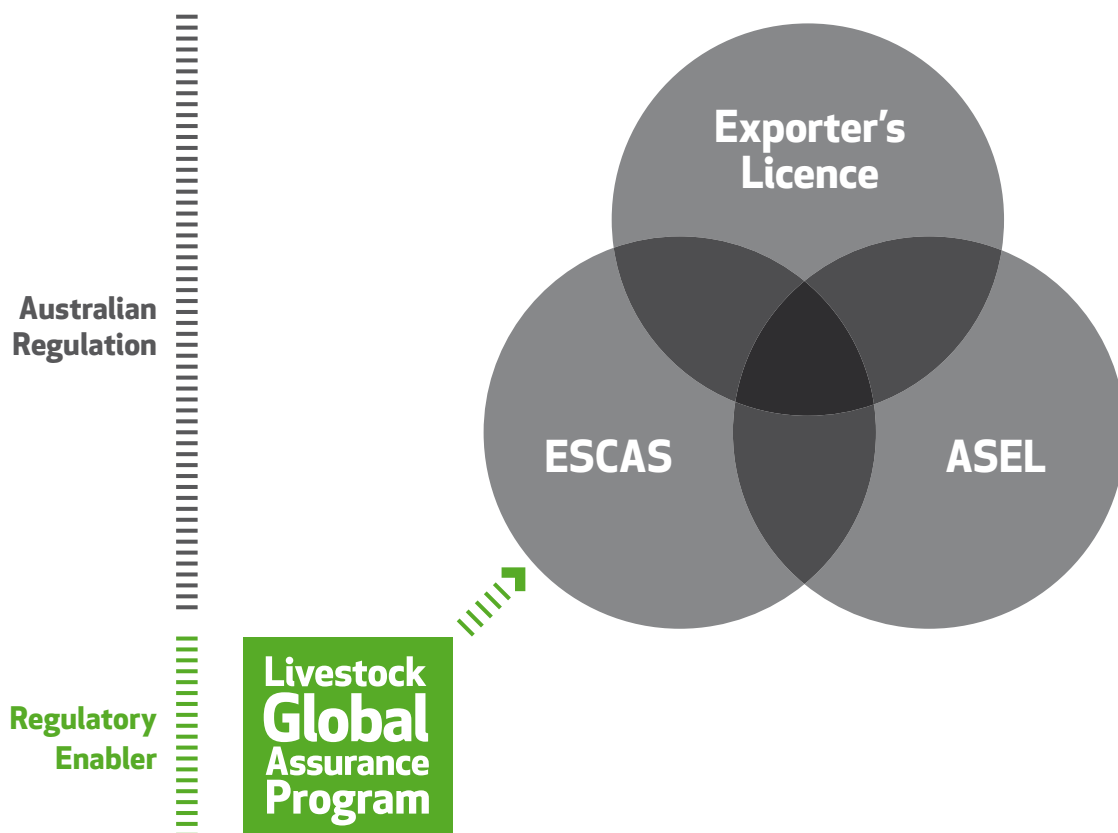


Figure 4: Proposed interaction between regulation and LGAP

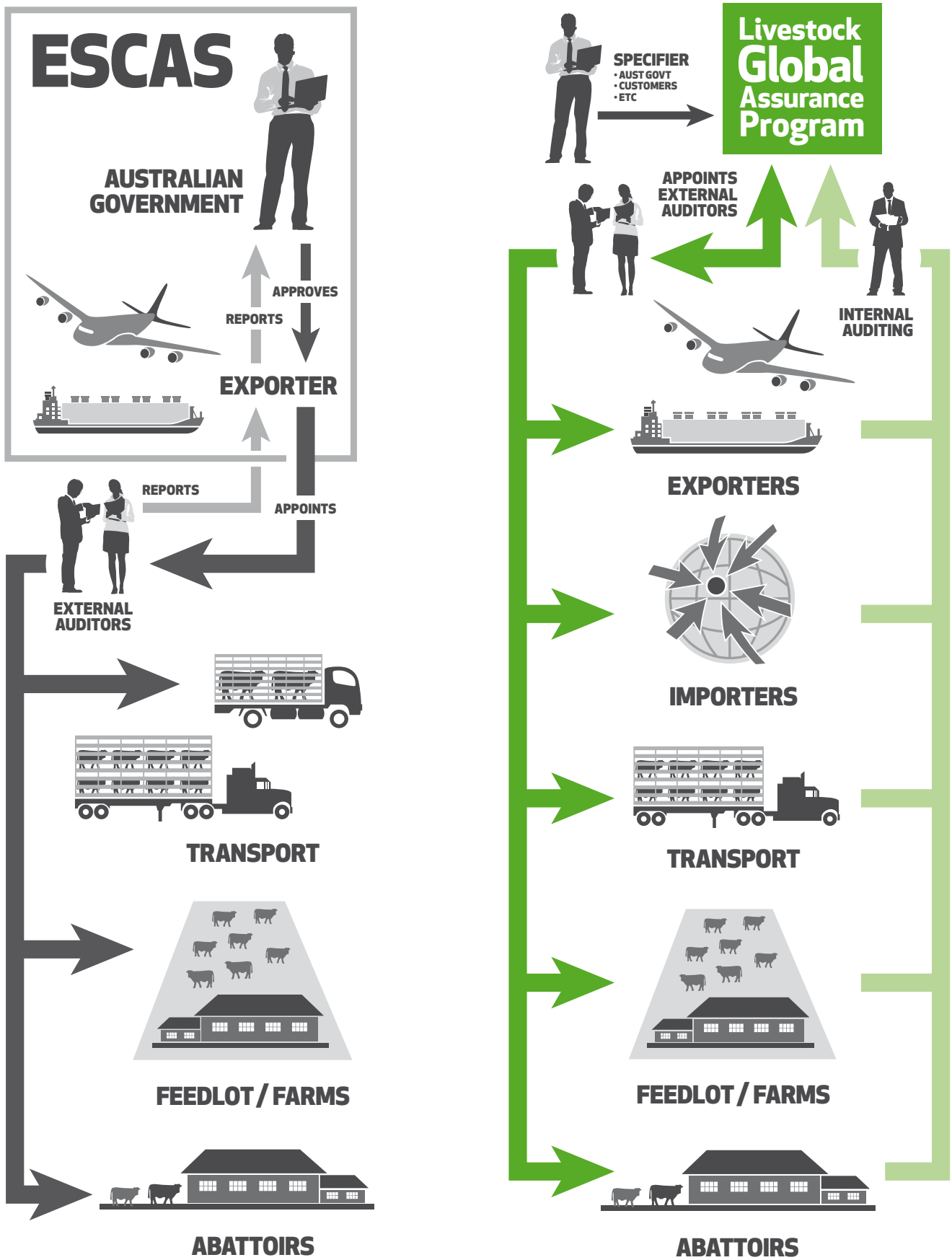


Figure 5: Structural differences between ESCAS and LGAP

The LGAP Standards

As LGAP is to operate outside of Australia and across international borders, the development of the LGAP Standards followed international guidelines including, but not limited to, the World Organisation for Animal Health (OIE), the International Organization for Standardization (ISO) and the World Trade Organization (WTO). The ESCAS Animal Welfare Standard was also used as a basis for the LGAP Standards.

These international guidelines include expectations for the standards development process,⁷ including the formation of an appropriately constituted Standards Committee and the requirement for a public comment period of not less than 60 days.

Significant research was undertaken to establish, where possible, a scientific basis for all requirements in the LGAP Standards. Where a scientific basis could not be established, other precedents that existed were considered.

The LGAP Standards consider more than 25 programs, codes, requirements or other such documents from Australia and around the world,⁸ including major export markets' animal welfare legislation.

The LGAP Standards, as unanimously agreed by the independently constituted LGAP Standards Committee, comprise four documents:⁹

- LGAP 1000 Livestock assurance - Fundamentals and vocabulary**
 Describes the fundamentals of *livestock assurance* and specifies the vocabulary.
- LGAP 1001 Livestock assurance - Requirements for animal welfare and management**
 Specifies requirements for animal welfare, health and management, the personnel of Operators and Facilities, infrastructure and equipment, livestock identification and movement, transport, and slaughter and processing.
- LGAP 1002 Livestock assurance - Requirements for the management system of Operators and Facilities**
 Specifies requirements for the management system of Operators and Facilities, including leadership and responsibilities, processes, documented information, monitoring and records, management review and internal auditing, nonconformities and corrective action.
- LGAP 1003 Livestock assurance - Requirements for Operator Chain of Custody**
 Specifies requirements for traceability and control associated with livestock.

The LGAP Standards specify requirements associated with the activities of Operators and Facilities. The application of specific LGAP Standards, as well as requirements within each Standard is dependent on the activity undertaken by the Operator or Facility. Figure 6 provides an overview of how each of the main Standards are applied.

Application of LGAP Standards

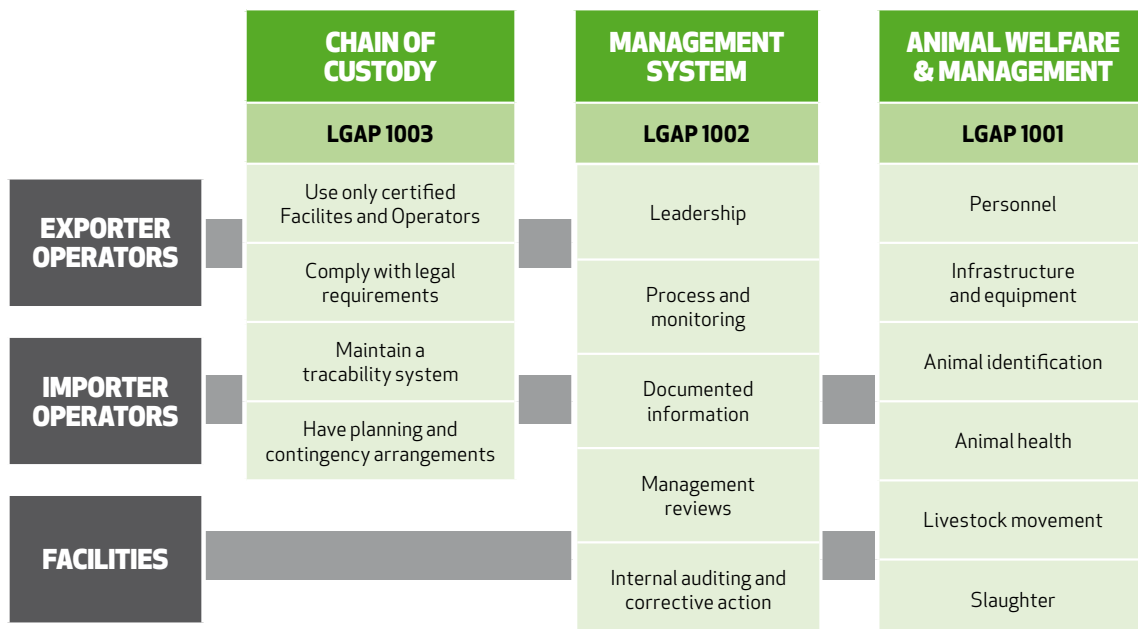


Figure 6: Application of LGAP Standards

⁷ Appendix 15: Standards development process; final report.

⁸ Appendix 16: Basis for LGAP Standards; final report.

⁹ Appendix 25: The LGAP Standards; final report.

Certification Rules

Under conformity assessment programs, rules exist to clearly define the responsibilities, interactions and obligations of all parties to the program. The LGAP Certification Rules have been developed following international guidance, particularly requirements specified by ISO.¹⁰

Approved Certification Bodies and Approved Auditors

Under the LGAP Certification Rules, appropriately qualified and competent auditors will operate under the control of certification bodies, which would be approved and appointed by the Program Owner (Figure 7).

Relationship between the Program Owner, Approved Certification Bodies and Approved Auditors

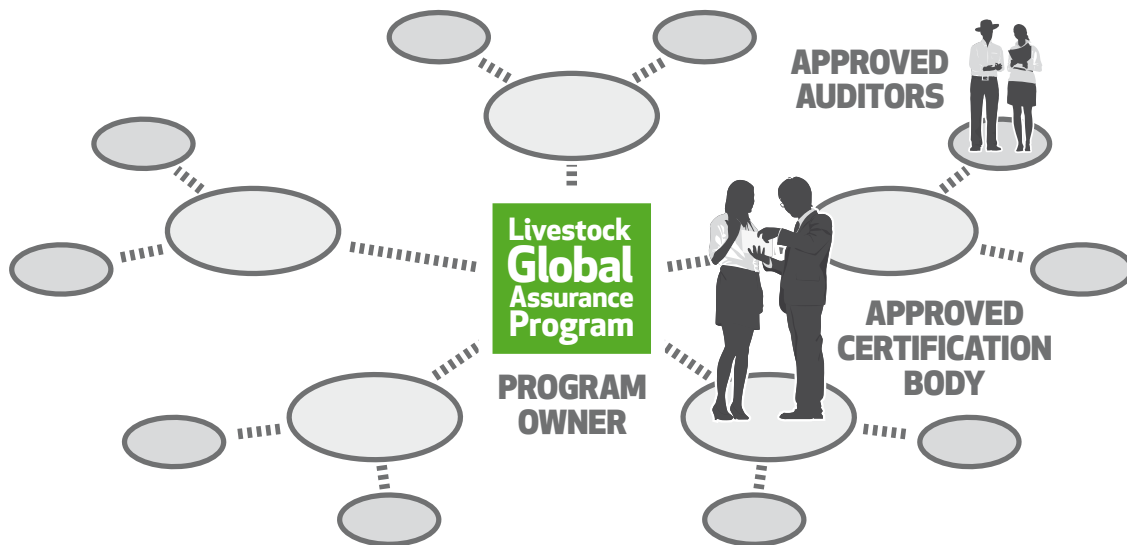


Figure 7: Relationships between the Program Owner, Approved Certification Bodies and Approved Auditors

In obtaining approval by the Program Owner to provide auditing and certification services, certification bodies will need to formally apply to the Program Owner using the prescribed process and demonstrate and maintain specific organisational requirements. Certification bodies will be approved to operate under the Program for three-years before having to reapply to the Program Owner.

In making application to become an Approved Certification Body, applicants will need to put forward the auditors they intend to use to perform evaluation and auditing services under the Program. Auditors will need to be competent and demonstrate knowledge and skills in the areas of animal behaviour, health, husbandry and welfare before being confirmed as an 'Approved Auditor'.

Under the Program, conflict of interest issues relating to auditing and certifying Facilities and Operators are managed through the requirement for Approved Certification Bodies to demonstrate fulfilment of all the requirements specified in ISO/IEC 17065. Additional requirements for Approved Auditors are included in the Certification Rules, such as the need for ongoing professional development and training.

Levels of certification

'Parallel operations' describes the situation where Facilities in-market may handle Australian livestock to ESCAS requirements but handle non-Australian livestock differently (eg local livestock or livestock from another exporting country). The allowance of parallel operations exists in many international conformity assessment programs.

LGAP acknowledges different in-market practices for local livestock that may be consistent with OIE guidelines and that country's own requirements, but not fully compliant with Australia's standards under ESCAS, by allowing controlled parallel operations. This alleviates the potential for the Program to be criticised as being neo-colonial and impinging upon sovereign rights. This approach also presents an aspirational pathway for participants to surpass current OIE guidelines for local livestock or livestock imported from countries other than Australia and potentially achieve higher standards than those under ESCAS.

¹⁰ Appendix 25: Certification Rules; final report.

As shown in Figure 8, Level 1 can be considered OIE equivalent and could be applied to non-Australian livestock. Level 2 can be considered ESCAS equivalent and would be applied to Australian livestock. Level 3 recognises international 'best practice' and demonstrates the Program's vision to foster best practice by acknowledging Facilities and Operators that are willing to extend their performance. The concept of 'best practice' under the Program is based on science, research and international precedents.

Facilities can be certified in combination, for example, Level 1 for local livestock and Level 2 for Australian livestock.

The risk assessment and subsequent risk rating acts as an incentive for Facilities to adopt at least Level 1 for their local livestock (or livestock from other exporting countries). Facilities that do so will likely achieve a lower risk rating than those that do not, thereby minimising the reputational risk for LGAP.

Facility Levels under the Program

FACTOR	LEVEL 1	LEVEL 2	LEVEL 3
Equivalence	OIE	ESCAS	'BEST PRACTICE'
Livestock identification	All LGAP methods allowable	Specific exclusions apply	As per Level 2
Restraint	All OIE methods allowable	Specific exclusions apply	Specific exclusions apply above Level 2 (eg no full inversion)
Non-stun slaughter	Allowable	Allowable	Not allowable
Multiple levels of certification on the same site	Combination allowable: Requires strict segregation and traceability of livestock		Level 2 and Level 3 combination only allowable
Application	Local livestock	Australian livestock	Any livestock

Figure 8: Certification Levels under LGAP for Facilities

Levels also apply to Operators, which provides them with a point of differentiation.

For Operators, the application of Levels is different to Facilities. This encourages Operators to use higher Level Facilities where possible, thereby encouraging continual improvement. Figure 9 provides an overview of the application of Levels for Operators.

Operator Levels under the Program

FACTOR	LEVEL 1	LEVEL 2	LEVEL 3
DOWNSTREAM SUPPLY CHAIN	Contains any Level 1 Facility	Contains Level 2 or Level 3 Facilities Combined	Contains Level 3 Facilities Only

Figure 9: Certification Levels under the Program for Operators

Auditing

In order to foster continual monitoring and thereby improvement, two forms of auditing exist under LGAP: internal auditing and external auditing.

In addition, unscheduled external audits are incorporated under the Program. The Facilities and Operators subject to these unscheduled audits would be randomly selected and the audits would either be undertaken by the Program Owner or its delegate, or an Approved Certification Body at the direction of the Program Owner.

The requirement to undertake internal and external audits has been made compulsory under the LGAP Certification Rules which means failure to undertake these activities to the frequency specified constitutes a nonconformity.

Internal audits

The use of internal auditing is an important self check or self assessment for Facilities and Operators. This mechanism enables these entities to identify where they may be starting to move out of conformance and provides an opportunity for self correction before serious issues arise. This model also supports the concept of continual improvement.

Internal audits must be undertaken using the centralised LGAP Conformance System and may be conducted by a staff member from the Operator or Facility, a third-party contractor or a third-party from the supply chain. An Approved Certification Body or Approved Auditor may not undertake internal audits.

External audits

To achieve and maintain certification, a Facility or Operator applies directly to the Program Owner. To ensure confidence, trust, impartiality and consistency in the audit process, the Program Owner appoints an Approved Certification Body to the Facility or Operator. That Approved Certification Body in turn appoints an Approved Auditor to undertake the external audit. The Approved Auditor undertakes the on site audit and works with the Operator or Facility to close out any nonconformities identified through the audit.

An independent decision maker within the Approved Certification Body makes the decision whether the Operator or Facility should be certified or maintain their certification under the Program. (Figure 10).



Figure 10: Allocation process managed by Program Owner for external auditing

Nonconformities, suspension and withdrawals

Nonconformities

The management of nonconformance under the Program follows what typically occurs in other conformity assessment programs based on international guidelines and considers the principles of natural justice.

Nonconformities represent a departure from the specified requirements and are seen as an opportunity for the Operator or Facility to correct their activities within a specified timeframe. In closing out, or correcting nonconformities, Operators and Facilities are required to focus on addressing the cause of the nonconformity to ensure the likelihood of a repeat occurrence is eliminated or minimised. This approach identifies areas that must be improved, requires improvement to be made in a specified timeframe and encourages continual improvement over time.

Nonconformities may be identified during either internal or external audits or in response to feedback or complaints.¹¹ Under the Certification Rules, nonconformities would be assigned to any area deemed to be not meeting the Certification Requirements.

11: Refer Section 5.4.7 - Complaints and appeals, Appendix 26 - Certification Rules and Appendix 26 - Program Owner internal complaints and appeals procedures; final report.

Categorising and assigning nonconformities

Three categories of nonconformity exist under LGAP: critical, major and minor nonconformities.¹²

The framework for auditors to use when determining the severity of a nonconformity considers the impact and frequency of issues the nonconformity, as provided in Table 3.

AREA AND LEVEL OF IMPACT	INFREQUENT	NUMEROUS	SYSTEMIC
High welfare impact	Minor	Major	Critical
Moderate welfare impact	Minor	Minor	Major
High traceability impact	Minor	Major	Critical
Moderate traceability impact	Minor	Major	Critical
Management system or paperwork	Minor	Minor	Major

Table 3: Framework for assigning categories of nonconformities

To avoid ambiguity, the categorisation of nonconformities is clearly prescribed in the Certification Rules.

Managing nonconformities

Nonconformities are identified through a process of monitoring and auditing and corrective actions are required to be undertaken in order to 'close out,' or correct nonconformities.

Failure to close out a nonconformity in a prescribed timeframe initiates progression through an escalation pathway, as described in Figure 11. The responsibility for undertaking corrective action rests with the Facility or Operator, understanding that in some cases Exporter or Importer Operators may assist downstream Facilities in this area.

In a departure from ESCAS, the Approved Certification Body and Approved Auditor takes responsibility for reviewing corrective action and either closing out the nonconformity or escalating the nonconformity. These are usual practices under conformity assessment programs.

This is an evidence based approach designed to ensure impartiality and fairness in the manner in which nonconformities are assigned and managed.

Nonconformity Management Process

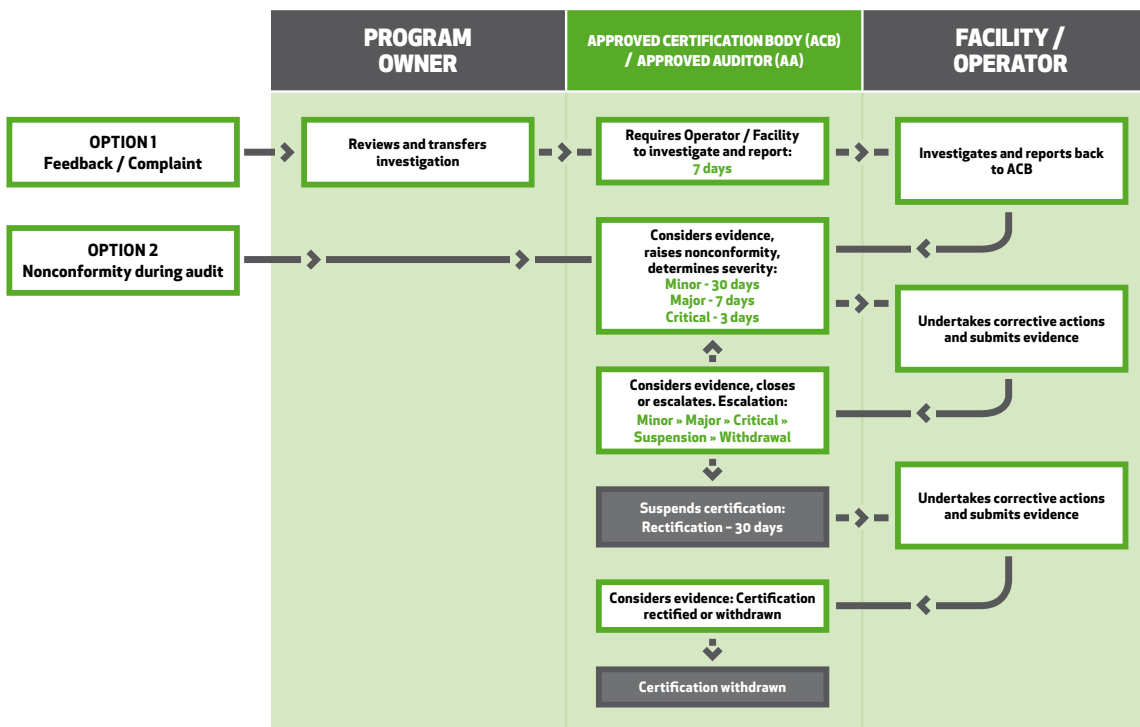


Figure 11: Nonconformity management process

¹² Section 5.4.4. Nonconformities, suspension and withdrawals; final report.

Risk assessment and surveillance

After every external audit, the Approved Auditor will undertake a risk assessment as prescribed by the Program Owner. The purpose of the risk assessment is to determine the frequency of surveillance activities (ie ongoing internal and external audits). The scope of the risk assessment under LGAP is limited to an assessment of risk factors that may impact the ability of an Operator or Facility to continue to conform with the Certification Requirements and an assessment of the controls an Operator or Facility has in place to minimise or eliminate those risk factors.

The Approved Auditor completes the risk assessment based on the observations made during an external audit. The outcome of the risk assessment is a 'risk rating' of low, medium or high.

Risk assessments vary depending on the type of Operator or Facility being assessed, Figure 12 provides risk factors and controls considered through the LGAP Risk Assessment.

Summary of control measures

RISK FACTORS	CONTROL MEASURES
Traceability - movement	Reporting and reconciliation Movement through the supply chain Accounting for animals on Facility entry / exit
Traceability - identification	Appropriate identified used Appropriate use of identification
Monitoring	Operational nonconformities Traceability nonconformities
Scopes	Facility Levels Segregation of animals under differing Levels
Operations	Supply chain structure Frequency of operation Site access
Welfare (Abattoirs)	Restraint method used Use of stunning Slaughter method used Use of slaughter teams
Performance	Past Program performance Current Program performance

Figure 12: Risk factors and controls used in the LGAP Risk Assessment

The risk rating of the Operator or Facility established through the risk assessment process influences the frequency and nature of the surveillance activities (Table 4).

AUDIT ACTIVITY	LOW-RISK RATING	MEDIUM-RISK RATING	HIGH-RISK RATING
Internal audit	4-monthly	3-monthly	Monthly
External audit	Annual	6-monthly	3-monthly

Table 4 Surveillance frequencies based on risk ratings

At the end of every external audit, the risk assessment is repeated and the risk rating reassigned accordingly. This approach rewards good performance and encourages continual improvement.

It was acknowledged that Approved Auditors could have a vested interest in promoting higher audit frequencies through assigning a disproportionate number of high risk ratings. In consideration of this, Facilities and Operators have the ability under the Certification Requirements to appeal a decision on their risk rating. In addition, the Program Owner has the capacity to monitor and review ratings continually, which allows the Program Owner to detect any consistent anomalies in risk rating decisions.

Complaints and appeals

The concept of procedural fairness and the principle of natural justice are endemic in conformity assessment programs and the Program self-evidently mirrors such practices through formal complaints and appeals processes which are embedded in the Certification Rules. Under LGAP, five types of complaints and one type of appeal are recognised. This is consistent with international guidelines for conformity assessment programs.

LGAP recognised complaints

- Complaints made to Facilities or Operators by any interested party regarding its fulfilment of the Certification Requirements.
- Complaints made to the Program Owner by any interested party regarding a Facility or Operator's fulfilment of the Certification Requirements.
- Complaints made to the Program Owner by any interested party regarding the performance or conduct of an Approved Certification Body or Approved Auditor.
- Complaints made to the Program Owner by any interested party regarding the performance of Program Owner or any of its officers.
- Misrepresentation of the approvals or certifications associated with LGAP, including false and fraudulent use of certificates and marks of conformity.

LGAP recognised appeal

- An appeal made to the Program Owner by any Facility or Operator regarding a certification decision or risk rating allocated by an Approved Certification Body.

Complaints and appeals process

Under the Certification Rules, complaints would be deemed as received when:

- a written complaint has been submitted from the complainant;
- the nature of the complaint corresponds to one of the specified categories;
- the complainant has access to the direct or first-hand basis of the complaint;
- the complainant submits the complaint within seven days of the basis of the complaint occurring, allowing for further evidence to support the complaint to be submitted within seven days of the submission date of the complaint; and
- the complaint is specific and credible, including appropriate objective justification and evidence to substantiate any claim.

The Program Owner will be required to follow internal complaints and appeals procedures whenever complaints or appeals are received.¹³

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¹³ Appendix 28: Program Owner internal complaints and appeals procedures; final report

Certification pathway

To achieve and maintain certification, Facilities and Operators are required to follow a certification pathway (Figure 13).

Under this model, the Facility or Operator applies directly to the Program Owner and pays a specified joining fee to cover the membership fee under the nominated governance model and recover the cost of auditing and administration of the Program.

The Program Owner allocates the Facility or Operator to an Approved Certification Body, which in turn allocates an Approved Auditor.

The Approved Auditor undertakes the external audit, identifies nonconformities and completes the risk assessment.

The Operator or Facility is required to undertake corrective action for any identified nonconformities. The Approved Auditor assesses the corrective action and closes out or escalates nonconformities.

The Program Certification Pathway

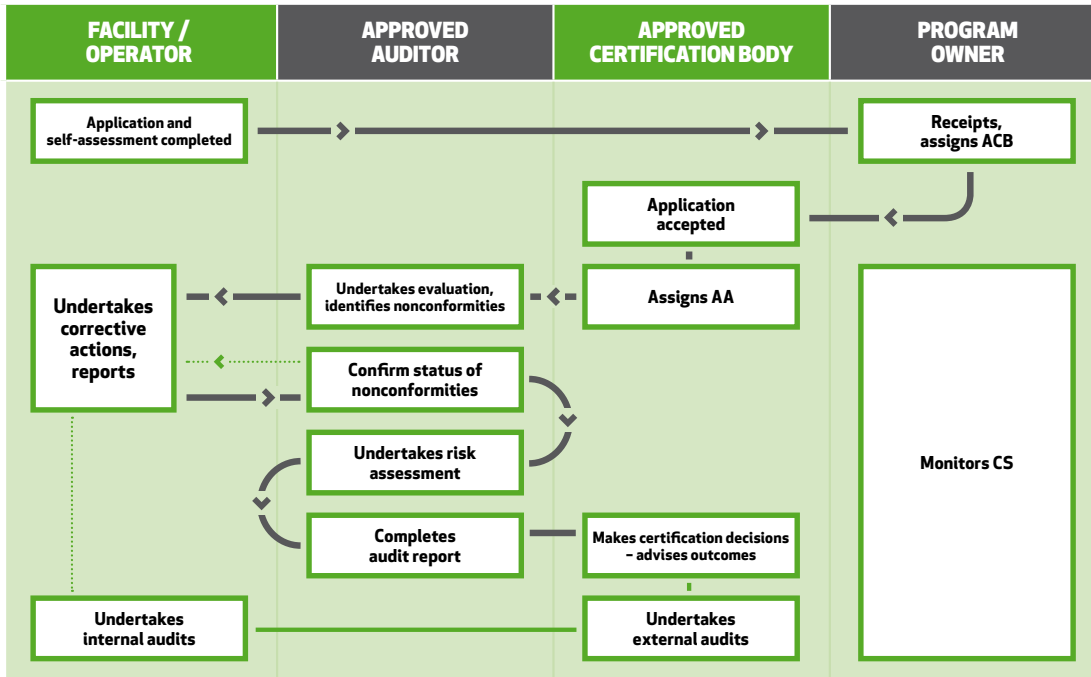


Figure 13: Certification pathway under LGAP

LGAP Conformance System

Under LGAP, an information technology system (the LGAP Conformance System (CS)) exists to assist Facilities and Operators adopt and conform with the Program and to monitor and report on Program conformance.

The LGAP CS is not intended to be as a supply chain management tool or traceability system. Rather, the LGAP CS is designed to:

- be used as a tool for internal and external auditors when conducting audits and risk assessments;
- provide visibility for the Program Owner into the performance and conformance history of Operators and Facilities, as well as visibility into Approved Certification Body and Approved Auditor performance.
- facilitate controlled access to conformance history for Facilities and Operators individually, and, for Operators, a similar history for their downstream supply chains;
- streamline the administration of the Program, particularly the application processes and the allocation of Approved Certification Bodies and Approved Auditors to Facilities and Operators and the scheduling and management of audits, risk assessments and certification decisions; and
- enable real-time reporting and root cause analysis.

	LGAP CONFORMANCE SYSTEM FUNCTIONS:
FACILITIES AND OPERATORS	<ul style="list-style-type: none"> ● Make an application to become Certified (and renew). ● Undertake regular internal audits. ● Respond to audit outcomes through lodging corrective actions. ● Generate internal reports on nonconformities and corrective actions from internal and external audits (ie audit reports). ● View risk rating and overall performance under the Program. ● Receive alerts relating to upcoming surveillance activities and identified nonconformities. ● Lodge a complaint or appeal. ● Change details (eg: personnel details, scopes of certification).
PROGRAM OWNER	<ul style="list-style-type: none"> ● Receive applications from Facilities, Operators and Certification Bodies. ● Approve and assign a Certification Body to a Facility or Operator. ● Monitor conformance among Facilities and Operators. ● Monitor performance of Approved Certification Bodies and Approved Auditors. ● Receive alerts relating to application processes, surveillance activities, nonconformities, certification decisions, complaints and appeals. ● View all audit outcomes, nonconformities and corrective actions. ● Generate reports for provision to external parties to provide assurances that the Program is operating as required.
CERTIFICATION BODY	<ul style="list-style-type: none"> ● Make an application to become an Approved Certification Body. ● Allocate Approved Auditors to Facilities and Operators. ● Allocate and maintain risk ratings and certification status for Facilities and Operators. ● Lodge a complaint or appeal. ● Change details (eg: submit new auditors for approval).
OPERATORS (IN ADDITION TO 1)	<ul style="list-style-type: none"> ● Create a supply chain from approved Facilities and downstream Operators. ● Monitor Program conformance within the created supply chains. ● Generate reports of overall conformance within a supply chain and down to an individual Facility or Operator.
AUDITORS	<ul style="list-style-type: none"> ● Undertake audits and risk assessments and report nonconformities. ● View corrective actions and close out or escalate nonconformities. ● Lodge a complaint or appeal.
PUBLIC	<ul style="list-style-type: none"> ● Access the public-facing Certification Directory. ● Lodge a complaint.

Table 5: High-level summary of functions able to be performed using the LGAP CS

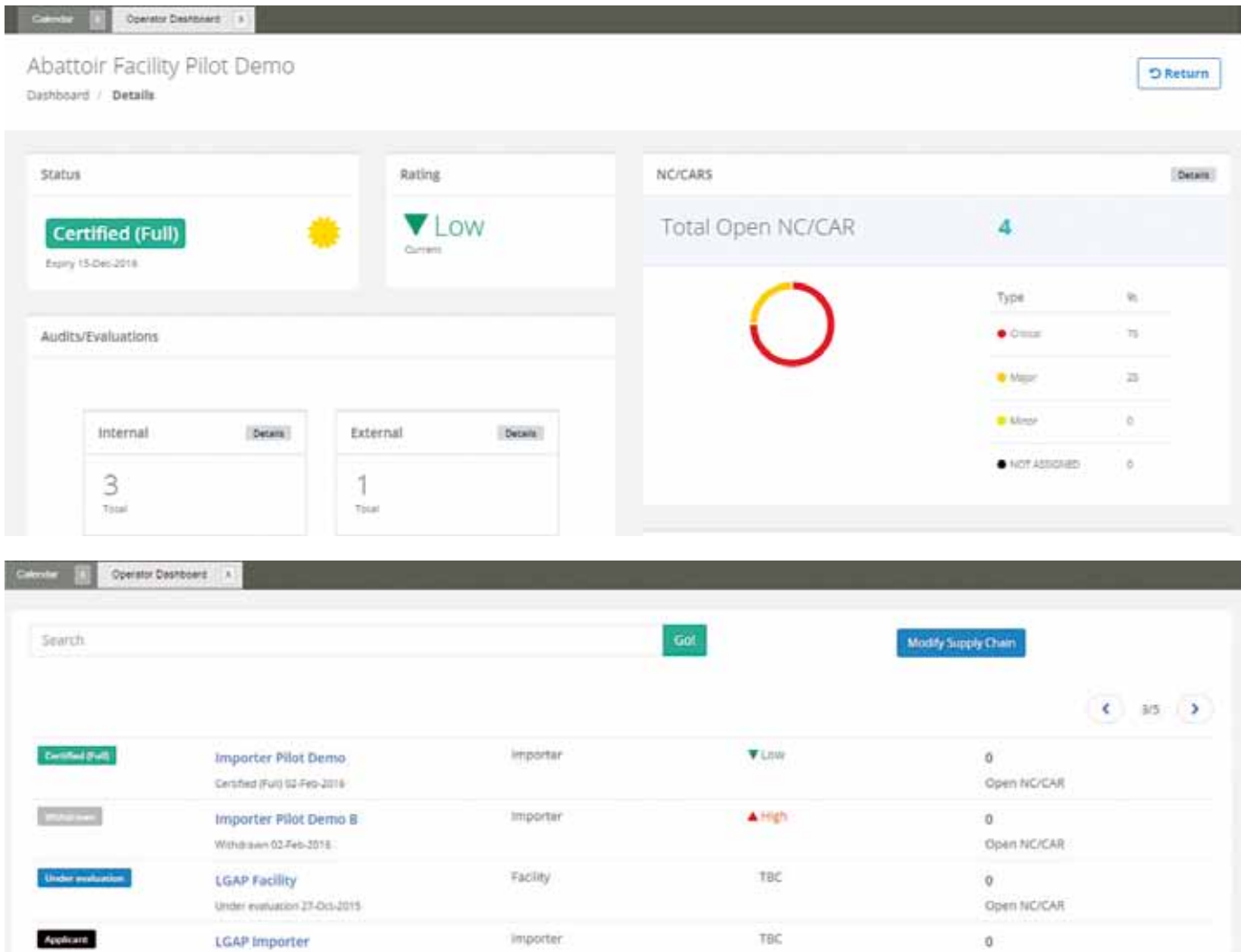


Figure 14: Example of a Dashboard view within the LGAP CS

Materials

Materials exist related to:

Conformance materials

Resources to assist Facilities and Operators demonstrate conformance with the Certification Requirements including templates, standard operating procedures and training.

Operational materials

Resources for the Program Owner to manage LGAP including policies, declarations, forms and training for Approved Certification Bodies and Approved Auditors.

Key supporting resources and materials include:¹⁴

- LGAP Management System Manual
- LGAP Operator and Facility Guidance Manual
- LGAP auditor guidance
- LGAP animal welfare training program
- LGAP management system training program
- LGAP internal auditor training program
- LGAP and the pathway to certification training introductory program
- LGAP CS user guides

¹⁴ Appendix 32: Supporting materials and resources; final report

Implementation plan

A 12-month implementation plan has been prepared that considers six components along with a go-to-market or communications approach.

- 1 Governance**—activities to finalise and establish the Program Owner structure.
- 2 Finance**—activities to establish solvency of the Program Owner.
- 3 Resources**—resources to administer LGAP.
- 4 Operations**—processes and procedures for the Program Owner.
- 5 ICT**—management and administrative considerations for the LGAP CS.
- 6 Marketing/communications**—activities relating to marketing and communication.

This implementation plan assumes that industry supports implementation and that the recommendations in the final report are adopted. The plan's detail would be finalised by the Program Owner's Board and Managing Director after LGAP has been established.

Of primary importance in implementation is the requirement that it be initiated in a controlled, phased approach, preferably by country or region. This will assist with initial Program budgeting, administration and management and also allow the Program to be modified in response to market feedback as it is implemented with minimal disruption.

In order to negotiate competitive rates, Approved Certification Bodies will require a minimum commitment from the Program Owner in terms of audit volumes per country or region. This is because they will be required to invest in the Program themselves, for example in understanding the Certification Requirements, training etc. In making this investment, Approved Certification Bodies would expect to be able to dedicate auditors on a full-time equivalent (FTE) basis.

An FTE auditor would be able to manage approximately 50 audits per year. As such a minimum commitment of 50 audits per country or region is required to provision an FTE auditor and for the Program Owner to be in a position to negotiate competitively with Approved Certification Bodies. This equates to 13-50 Facilities or Operators per region or country, depending on anticipated risk ratings (ie 50 if they are all low risk, 25 if they are all medium risk and 13 if they are all high risk). The exception to this would be Australia and possibly some smaller countries or regions.

In adopting this approach, only one Approved Certification Body may initially be allocated through a competitive tender process to each country or region. As the Program stabilises and uptake increases, this can be expanded to allow multiple Approved Certification Bodies per country or region.

The exception to this recommendation is if greater certainty and a commitment in terms of audit volumes in various geographic regions can be secured (taking into consideration risk ratings influence on audit frequency) as this will enable the Program Owner to more competitively negotiate auditing and certification service rates with Approved Certification Bodies.

If this commitment is not able to be secured, then a nominal rate for auditing and certification may have to be established with Approved Certification Bodies in the first year with savings accruing as a result of negotiations with Approved Certification Bodies being passed on over subsequent years.

To assist the Program Owner in making this commitment and to determine which market to implement the Program in and in which order, a 'Market Commitment' will be required to be secured. This constitutes a commitment from Australian exporters to transition a particular market or markets to LGAP and thus achieve critical mass to allow for cost effective auditing and certifying (13-50 Facilities and downstream Operators as a minimum, in that country or region).

Under this arrangement, only when a Market Commitment is in place will implementation in that market occur. This is likely to be implemented on a first market, first served basis and allow the Program to be phased in over time.

Acceptance and a willingness to actively support the Program from relevant foreign governments and agencies will be crucial to securing the Market Commitment and enabling efficient implementation.

Summary

LGAP will, if implemented, provide for:

- a more consistent, transparent and clear means of demonstrating true ESCAS compliance;
- more efficient administration, particularly in respect to audit coordination and management;
- fair and consistent treatment of nonconformities based on the principles of natural justice;
- greater confidence and impartiality in the audit process and more consistent and constructive audit outcomes;
- more immediate visibility into and thorough management of nonconformities;
- more proportionate distribution of responsibility and accountability through the entire supply chain;
- more direct consequences for those not conforming with the Program requirements;
- a clear pathway and recognition for Facilities and Operators which seek to perform over and above ESCAS and OIE requirements;
- the first ever comprehensive conformity assessment program that enables standardised international recognition of animal welfare and management practices by any Facility or Operator anywhere in the world; and
- international recognition of the Australian livestock export industry as truly world leading in the area of animal welfare and management.

Further information

W.LIV.3027 - Final Report: Development of a Global Assurance Program for the Livestock Export Industry
Australian Government - Productivity Commission submission 2016, Australian Livestock Export Corporation Ltd

www.livestockglobalassurance.org

www.livecorp.com.au

www.mla.com.au

Comparison of ESCAS and LGAP

FEATURES:	ESCAS	LGAP
	Exporter Supply Chain Assurance System	Livestock Global Assurance Program
Ensures that Australian livestock exported for feeder and slaughter purposes are handled in accordance with the OIE Terrestrial Animal Health Code.	✓	✓
Facilitates trade and prevents the occurrence of a total trade suspension.	✓	✓
Provides a mechanism to deal with animal welfare issues.	✓	✓
Provides impetus to improve infrastructure and training in export market facilities.	✓	✓
Requires animal traceability throughout the supply chain.	✓	✓
Requires exporters to ensure the welfare, traceability and control of livestock from their arrival in the importing country until they are slaughtered.	✓	✓
Able to place requirements on all participating facilities and operators in the supply chain, making them individually accountable for animal welfare and management.		✓
Developed based on international guidelines and precedents, including those from ISO and WTO.		✓
Enables individually certified facilities to become the links in an Australian exporter's supply chain.		✓
Independent of direct changes in government in both Australia and elsewhere.		✓
Provides a definitive process for managing nonconformities within a short timeframe.		✓
Greater and more timely visibility into conformance which aids early detection of possible breaches.		✓
Capacity to include Australian and non-Australian livestock.		✓
Places strict requirements on auditors to ensure appropriate levels of competency and conduct.		✓
Provides a mechanism to ensure conformance during inter-audit gap.		✓
Facility certification status can be shared between supply chains thereby eliminating audit duplication and cost.		✓
Demonstration of conformance can be scaled to suit any sized facility.		✓