



final report

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Development of a Global Assurance Program for the Livestock Export Industry

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Abstract

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.*

Following consultation, the industry accepted the recommendations and a development project funded through the LEP was initiated in 2014. This Project was managed by Schuster Consulting Group utilising a team of subject matter experts operating under the guidance of an Industry-Government Consultative Committee.

A fully implementable conformity assessment and certification Program has been developed and successfully trialed through this Project. In February 2015, this Program became known as the Livestock Global Assurance Program, or LGAP.

Definitions, terms, abbreviations

ABSDO	Accreditation Board for Standards Development Organisations.
Accreditation	The formal recognition by an independent body, generally known as an accreditation body, that a certification body operates according to international standards.
Auditor	An individual qualified to conduct audits. An auditor may be an internal auditor or an external auditor.
Approved Auditor	An individual external auditor, operating under the control of an Approved Certification Body, and approved by the Program Owner, to undertake audits pursuant to the Certification Requirements.
ALEC	Australian Livestock Exporters' Council.
Approved Certification Body	Any organisation approved by the Program Owner to provide auditing services and carry out certification activities pursuant to the Certification Requirements.
ASEL	Australian Standard for the Export of Livestock.
Audit	A systematic, objective, impartial, independent and documented examination to verify the fulfillment of the Certification Requirements.
AVA	Australian Veterinary Association.
Certification	A type of independent written attestation that verifies the entity has demonstrated fulfilment of the certification requirements in question.
Certification Body	An independent organisation that is accredited to provide auditing and certification services.
Certification Directory	A directory that is the property of the Program Owner that lists Operators and Facilities party to the Program and gives the current status of certification and details of certificates.
Certification Mark	A mark owned by the Program Owner for representation to the marketplace that the Operator or Facility is certified under the Program.
Certification Requirements	The requirements that Operators and Facilities demonstrate they fulfil in order to be certified, including but not limited to the LGAP Standards and Certification Rules.

Certification Rules	The rules for the administration and operation of the Program.
Certified	The granting of certification.
Compliance	Adherence to an Act or Regulation.
Conformance (Conformity)	Fulfillment of a requirement, standard or procedure.
Consultative Committee	The committee convened to provide guidance and direction to the Project Team, Project Manager and Project Stakeholders in relation to the Project.
Correction	Action to eliminate a detected nonconformity.
Corrective action	Action to eliminate the cause of a nonconformity and prevent reoccurrence.
Department (the)	The Australian Government's Department of Agriculture and Water Resources.
Documented information	<p>Information required to be controlled and maintained by a Facility or Operator and the medium on which it is contained.</p> <p>NOTE 1 Documented information can be in any format and media and from any source.</p> <p>NOTE 2 Documented information can refer to:</p> <ul style="list-style-type: none"> • the management system including related processes; • information created in order for the organisation to operate (documentation); and • evidence of results achieved (records).
ESCAS	Exporter Supply Chain Assurance System.
Evaluation activities	Activities undertaken to monitor conformance with a conformity assessment program. A common evaluation activity is an audit.
External auditor	An auditor from outside the organisation, who typically is employed or contracted by a certification body.
Facility	A legal entity that may be classified as a feedlot, farm or abattoir.
Foundation research	The R&D project undertaken in 2013 which recommended the development of an assurance program (W.LIV.3014).
Government	The Australian Government.
government	Any government other than Australia's.

Impacted stakeholders	Those who would have to demonstrate conformance with the Program.
Industry	Australian livestock exporters.
ISO	International Organization for Standardization.
Internal auditor	An auditor whose primary role is to audit their own organisation.
IT system	Information technology system, specifically one used to monitor and manage conformance; later to become the LGAP CS.
LEP	The MLA and LiveCorp joint Livestock Export Program.
LERDAC	Livestock Export Research & Development Advisory Committee.
LGAP	The Livestock Global Assurance Program.
LGAP Conformance System	The system used to monitor and manage conformance, auditing and other activities under the Program.
LGAP CS	LGAP Conformance System.
LGAP Standards	A coherent set of verifiable international requirements for the welfare and management of livestock by Operators and Facilities through the supply chain to the point of slaughter.
LGAP Standards Committee	The committee convened under ISO and WTO principles to provide expert opinion and review of the LGAP Standards and progress the LGAP Standards from initial draft through public draft to final version.
LiveCorp	Australian Livestock Export Corporation Ltd.
Management system	<p>Set of interrelated or interacting elements of an organisation to establish policies and objectives and processes to achieve those objectives.</p> <p>NOTE 1 A management system can address a single discipline or several disciplines.</p> <p>NOTE 2 The system elements include the organisation's structure, roles and responsibilities, planning, operation, etc.</p> <p>NOTE 3 The scope of a management system may include the whole of the organisation, specific and identified functions of the organization, specific and identified sections of the organisation, or one or more functions across a group of organisations.</p>
Milk run/s	A logistically efficient approach to auditing in which an auditor conducts all audits in a geographic location in one round trip.

Minister	The Australian Government's Minister for Agriculture and Water Resources.
MLA	Meat & Livestock Australia Limited.
Noncompliance	Failure to adhere to an Act or Regulation.
Nonconformity	Nonfulfilment of a requirement or failure to demonstrate fulfilment of a requirement.
OIE	The World Organisation for Animal Health.
OIE Code	OIE Terrestrial Animal Health Code.
Operator	A legal entity involved in the exportation (Exporter) or importation (Importer) of livestock.
Preventive action	Action to eliminate the cause of a potential nonconformity.
Program (the)	LGAP.
Program Owner	The owner of the Certification Requirements.
Project (the)	The R&D project under which the development of the Program occurs (W.LIV.3027).
Project Funding Partners	MLA, LiveCorp and the Australian Government.
Project Manager	SCG.
Project Sponsor	Representative of the project contract holder - MLA.
Project Stakeholders	MLA, LiveCorp and ALEC.
Project Team	Team of seven people working under (and including) the Project Manager on the R&D project.
Project website	www.livestockglobalassurance.org
QA	Quality assurance.
RSPCA Australia	The national body of the Royal Society for the Prevention of Cruelty to Animals.
R&D	Research and development.
Regulator	A governmental body. Predominately referring to the Australian Government, but not limited to this.
SCG	Schuster Consulting Group Pty Limited.
Site	Geographical location of the operation of an Operator or a Facility.

	<p>NOTE 1 An Operator or a Facility may have operations at one or more sites.</p> <p>NOTE 2 Geographical location may be identified through global positioning system coordinates, street addresses etc.</p>
Surveillance activities	Evaluation activities required to occur periodically under the Program.
Surveillance frequency	The period between surveillance activities.
Traceability	Ability to identify animals and record and track their movement.
Traceability <external>	<p>Documented information exchanged between Operators and Facilities to achieve traceability.</p> <p>EXAMPLE</p> <p>tallies and monitoring data related to animal identification and control of movement and associated business processes and procedures.</p>
Traceability <internal>	Documented information of a proprietary nature that allows a Facility or Operator to achieve traceability within its own operations.
IT vendor	Supplier of the LGAP CS: Compliance Experts.
WAP	World Animal Protection – the OIE recognised international animal welfare representative body.
WAP Australia	The Australian affiliation of WAP.
WTO	World Trade Organisation.
\$	Australian dollars.

Acknowledgements

The development of a global assurance program for the livestock export industry was a collaborative LEP R&D project involving a significant number of people.

While the Program Team was responsible for delivering the project, this would not have been achievable without the significant and substantial contributions and support from many organisations and individuals, for which the Project Team is grateful. In particular, the Project Team would like to recognise the considerable effort of the past and present members of the Consultative Committee, specifically:

- Adam Armstrong - Lembiru Livestock Pty Ltd
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- Kevin Doyle - AVA
- Peter Dundon - MLA
- Sharon Dundon - MLA
- Rebecca Irwin - Formerly, The Department
- David Jarvie - Wellard Rural Exports
- David Kennedy - Independent Chair
- Alison Penfold - ALEC
- Michael Schroder - Elders International
- Tom Slaughter - Australian Rural Exports (AUSTREX)
- Fred Troncone - Formerly, Wellard Rural Exports
- Paul Vitolovich - Formerly, The Department

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 - North Australian Cattle Company Pty Ltd
 - PT. Elders Indonesia
 - Ternak Jaya Enterprise
-

Executive summary

In 2011, as a result of a loss of confidence by the Australian public in the Industry, the Government introduced a new regulatory framework for the live export trade that covers the entire export supply chain in overseas market places from the point of disembarkation to the point of slaughter. ESCAS places the responsibility on Australian exporters to maintain control and traceability and to ensure measurable animal welfare outcomes in-market.

Coinciding with this, the 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 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 foundation research identified that the success or otherwise of the program would largely depend upon the presence of drivers for participation and that Industry seek to identify, accommodate and develop appropriate drivers for adoption of the Program including acceptance by the Government.

The foundation research also demonstrated that:

- The cost of complying with ESCAS had placed Australia at a comparative disadvantage to international competitors who do not have to comply with ESCAS. The consultation showed support for the program being designed to allow for and encourage international participation and was considered to present a significant opportunity for improving global animal welfare standards and this should be a point of emphasis.
 - The introduction of a program was seen as a potential mechanism for improving access to markets which have resisted the requirements of ESCAS, primarily due to the perception of Government interference in sovereign affairs. This was identified as potentially being a major driver for exporter participation in the program.
 - The introduction of such a program would represent a fitting mechanism to ensure appropriate, consistent and judicially fair treatment of nonconformities.
 - The implementation of such a Program was considered to be a logical and appropriate way to address the issue of auditor competence and consistency.
 - Industry was not considered to be an appropriate owner or administrator of the program as this may be seen to compromise its integrity and independence.
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- The program standards needed to be developed in consideration that the program may be implemented in Australia as well as in Australia's live export markets, to deliver a whole-of-chain outcome. Considered treatment of the OIE Code would be required, with particular reference to enabling controlled parallel operations. The addition of an aspirational standard to encourage continual improvement was also considered important.

These and other outcomes from the foundation research formed the basis of this research Project initiated in 2014 and funded through the LEP, a joint R&D partnership between MLA, LiveCorp and the Government. This Project was focused on the development and piloting of such a program and was project managed by Schuster Consulting Group utilising a team of subject matter experts operating under the guidance of an Industry-Government Consultative Committee.

Under this research, a fully implementable conformity assessment and certification Program has been developed and successfully trialed that delivers on the recommendations of the foundation research. In February 2015, this Program became known as the Livestock Global Assurance Program, or 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.

LGAP is not proposed to be a form of self-regulation and is not intended to dilute ESCAS which remains an 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 but not necessarily delivered 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).

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; and
- 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;
- international recognition of the Australian livestock export industry as truly world leading in the area of animal welfare and management.

Under the proposed model, the Program Owner would operate as a company limited by guarantee, independent of any government and at arm's length to Industry. It is proposed that Operators and Facilities would seek certification under LGAP and, in the case of Exporter Operators, this would be used to demonstrate compliance with ESCAS.

The cost of participation in LGAP would comprise all inclusive auditing and certification fees paid by Operators and Facilities to the Program Owner. The number of audits and the cost thereof would vary for each Operator or Facility depending upon risk.

The budget model developed through the Project shows that, averaged over six-years, the total cost of LGAP per year is likely to be \$7.1 million, with revenue of \$4.2 million per year resulting in a deficit of \$2.9 million per year. This does not consider possible revenue from membership streams and other sources. 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.

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 likely to be between \$2,070 (low risk, Australia) and \$22,360 (high risk, Middle East). This is an annual fee rather than a per audit fee and should not be compared with ESCAS as this annual fee includes a range of other services.

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, ie where exporters importers share the audit cost for a Facility, can continue to exist under LGAP.

As identified in the foundation research, the success or otherwise of such a Program will still largely depend upon the presence of drivers for participation. Industry should seek to identify, accommodate and develop appropriate drivers for adoption of the Program.

The cost of implementing and operating LGAP will be significant, although less than the reported annual Industry-Government cost of ESCAS. The recommendation remains that, as one of the primary beneficiaries of LGAP, the Government be approached to contribute to the establishment and operational costs.

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1. Background

In June 2011, the live export trade to Indonesia was suspended in response to community concern about the treatment of Australian livestock in overseas markets as depicted in the ABC 4-Corners program 'A Bloody Business'. Six weeks later, trade reopened after the introduction of the Government's ESCAS.

Coinciding with the implementation of ESCAS, the Government commissioned an independent review into the livestock export trade which was undertaken by Mr Bill Farmer (AO) (the 'Farmer Review'). A recommendation of that review was that industry explore the application of QA through the supply chain back on farm.

Acknowledging this recommendation and the need for greater assurance regarding animal welfare, the Industry undertook foundation research to investigate the role QA may have in protecting exported animals and ensuring the long-term sustainability of the Industry.

This research commenced in 2012 through the LEP which is a program that funds research and development projects for the livestock export industry through a joint contribution from MLA, LiveCorp and the Government.

This foundation research was to:

- identify all existing systems and resources being utilised to achieve ESCAS compliance and assess the strength and weakness of such systems;
- identify, review and document risk management and QA models in place in other industries and sectors;
- examine the cost of compliance with the current ESCAS framework;
- consider the relevance of an industry-initiated risk management and QA program or management solution; conformance with which would facilitate ESCAS compliance; and
- make recommendations for the development of such a program.

The research was limited by the terms of reference to the scope of ESCAS; that is from the point of disembarkation through to slaughter and did not extend back on-farm in Australia.

This research was undertaken in two stages:

- **Primary research** to develop an understanding of the systems, procedures and issues influencing ESCAS compliance which involved consultation with:
 - 12 major exporters operating in the Australian live export industry;
 - the Department; and
 - personnel from LiveCorp, MLA Australia, Indonesia and the Middle East.

- **Secondary research** through which existing resources used to support the live export industry and ESCAS compliance were reviewed along with risk management and QA programs being utilised in other industries to identify the common elements of successful programs.

The *Final Report: Exporter Supply Chain Assurance System - Development of a risk management and quality assurance program* delivered in April 2013, laid out 26 recommendations with the primary, qualified recommendation from this foundation research being:

“That industry pursue the development of a QA program (Program), complemented by risk assessment, to support the live export industry in aspiring to best practice and achieving ESCAS compliance”.

The report then laid out further considerations and qualifications in relation to this and other recommendations. In May 2013, MLA and LiveCorp undertook to consult with members of the live export industry regarding the recommendations stemming from the foundation research and the potential implications of introducing a QA program.

The objective of this exercise was to consult with members of the live export industry to explain the recommendations and seek feedback on issues that may affect the implementation of the recommendations.

Face-to-face meetings and telephone conversations were conducted with members of Australia’s livestock export industry and other industry participants and experts. . The purpose of these discussions was to explain the recommendations and seek feedback on issues that may affect the implementation of the recommendations. Through these discussions, the potential implications of implementation were identified and the critical success factors identified in the foundation research project further explored. An addendum report based on this consultation was delivered in June 2013.

1.1. Industry commitment

The recommendations from the foundation research were presented at the ALEC Annual General Meeting in October 2013.

At this meeting, a resolution was unanimously passed that endorsed the development of a quality assurance program and risk management system.

The resolution was qualified in that it focused on the next stage of research being development only and provided the opportunity for ALEC members to consider the outcomes of the development project as well as the feasibility of implementation before a decision was to be made on whether the program would progress to implementation.

In February 2014, MLA and LiveCorp, through the LEP, released terms of reference for the Project focused on the development of a quality assurance program for the livestock export industry and that considers all recommendations from the foundation research (Appendix 1).

In July 2014, the Project commenced.

1.2. Ministerial support

ALEC wrote to Minister Joyce seeking support for the development of a QA and risk management program. On 28 May 2014, the Minister responded with a letter in which the following statements were made:

"I commend the proposal by the livestock export industry to develop an industry QA and risk management system."

"I note that the research has found QA would help increase compliance with the Export Supply Chain Assurance System (ESCAS), and may support greater risk assurance and continuation of the trade. QA systems have been developed by other export and domestic sectors as a means to help meet regulatory and commercial targets more effectively and efficiently."

Minister Joyce also went on to say he:

"...would urge you to work closely with the department in designing the system to ensure that it can deliver on commercial and regulatory aspects..."

On 5 August 2014, the Minister for Agriculture wrote to ALEC requesting an update on industry's progress in developing an industry quality assurance model for ESCAS.

In this letter, Minister Joyce also sought industry's view on trials of such a model. In addition the ESCAS Report¹ indicates that the Department:

"...acknowledges there are further opportunities for reform to simplify administrative processes and reduce cost burdens while still meeting the essential objectives of the ESCAS system and that this could include encouraging opportunities for industry to take greater responsibility for proactively managing the risks within supply chains, and supporting industry development of an assurance system as recommended by the Farmer Review..."

The ESCAS Report also states:

"ESCAS could potentially be broadened to allow for comprehensive company or industry assurance systems operating within an appropriate statutory framework."

1.3. Department involvement

Two Department representatives actively participated in the Consultative Committee (section 3.3). It should be noted, however, that participation on the Consultative Committee by these representatives did not constitute Department or Government endorsement of Consultative Committee determinations or endorsement of the Program. Decisions on project outcomes remain matters for the Department and the Minister to consider.

¹ Commonwealth of Australia (2015). *Exporter Supply Chain Assurance System Report*. CC BY 3.0. ISBN 9781760030858

The inclusion of Department representatives on the Consultative Committee resulted in valuable contributions that were considered in the development process.

In this capacity, Department representatives provided insights into aspects that would progress adoption of an assurance program that was able to fulfill the regulatory requirements currently addressed through ESCAS.

2. Objectives and scope

The objectives of the Project were to:

- design and develop a complete, fully implementable assurance program that delivers against relevant recommendations from the foundation research project;
- develop supporting materials (system, templates, standards, rules);
- pilot the entire program in-market with up to three supply chains; and
- develop an implementation plan and communications approach, timeline and detailed budget.

The outcome of the Project was to be a fully piloted, ready to implement assurance program for the industry that commences from the point of animal disembarkation in-market and concludes at the point of slaughter. The scope of the program was to cover the current scope of ESCAS which provided for feeder and slaughter cattle, buffalo, sheep and goats.

2.1. Out of scope

During the tender and project planning process, a number of items were identified as being out of the scope of the Project and, where possible, costs were estimated against these items. These were not included within the Project scope as they relied upon outcomes of the within scope activities or were outside the terms of reference governing the Project. These were:

- activities pre-disembarkation in-market or within Australia (eg: activities covered under ASEL);
- legal or accounting/financial advice, particularly in relation to the appropriate structure of the program for management purposes;
- communications and marketing activities;
- copyright or intellectual property protection advice associated with protecting the program, including all materials and visual identity, within Australia or international markets;
- payment for auditors undertaking the pilot audits and any initial 'audit ready' training required by Facilities and auditors;

- development or licensing costs associated with any IT system required under the program, as well as ongoing support, maintenance and licensing or development costs; and
- further implementation of the Program, beyond the pilot.

Estimates for most of these costs were provided in the initial tender response in order to ensure industry was aware of the probable cost profile of the Project and these were reflected as out of scope in subsequent contracts.

2.2. General basis for the Program

The basis for the Program remains the need, identified by Industry and Government, for a program that could provide assurances that the welfare of animals exported from Australia is being protected and to demonstrate that the Industry is being proactive in providing such assurances.

In accordance with the recommendations of the foundation research, the Program was to be a certification program, applicable to any market and designed to provide assurances that animals continue to be treated in accordance with international guidelines from discharge up to and including the point of slaughter in-market.

The Program was also to be 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.

The Program was to be designed to be independent of any government (particularly the Australian Government) and to operate at 'arm's length' to industry. Independence from government was not considered to mean self regulation, as the ESCAS regulatory framework would remain in place. The Program was also to be developed to be 'global' in recognition of the fact that it would be required to operate outside of Australia and in sovereign jurisdictions with minimal interference.

As with any conformity assessment program, the Program would be governed by a set of rules and a standard or standards.

Furthermore, as the Program was to operate outside of Australia and across international borders, the development of the Program overall, as well as the standards and rules, were to follow international guidelines. In particular, consideration was required to be given to:

- the OIE Code;
- guidelines and standards published by ISO; and
- guidelines published by the WTO.

The structure was to be built to be flexible to allow the Program to respond to future drivers through the addition of modules or add-ons. For example, the possibility of:

- extending the Program back on-farm in Australia for exported livestock (as recommended in the Farmer Review);
- augmenting the Program to address in-market drivers such as food safety; or
- adding breeding livestock to the Program.

2.3. Adherence to the original research

In the foundation research, a number of recommendations and qualifications were made. These were further refined through consultation with a number of exporters, as well as the Funding Partners and impacted stakeholders.

The Project and Program approach endeavored to stay true to the foundation research and recommendations wherever possible; however, to ensure the ongoing relevance of the Program, the recommendations from the foundation research were supplemented by guidance from the Consultative Committee (section 3.3) and other impacted stakeholders.

Critical requirements of the Program, specified in the terms of reference based on the foundation research, which remained guiding principles during development included:

- Establish ESCAS as the platform or normative standard upon which the Program is to be developed. Adherence to these standards will be compulsory, based on the Facility's type of operation, with the exception being animal handling which would be common and compulsory across all supply chain Facilities.
- A Facility-based certification system which allows exporters to select individual entities to create supply chains of certified facilities.
- Flexibility to enable additional requirements to be applied and adopted. The Program must be 'scalable' in order to meet and exceed ESCAS.
- Where possible, the ability to accommodate the transition from previous ESCAS performance to facilitate customised entry into the Program.
- Include provisions to process both Australian and local livestock while managing risk to the Program's integrity.
- A set of standards for all species defined under export legislation (sheep, cattle, buffalo and goats) with capacity to accommodate changes over time.
- A set of standards that are complemented by risk and self-assessment tools.
- Management structures to support the Program and the necessary mechanisms to manage and administer the Program.

- Options for company governance arrangements and structures with associated risk, benefits and costs.
- The development of a certified program which can be administered by an independent body that meets specific requirements (which are determined by the Program Owner). Importantly, multiple independent certification bodies should be able to be used without the need for a single centralised authority to achieve certification. These organisations can be market-centric and be responsible for certifying Facilities within or in close proximity to that market.
- A combination of self and third party verification methods.
- A combination of remote and on-site assessment methods.
- Conformance measures be developed that enable appropriate monitoring and corrective actions to be implemented in the case of confirmed non-conformance.
- A series of rules be developed relating to the Program requirements and governing the use of any certification marks.
- Other relevant program related reference material, such as record keeping templates, training, procedures and manuals, be produced or modified from existing material.
- A centralised IT system be modeled to assist Facilities and the certifying bodies (and other associated parties) to manage information as efficiently and effectively as possible. Any recommended models should be appropriately costed to include development and maintenance. Traceability should not be managed through the central management system.
- Reporting procedures for supply chain compliance performance and a structured data collection system to demonstrate compliance.
- Scope to accommodate cultural, economic, political, legal and technological sensitivities in different countries.
- Include incentive elements to promote continual improvement and performance over and above base ESCAS requirements.
- The delivery of a consistent and capable audit process.
- A mechanism to encourage self reporting; provided the management of this process remained within the Program as opposed to being managed by the Government as is the case under ESCAS.
- Markets should be engaged early in the development phase and invited to contribute to the process.
- The Program should aspire to replace ESCAS in its current form and not operate in parallel to ESCAS indefinitely. This should be agreed by the Government and the design of the Program should be such that it offers the assurances which the Government is currently seeking through ESCAS.

3. Project delivery

SCG was tasked with project management and delivery of the Project.

To this end, SCG assembled a Project Team (Table 1) which included independent subject matter experts, specialising in the areas of:

- project management;
- the live export industry;
- animal welfare, husbandry and behaviour;
- development and internationalisation of standards and conformity assessment programs; and
- the development and application of technology solutions.

Table 1: Project Team members

Angela Schuster	Project Manager	Schuster Consulting
Graeme Drake	Standards and rules development	GED Advisory
Stacey Dybendahl	Technology development	Cunae
Leisha Hewitt	Standards development	
Greg Jewson	Governance and structure	Jewson Advisory
Delphine Puxty	Materials and resources development	Schuster Consulting
Peter Schuster	Industry liaison	Schuster Consulting

In addition to the Project Team, SCG was required to directly contract additional resources such as those required to undertake legal and financial consultation, as well as the Certification Bodies utilised for the pilot and the LGAP Standards Committee members.

The development of the IT system was arranged through a contract between the IT vendor and MLA directly with SCG project managing delivery.

3.1. Timeframe

The original Project timeframe was based on the Project commencing in July 2014 and being completed by December 2015.

Despite a 90-day delay being experienced while funding was secured to pilot the Project, the Project Team remained committed to the original timeframe and sought to deliver original in-scope activities to this schedule or as near to as logistically possible. Out of scope components were to be delivered by March 2016.

3.2. Project initiation

The Project commenced with a meeting of key stakeholders and the Project Team in Sydney on 16 July 2014.

The following stakeholder attendees were involved in this meeting:

- Peter Barnard (prev.) MLA - General Manager, Trade and Economic Services
- Sam Brown LiveCorp - Chief Executive Officer, LERDAC
- Wayne Collier LiveCorp - Industry Capability Manager
- Peter Dundon MLA - Manager, Live Exports, LERDAC
- Sharon Dundon MLA - Manager, Livestock Export R&D, LERDAC
- John Edwards Al Jabri, ALEC, LERDAC
- Mike Gordon Rural Export & Trading, LiveShip, ALEC, LERDAC
- Fiona Lander Capricorn Pastoral, ALEC, LERDAC
- Allister Lugsdin MLA - Regional Manager
- Ian McIvor ALEC, LERDAC
- Alison Penfold ALEC - Chief Executive Officer, LERDAC
- Richard Trivett Austrex, ALEC, LERDAC - Chairman

During this meeting:

- the scope of the Project was confirmed;
- previous research project recommendations were reconsidered;
- considerations for the governance structures were established;
- critical success factors, drivers, responsibilities and expectations were identified; and
- Project reporting procedures agreed.

3.3. Project governance

A 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.

A charter for the Consultative Committee was developed (Appendix 2) and membership was determined to be comprised of:

- Five members to represent commercial live exporters requiring live export expertise and ESCAS understanding, comprising:
 - One member to represent long-haul sheep and cattle
 - One member to represent short-haul cattle
 - One member to represent short/medium-haul cattle
 - One member to represent airfreight livestock
 - One member to represent all species and all distances combined
- Two members to represent the Department:
 - One to be drawn from the area responsible for reform
 - One to be drawn from an operational area
- One member to represent Industry/Government communications and engagement
- One member to represent animal welfare perspectives - science or research.
- Two members to represent live export R&D organisations
- One member to represent major Australian export markets
- One independent Chair
- Two members from the Project Team

With the resignation of one of the exporter members in August 2015, the composition of the Consultative Committee was amended to include six livestock exporters. Appendix 3 provides a list of the Consultative Committee members as at 31 January 2016.

Meetings were one day in duration and agenda-driven, with the agenda and necessary papers provided to the Consultative Committee seven days in advance of each meeting.

Details of each meeting were minuted and, at LERDAC's request, from July 2015 a detailed update based on meeting outcomes and concepts discussed was circulated to the Project Stakeholders after each meeting.

The Consultative Committee was originally determined to meet quarterly; however, given the volume of work requiring consideration, 12 meetings and teleconferences were held:

- Inaugural meeting 12 September 2014
- Meeting 2 21 November 2014
- Meeting 3 27 February 2015
- Meeting 4 01 May 2015
- Meeting 5 15 May 2015 (teleconference)
- Meeting 6 19 June 2015 (teleconference)
- Meeting 7 03 July 2015 (teleconference)
- Meeting 8 05 August 2015
- Meeting 9 02 September 2015
- Meeting 10 09 October 2015 (teleconference)
- Meeting 11 13 November 2015 (teleconference)
- Meeting 12 14 January 2016

The use of a Consultative Committee in this manner was extremely beneficial as the Project Team would develop concepts for consideration by the Consultative Committee and then refine these concepts based on feedback obtained. Consultative Committee members also provided comments on various concepts out of session and sub-groups of the Consultative Committee were utilised at certain points in the Project in order to refine components.

This was a deliberate iterative process that allowed the Project Team to test, refine and finalise concepts in a collaborative and considered manner to ensure relevance and value.

In the initial stages of the Project some criticism of the Consultative Committee process was registered from exporters and Project Stakeholder representatives. This related to confusion regarding the existence of a supposed confidentiality agreement Consultative Committee members had signed and the perception that Consultative Committee members were not free to discuss the Project outside of the Consultative Committee.

As no such confidentiality agreement existed, this issue was resolved and it was reinforced that an important role of Consultative Committee members was to act as a conduit between the Project and stakeholders. An understanding was achieved that Consultative Committee papers were working papers subject to continual change, were not policies and should not be generally disseminated without Consultative Committee approval. It was accepted that the premature dissemination of material could create confusion and be counterproductive.

3.4. Scope extension

In the 27 February 2015 Consultative Committee meeting, the Project Manager was asked to provide the Project Stakeholders with details regarding costs for out of scope activities (section 2.1) as well as activities that would be required to be undertaken concurrently with development in order to ensure there would be no delay between development and implementation, should industry decide to proceed.

In establishing these components, MLA requested that the Project Manager also take responsibility for project managing these out of scope and concurrent activities, in addition to the original development activities.

- **Out of scope activities included:**
 - development of the IT system;
 - attaining financial and legal advice regarding the Program and Program Owner; and
 - management of the Certification Body pilot process.
- **Concurrent establishment activities included:**
 - initial establishment activities for the Program structure and Owner;
 - establishment of the LGAP Standards Committee and the operation of this Committee, including a 60-day comment period, until the conclusion of the Project; and
 - management of the development of the Program identity and logo.

This information was provided to the Project Stakeholders on 4 March 2015. Funding to extend the scope of the existing Project to include these activities was secured in July 2015 and Appendix 4 details the inclusion of these in the Project.

3.5. Project communication and consultation

Communication and consultation are recognised as being important but extremely resource-intensive activities in projects of this nature. In the original, costed proposal, SCG included a tightly defined 'Industry Liaison' component which included the following:

- liaison with key stakeholder representatives throughout the process and participation in concentrated and strategic consultation with key stakeholders;
- securing of exporter commitment to three pilots in the Middle East for sheep, Malaysia for goats and Indonesian for cattle.
- liaise with exporter and in-market representatives; undertake trial audits of all facilities in all pilots including assisting in implementing Standards and program requirements in-market. Monitor progress in-market.

The liaison role was intended to provide a conduit between the Project operations and the Project Stakeholders and it was intended that much of the liaison would occur at the most critical stage of the Project; that being the pilot. The terms of reference also limited the consultation activities to liaison with the Consultative Committee.

It was assumed that communication and consultation activities outside of the pilot to other parties (principally impacted stakeholders) would be undertaken principally by the Project Stakeholders with the Project Team providing necessary, but limited, support to this process.

In September 2014 the need for substantial communication and consultation activities beyond those provided for in the original tender application was identified. The Project Manager was asked to provide a proposal to undertake communication activities; however, this was not accepted by the Project Stakeholders with the preference being that communication activities be managed “in house” by the Project Stakeholders. As such, the Project Manager's scope in relation to communications remained as originally tendered which allowed for:

- regular reporting for the LEP;
- regular updates to the Consultative Committee;
- quarterly presentations to LERDAC (as requested); and
- delivery of the Final Report.

The Project Stakeholders appointed a separate organisation to develop a strategic communications plan and a resource was appointed within LiveCorp to undertake communication activities. These resources were contracted by MLA/LiveCorp directly in February 2015.

Despite the addition of a communications resource within LiveCorp responsible for communication relating to the Project, requests made by the Project Stakeholders to the Project Team for ad-hoc and reactionary assistance with communication and consultation, over and above that provided for in the tendered budget, increased significantly as the Project progressed. This included requests made through the Consultative Committee for in-market consultation to occur; a factor that was identified in the original research as being crucial to the development process.

In order to clearly delimitate responsibilities between the Project Stakeholder resources and the Project Team, the scope of communications and consultation activities under the Project was clarified (Appendix 5).

In the early stages the Project did receive criticism for lack of communication; however, at that stage there was little to communicate. The impacted stakeholders raised legitimate and important questions which simply could not be addressed early in the Project as many concepts that would provide answers were still under consideration and in development. As details of the Project became available, communication activities increased commensurately.

The complex nature of the Project and the limited presentation time made available at stakeholder meetings often compounded this issue.

Communication activities were funded separately to this Project through the LEP and ALEC.

Tables 2-4 provide an overview of the major communication and consultation activities that were undertaken by the Project Team throughout the course of the Project.

Appendix 6 provides all of the written updates and briefings referenced in Table 2, many of which summarise the consultation activities undertaken in Table 4 and considered by the Consultative Committee and Project Team when developing models and concepts.

Table 2: Written updates and briefings provided to LERDAC, the LEP and various stakeholders

Written updates and briefings	
<ul style="list-style-type: none"> • Project update - 1 February 2016 • Project update - 7 January 2016 • Project update - 15 December 2015 • Project update - 11 November 2015 • Project update - 27 October 2015 • Project update - 22 October 2015 • Project update - 9 October 2015 • Project update - 29 September 2015 • Project update - 18 August 2015 • Briefing paper - 12 August 2015 • LGAP Briefing Paper - 1 July 2015 • LGAP update - 26 June 2015 • LGAP update - 1 June 2015 	<ul style="list-style-type: none"> • LGAP milestone report - 9 April 2015 • LGAP status report - 26 March 2015 • LGAP status report - 2 February 2015 • LGAP status report - 17 November 2014 • LGAP status report - 14 October 2014 • LGAP status report - 23 September 2014 • LGAP status report - 18 September 2014 • Project overview - 17 September 2014 • LGAP status report - 8 September 2014 • LGAP status report - 19 August 2014 • LGAP status report - 8 August 2014 • LGAP status report - July 2014

Table 3: In-market consultation undertaken as part of the Project

Middle East	
<ul style="list-style-type: none"> • Kuwait, Bahrain, Qatar, Oman, UAE, Israel, Jordan 	<ul style="list-style-type: none"> • 5-18 June 2015
Indonesia	
<ul style="list-style-type: none"> • LEP personnel meeting with impacted stakeholders 	<ul style="list-style-type: none"> • 31 March 2015
<ul style="list-style-type: none"> • Project Team presentations 	<ul style="list-style-type: none"> • 7-11 April 2015 and 6-8 December 2015
South East Asia	
<ul style="list-style-type: none"> • Vietnam, Malaysia, Thailand and Cambodia 	<ul style="list-style-type: none"> • 12-23 October 2015

Table 4: Face-to-face or virtual presentations and meetings with various stakeholders

Live export stakeholders	
• LERDAC*	• 15 July 2014, 10 March, 6 November 2015 and 12 February 2016
• LEP personnel	• 3 June, 11 September and 23 November 2015
• LIVEXchange*	• October 2014 and November 2015
Exporters and/or representative organisations	
• Northern Territory Livestock Export Association	• 23 November 2015
• LiveCorp Board*	• 29 October 2014, 19 February, 20 August and 23 November 2015
• ALEC Board*	• 14 April, 7 July and 16 September 2015
• Round table forums and 1-to-1 meetings, Perth, Darwin, Brisbane	• February, June and July 2015
• Webinars (3)	• March and November 2015
• ALEC General Meetings*	• 29 October 2014, 14 April and 24 November 2015
Peak industry councils, producer groups and producer representative organisations	
• Cattle Council, Sheepmeat Council and Goat Industry Council of Australia	• 24 March, 25-26 May and 15 September 2015 (R&D Forum)
• Sheepmeat Council of Australia	• 11 November and 25 November 2015
• Agforce Queensland	• 6 August 2015
• Northern Territory Cattlemen's Association	• 2 December 2015
• Pastoralists and Graziers Association of Western Australia	• 17 September 2015
• Stanbroke and Consolidated Pastoral Company	• 3 September 2015
• MLA Board representatives*	• 24 November 2015
Australian Government	
• Department of Agriculture	• 13 August 2014, 12 February and 15 September 2015 (R&D Forum)
• Minister for Agriculture	• 19 June 2015
Animal welfare interest groups	
• RSPCA Australia	• 29 September 2014 and May 2015
• RSPCA Australia, World Animal Protection and Animals Australia	• 15 September 2015 (R&D Forum)
• Professor Temple Grandin	• 25 November 2015
• Dr Bernard Vallat (OIE)	• 25 November 2015

* Represents activities in-scope

4. Project approach

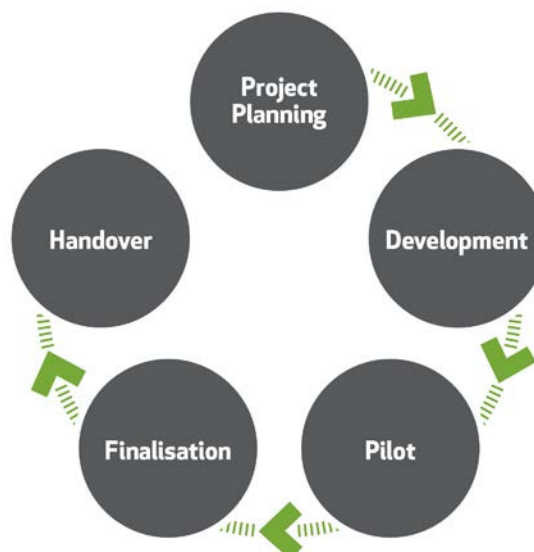
The Project Team established a project approach and plan which defined outputs, detailed activities, responsibilities and timeframes. Diagram 1 outlines the components that are required to be established in assurance or conformity assessment programs and upon which the project approach and plan was based.

Diagram 1: The components to be established under W.LIV.3027



The Project was separated into five major stages in the project approach, each with sub-stages that would deliver the components required, as shown in Diagram 2.

Diagram 2: Major stages in the Project



Sub-stages comprised:

- 1) Project planning
 - Work breakdown structures and project plan
- 2) Program development
 - Program governance and structure
 - Standards
 - Rules
 - System
 - Materials
- 3) Pilot
- 4) Finalisation
 - Amend components based on pilot
 - Implementation plan
 - Budget
- 5) Handover

Appendix 7 provides a summary of the project approach originally developed and provided in the tender response and presented to:

- LERDAC in July 2014;
- the initiation meeting in July 2014; and
- the first Consultative Committee meeting in September 2014.

This approach includes additional requests that were made to the Project Team as the Project progressed.

Section 5 provides details regarding how these stages progressed and how their respective components were developed. This report and all appendices along with the supporting resources represents Finalisation and Handover.

5. Project outcomes

5.1. Project planning

An extensive project plan was developed at the commencement of the Project. This was presented at the beginning of the Project to the project initiation meeting attendees, LERDAC and at the inaugural Consultative Committee meeting.

The purpose of the project plan was to define step-by-step activities the Project Team would undertake, assign responsibilities and allocate timeframes. This plan also identified points at which concepts would be considered by the Consultative Committee and how feedback from this process would be considered by the Project Team.

This project plan continued to guide activities throughout the development process and was updated as required (Appendix 8).

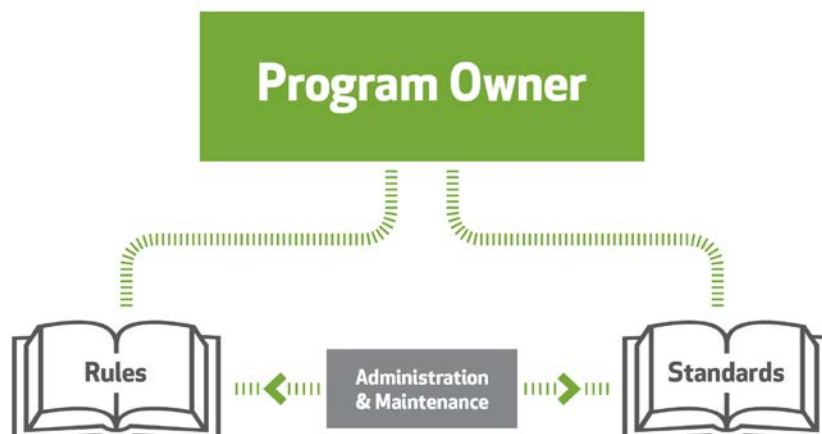
As part of the planning stage, the Program objectives were required to be established. These were refined during the formative stages to be:

- 1) define and support international standards for animal welfare, husbandry and management based on international precedents and scientific evidence;
- 2) foster world's best practice in the welfare and management of animals;
- 3) encourage continuous improvement in the welfare and management of animals; and
- 4) provide assurances that effective animal welfare and management standards are in place and are being fulfilled.

5.2. Program governance and structure

A conformity assessment or assurance program typically requires an 'owner' (eg: Program Owner); that is an entity that owns the Program's intellectual property (predominately in the form of standards, rules, policies, procedures etc) and has the necessary resources to administer and maintain the intellectual property, as represented in Diagram 3.

Diagram 3: Program owner responsibilities



In considering management structures and governance models common to conformity assessment programs and identifying the model which would best suit the Program, the following were considered:

- the Program must be able to deliver on its objectives;
- the long-term sustainability of the Program must be ensured through allowing for continuous improvement of the Program, its scope, relevance, uptake and position in the world market;
- the model must provide for appropriate oversight and management of all aspects of the Program; from the development of the intellectual property to the monitoring of conformance, as well as performance monitoring of Certification Bodies and Auditors;
- the Program would continue to be run competently, in a responsible and ethical manner and in a manner that would achieve desired results;
- the Program needed to meet guidance and requirements of the ISO and WTO provisions in order for it to be acceptable across various jurisdictions and technically robust; and
- all regulatory, legal and financial obligations are able to be met.

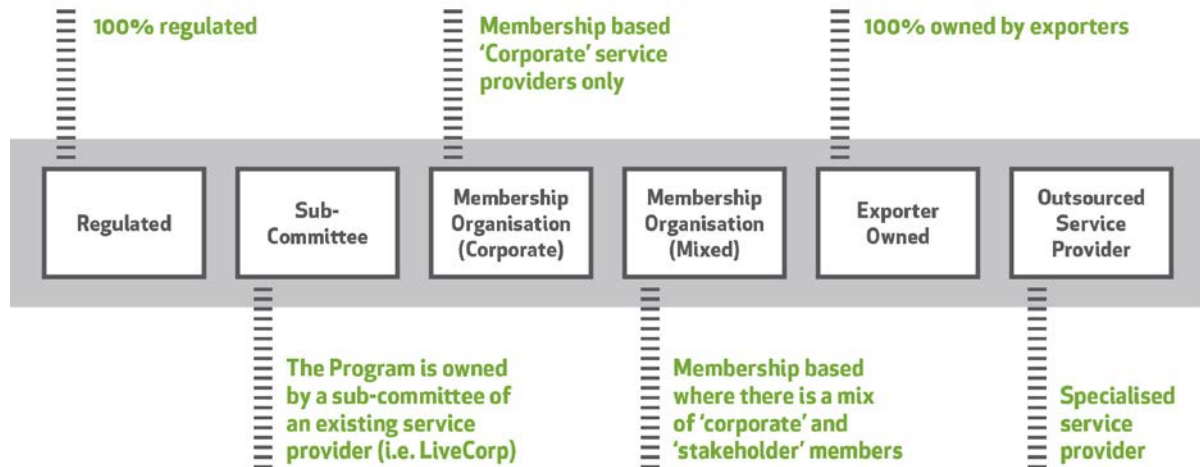
While the foundation research recommended that, in order to maintain impartiality within the Program and separate the Program from any one Australian industry body or any government, the Program be established with an independent company as the owner, the Project Team reconsidered this and the ownership structures most common within conformity assessment programs. This was to reconfirm the relevance of the original recommendation.

Six ownership options were presented the Consultative Committee in the 12 September 2014 meeting. These are presented in Diagram 4 and encompassed:

- a regulated model in which the Standards, Rules and Auditor requirements were clearly defined but essentially the Program continued to run as ESCAS;
- a sub-committee model in which one of the existing Project Stakeholders established a sub-committee to administer and manage the Program;
- a membership model in which a member-based organisation was established and members were comprised of a limited number of industry organisations;
- a membership model in which a member-based organisation was established and members were comprised of a broad number of categories, including those certified under the Program, interested parties and industry organisations;
- a co-operative model in which exporters collectively established and ran a company responsible for the Program; and

- a 'privatised' model in which the Program was developed by industry but handed over to an established, specialised service provider who took over control and management of the Program.

Diagram 4: Six organisational structures considered under the Project



Between the September and November 2014 meetings, the Consultative Committee and Project Team considered the merits of ownership structures based on key criteria such as:

- a structure that allows for internationalisation;
- ability of the Program to be at 'arm's length' to industry;
- ability to leverage revenue opportunities;
- cost balanced against other criteria;
- avoiding misuse or misappropriation of the Program's intellectual property and the possible redirection of the intent of the Program (ie 'staying true' to the vision and scope of the Program);
- perception and the need for the Program Owner to be seen to be credible;
- positioning of the Program as independent of Government;
- ensuring the Program delivers at least ESCAS equivalent outcomes;
- potential for the Program Owner to return profit back to the Program; and
- the need for the Program Owner to be flexible, responsive and agile.

Three models were shortlisted for further investigation and consideration. Appendix 9 provides an overview of the three shortlisted models proposed and an analysis of these that was considered by the Consultative Committee.

During the 21 November 2014 meeting, the Consultative Committee unanimously supported the mixed membership model for the Program Owner structure and agreed that this should be progressed, pending expert legal and financial advice by the Project Stakeholders, noting that at that point in time, the procuring of such advice was beyond the scope of the Project (refer sections 2 and 3.4).

At this time, the mixed membership model was proposed to be a not-for-profit organisation, limited by guarantee. Membership would be open to, for example, industry service providers and companies such as exporters, as well as impacted stakeholders such as importers, feedlots, farms and abattoirs.

It was agreed that the Program Owner would be comprised of: a five person board, including an independent chair and managing director as well as committees responsible for the review and maintenance of the intellectual property, those being:

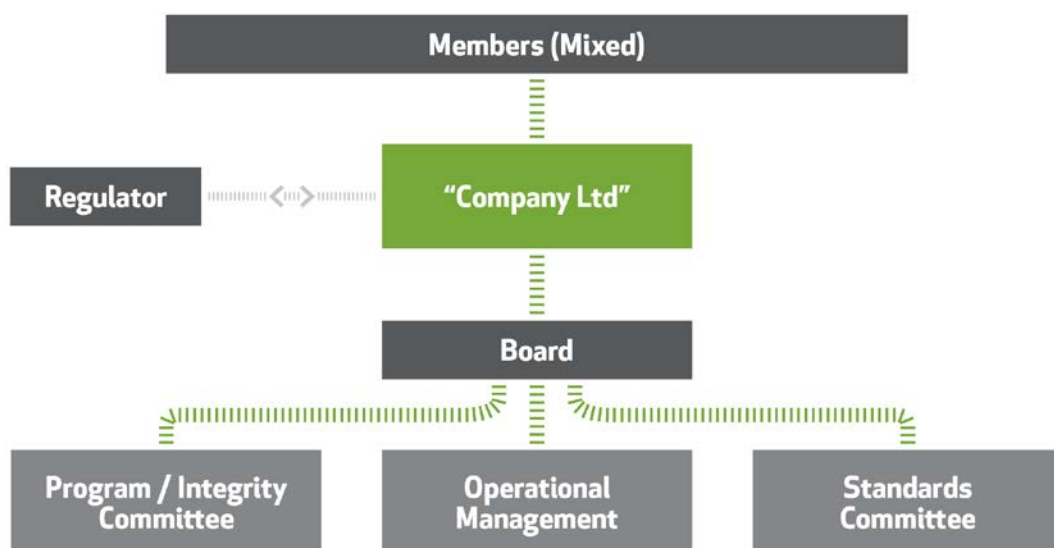
- a five-person Program Rules and Integrity Committee; and
- a ten-person Standards Committee (refer section 5.3.5).

Operational management and administration of the Program would also be required and the human resources to undertake this were estimated (refer section 5.2.1).

It was further 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 are being provided through the Program.

Diagram 5 provides an overview of this ownership structure.

Diagram 5: Proposed structure



Funding to extend the scope of the existing Project to include expert legal and financial advice was secured in July 2015. This preferred model has formed the basis for further development activities throughout the lifecycle of the Program and for the legal and financial advice and concurrent activities that have been undertaken.

As part of the scope extension activities, the Project Team drafted a model Constitution (Appendix 10) in consultation with the Consultative Committee and Clayton Utz.

Recommendations were provided to the Project Stakeholders in order for the respective Boards to consider establishment and facilitate a determination on:

- the Constitution;
- the registered office and principal place of business;
- the founding directors and company secretary; and
- at least one initial member.

The model Constitution is intended to provide guidance only but does reflect the outcomes of the research and consultation.

5.2.1. Internal structure

Regardless of the structure, it was recognised that the Program would require operational management resources.

The types of activities that were identified as requiring resourcing, included:

- conformance, integrity and performance monitoring of all parties;
- coordination and monitoring of the application and certification processes;
- building understanding through training, marketing and communications;
- IT system administration, management and support; and
- financial, legal and general administration.

The resourcing requirements for the preferred model, in addition to the Managing Director, were considered by the Consultative Committee to be:

- one Financial Manager, which would also undertake Company Secretary responsibilities;
- one senior Program Manager responsible for managing and monitoring the overall Program and supporting the Managing Director;
- one technical resource responsible for program assistance, coordinating training etc;

- one support role responsible for the Program's IT system;
- one marketing and communications role; and
- one administration role.

It was recognised that these resource requirements would change over time as the Program evolved. These resources were subsequently considered during the detailed budgeting process (refer section 5.2.3).

Integrity management

During the 27 February 2015 Consultative Committee meeting, discussion took place relating to the role exporters have been required to adopt in 'policing' ESCAS in-market and the investment they have made in in-market staff in order to prevent and investigate noncompliance under ESCAS.

The Consultative Committee considered that the Program may potentially offer an opportunity to rationalise the individual and often duplicated expense of having multiple people in-market undertaking the same functions and requested that the Project Team consider models that would facilitate this.

While this was not within the scope of the Project, the Project Team worked with exporter members of the Consultative Committee on two models that would enable the Program to adopt a monitoring and investigative role through the use of either;

- 1) Centralised Integrity Managers - in which one resource, based with the Program Owner, would be appointed and given a budget to conduct in-market investigations utilising contractor skills to undertake these activities; or
- 2) Dispersed Integrity Managers - in which four resources, based in specific geographic locations, would be appointed and undertake investigations (among other tasks) in their designated regions.

The Project Team and exporter members of the Consultative Committee considered the effectiveness and cost-benefit of both of these models. The option to utilise two centralised Integrity Managers was agreed at the 1 May 2015 Consultative Committee meeting.

These resources, including the funding to contract investigations, are included in the budget (section 5.2.3).

5.2.2. Legal advice

The Project Manager directly contracted Clayton Utz to provide legal advice regarding the Program. Clayton Utz was approached due to their immediate experience with ESCAS and the live export trade. Clayton Utz was specifically asked to:

1. Review the proposed Program governance structure, approach and direction as well as the Certification Requirements and relevant declarations and policies.

2. Consider the appropriate legal and governance structures that would help safeguard the Program from legal challenge or other risk, including liability and indemnification. In particular consider the environment in which the Program must operate; that being the international trade of livestock and the likelihood of the Program presenting a barrier to trade.
3. The manner in which:
 - a) nonconformities are classified and managed, as well as the process for managing the suspension and withdrawal of certification. In particular consider the ramifications of a Facility losing its certification and thereby not being able to access livestock or possibly continuing to trade; and
 - b) risk assessments are undertaken and used to determine surveillance frequencies.
4. Provide advice with respect to areas requiring further consideration or revision.
5. Prepare appropriate governance documents such as the model constitution.

Throughout August and September 2015, the Project Team worked with Clayton Utz to undertake these activities. Clayton Utz was provided with all draft materials as at July 2015 (understanding these were under continual review) and a series of teleconferences were held between legal counsel and the Project Team.

The report provided by Clayton Utz (Appendix 11) was considered by the Consultative Committee meeting at its 9 October 2015 meeting and provided to Project Stakeholders. The report was generally considered to be complimentary of the Program and the Program Owner structure proposed and did not identify any significant barriers or issues that required immediate investigation.

It was considered that many of the areas that were recommended for further investigation were those that could not be more clearly investigated or resolved until implementation and establishment occurred.

The Consultative Committee agreed that further legal activities would be restricted to those focused on establishing the Program governance structures in order to deliver a Program that is ready to be implemented, as per the scope of the Project and subsequent scope extension. It was determined that commissioning additional legal advice outside the scope of the Project should be the responsibility of the Program Owner and the Program's Board, should the Program proceed to implementation.

In summary, notwithstanding that further context is provided in Appendix 11, the report indicates that:

- A company limited by guarantee would be an appropriate entity to run the Program.
- The possibility of a legal dispute or allegation under or to the Program cannot be totally discounted; however, the risk of such is considered to be manageable.

- The Program demonstrably provides a number of significant benefits to the Industry.
- The Program will deliver administrative efficiencies; however, such benefits are ancillary compared with the benefits gained from increased regulatory certainty and risk mitigation for the Industry.
- Assuming the Program is appropriately incorporated and adopted, it will fundamentally change and reduce regulatory risks and associated commercial costs that will dwarf the administrative benefits and the costs of developing the Program.
- In Clayton Utz's experience, considering a combination of regulatory risk and associated commercial costs, the Program is likely to represent significant annual savings for each exporter, ranging from many tens to hundreds of thousands of dollars. It will also provide increased commercial certainty and confidence for exporters and producers.
- The Program will represent powerful, independent and objective evidence of appropriate processes and activities on which exporters can rely on in order to demonstrate compliance with relevant legal obligations, including to answer Regulator concerns, allegations or threatened sanctions.
- The Program can help ensure that the position of exporters is far better protected than is currently the case with any investigations, impositions of regulatory sanctions and potential prosecutions, in particular by providing a reliable independent and objective basis to help ensure any action taken is proportionate to the circumstance.
- Clayton Utz considers the Program to be significantly better placed than the Department's current ad hoc approach, which runs the risk of being in breach of anti-competitive laws by imposing strict conditions on some exporters to a particular market but not on others, without arguable sufficient basis to differentiate.
- The focus on demonstrating a *commitment* to management, traceability and welfare is an important legal distinction to ESCAS which aligns the Program more closely with legal obligations than ESCAS.

Some issues were identified by Clayton Utz that required accommodation within the development Project. Areas in which Clayton Utz made comment that required specific alterations to initial drafts of the Certification Rules, included:

- Setting out timeframes for when nonconformities are required to be closed. While this had been established, it had not been articulated clearly in the Certification Rules. The Project Team more clearly defined such timeframes.
- Clearly defining the purpose and scope of the risk assessment and the ramifications the risk rating has on surveillance frequencies. The Project Team further defined this information in the Certification Rules.

- Consideration of a timeframe within which complaints should be made (eg within a reasonable time of any alleged incident or nonconformance) in order to prevent complaints being received substantially after the fact, thus making it difficult to investigate and remediate. The Project Team set this timeframe as seven days.
- Further detail regarding the complaint handling and investigation process was suggested to reduce ambiguity and subsequent scope for disputes. The Project Team developed documents as part of the Program Owners initial management system for complaints (section 5.4.6).

Areas in which Clayton Utz made comment on the initial drafts of the LGAP Standards and which were considered by the LGAP Standards Committee, included:

- The provision of clear examples of what contingency arrangements should be in place under the Chain of Custody Standard.
- Specification of a timeframe for how long documented information must be kept.
- Specification of a timeframe in which devices are returned or destroyed once removed from slaughtered livestock.
- Ensuring phrases with the potential to materially affect conformance obligations are clearly defined, for example define "pressure applied".
- Avoiding absolute obligations (ie "notify the authorities immediately") which typically can reasonably be expressed as requiring action "as soon as practicable" or "as soon as possible".

These items were considered by the Project Team and the LGAP Standards Committee.

Overall, many of these were determined to be:

- examples of evidence or appropriate for inclusion (and were included);
- policy items for the Program Owner to determine, rather than requirements; or
- not consistent with international standards setting process, particularly in relation to the use of certain terms.

5.2.3. Operational budget

A preliminary operational budget for the Program was prepared by the Project Team for discussion at the 21 November 2014 Consultative Committee meeting.

This budget estimated the annual income and expenses for the Program, post implementation, under the preferred Program Owner structure based on limited information available at that point in the Project. Based on feedback and further research, a more detailed budget was prepared which included an analysis of the operating budget allowing for variations or increases in Facility numbers over six years.

This budget was provided to the Consultative Committee at the 27 February 2015 meeting and further refined over the course of the Project as aspects of the Program were amended and finalised.

Budgeting early in the Project was difficult due to the iterative nature of the Project development process, as a result each change to a Program component had a budgetary impact that required consideration. In some cases these impacts were significant, such as that arising from the consideration of monitoring and investigative capacities (section 5.2.1).

At the 1 May 2015 Consultative Committee meeting, it was agreed that further consideration of the budget, including more detailed modeling, would need to occur post-pilot and after professional financial advice had been sought. In the original project expression of interest submitted by the Project Manager, the cost of procuring expert financial advice was identified as being out of scope, although an estimate of what this cost might be was provided.

Funding to extend the scope of the Project to include this aspect was secured in July 2015. The Project Manager directly contracted Ferrier Hodgson to provide advice regarding:

1. The proposed governance structure and its economic feasibility, as well as alternatives that may be more economically feasible.
2. The proposed operational budget that considers Program growth over six years, in particular consideration of:
 - the most appropriate membership structure;
 - the opportunity to extract a membership fee and recommendations of what that fee should be comprised of;
 - the cost structure for auditing as in the preliminary budget applied a set rate for all audits; however, due to the disparity in ESCAS audit pricing between global markets, it was considered likely that audit costs would be regionalised. The pilot process was to assist with identifying audit costs;
 - the accuracy of the figures provided, including whether they are realistic; and
 - options that would reduce the operational cost of the Program, without compromising the ability for the Program to deliver upon its objectives.

Ferrier Hodgson did not identify any specific fundamental issues with the proposed budget and focused its attention on developing a more detailed model to assist industry deliberations. Specific feedback from Ferrier Hodgson included the suggestions that:

- A fee could be levied against each audit, rather than an administration fee being levied annually, to avoid the separate collection of fees.
- The number of LGAP Standards Committee meetings could decrease from two per year to one per year.

- The number of Board meetings could decrease from four to two from Year 3 onwards.
- The foreign currency loss contingency could be removed on the basis that all invoices could be submitted in AU\$ and all payments made in AU\$ as online payment systems would enable this. On review, the Consultative Committee rejected this suggestion and it was determined that the contingency provision should remain.
- The amounts allocated to finance, legal, marketing, communication and translation could be changed, albeit slightly.
- Variations over the six years be introduced to allow for an increase/decrease in activities (for example provide for more marketing/communications in the initial start up phase, decreasing over time).
- The number of staff employed under LGAP could be increased slightly in the initial start up phase to assist with implementation.
- A contingency model be prepared to assist in considering the ramifications of variations in uptake from Facilities and Operators based on +/- 20% etc.

Appendix 12 provides a six-year operational budget summary based on Project research, consultation and Ferrier Hodgson's model, which is further summarised in Table 5.

Explanatory notes are provided in Appendix 13. Appendix 14 provides the detailed model provided by Ferrier Hodgson which was used to develop the summary budget (noting that the model provided by Ferrier Hodgson has been modified based on Consultative Committee feedback).

Overall, the detailed model provided by Ferrier Hodgson builds on and supports the initial approach and budget established in the early stages of the Project, taking into consideration figures have changed as the development of the Program has evolved and more accurate details have become clear, in particularly post-pilot.

Table 5 Summary budget

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revenue						
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

Considerable effort was made to establish a cost comparison between ESCAS and the proposed Program; however, insufficient accurate and consistent information was available from exporters and Government to allow for such a comparison.

Reports on the cost of ESCAS varied depending on the stakeholder with some being unable to provide even base estimates and others providing averages that were non-inclusive or carried so many caveats as to be useless in a comparison. This was compounded by ESCAS reform activities which changed cost structures mid-Project and generated uncertainty as to future costs of ESCAS.

The Department's ESCAS Review report estimates the cost of ESCAS to exporters, without considering the cost to Government or other stakeholders, to be in excess of \$11.9 million per year. A total combined cost of ESCAS to Industry and Government of \$17 million per year has also been reported. More recently, an 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.

The budget model developed through the Project 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 total cost does not consider possible revenue from membership streams and other sources.

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 likely to be between \$2,070 (low risk, Australia) and \$22,360 (high risk, Middle East).

This is illustrated more completely in Table 6, noting that this should not be directly compared with ESCAS audit costs as this annual cost is inclusive of a range of other services.

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, ie where exporters share the audit cost for a facility, can continue to exist under the Program.

Table 6: Likely **annual** all inclusive costs per Facility or Operator based on region and risk rating.

Region	Risk rating	Annual inclusive cost per Operator or Facility
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

5.2.4. Program name

Until February 2015, the working title of the Program had been the 'Livestock Export Global Assurance Program' or LEGAP.

As the Program has been designed to be primarily Facility-based and Facilities do not export livestock, the Consultative Committee agreed at its 27 February 2015 meeting that a more accurate name for the Program would be the 'Livestock Global Assurance Program' or LGAP. This also allowed the Program to be established from the outset in a flexible manner so as to take advantage of market drivers when the opportunity presented itself. Appropriate checks in terms of name availability were undertaken before this was agreed and the name was found to be unencumbered and available.

5.2.5. Interaction with the Regulator and ESCAS

A key recommendation in the original research was that the Program would not operate in parallel to ESCAS indefinitely. ESCAS is based on four principles:

- 1) animal welfare that conforms to OIE recommendations;
- 2) control through the supply chain of all arrangements for livestock transport, management and slaughter so as to ensure all livestock remain in the supply chain;
- 3) traceability through the supply chain so as to ensure the exporter can trace all livestock through the supply chain; and
- 4) the supply chain facilities in the importing country is independently audited.

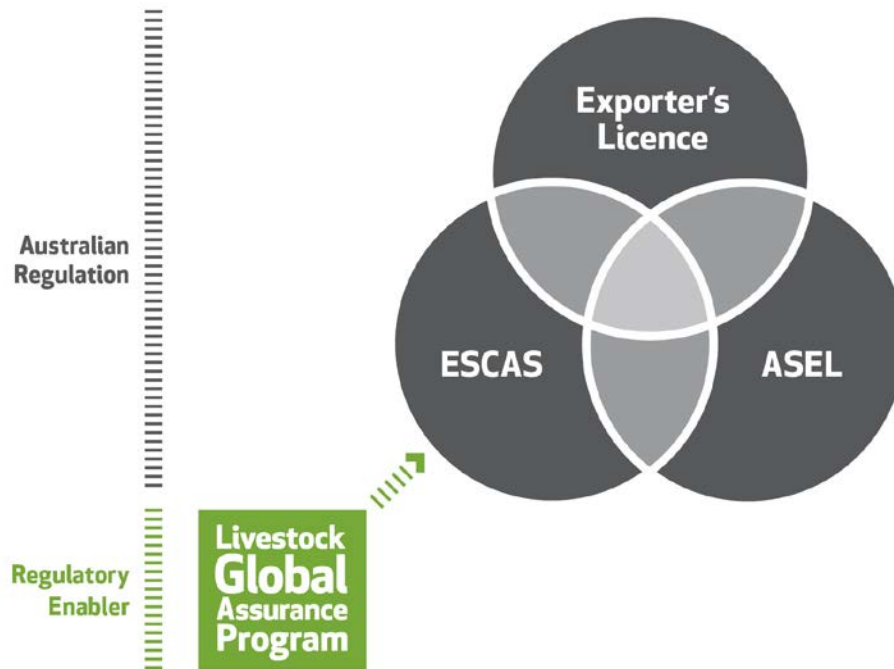
The Program has been developed in consideration of these principles to be 'ESCAS equivalent' and to provide a platform for those Operators and Facilities seeking to achieve higher standards than ESCAS.

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 assurances 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). Under the model developed, it is proposed that the Program Owner would 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.

Diagram 6: Proposed interaction between Regulation and the Program



The Project scope covered the development of the Program only and did not extend to gaining a commitment from the Regulator that this Program would be recognised as ESCAS equivalent. The Government has publically, through the ESCAS Review report, identified the desired future direction of ESCAS; that being the recognition of third-party programs as ESCAS equivalent.

The qualification to this is that should such a third-party program be recognised then it would likely be required to demonstrate, through trials, that it is ESCAS equivalent.

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 may require a regulatory change, would 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.

Significant differences exist between the Program and ESCAS. Diagram 7 provides an overview of the structural differences and Diagram 8 provides a direct comparison.

Diagram 7: ESCAS and the Program structures

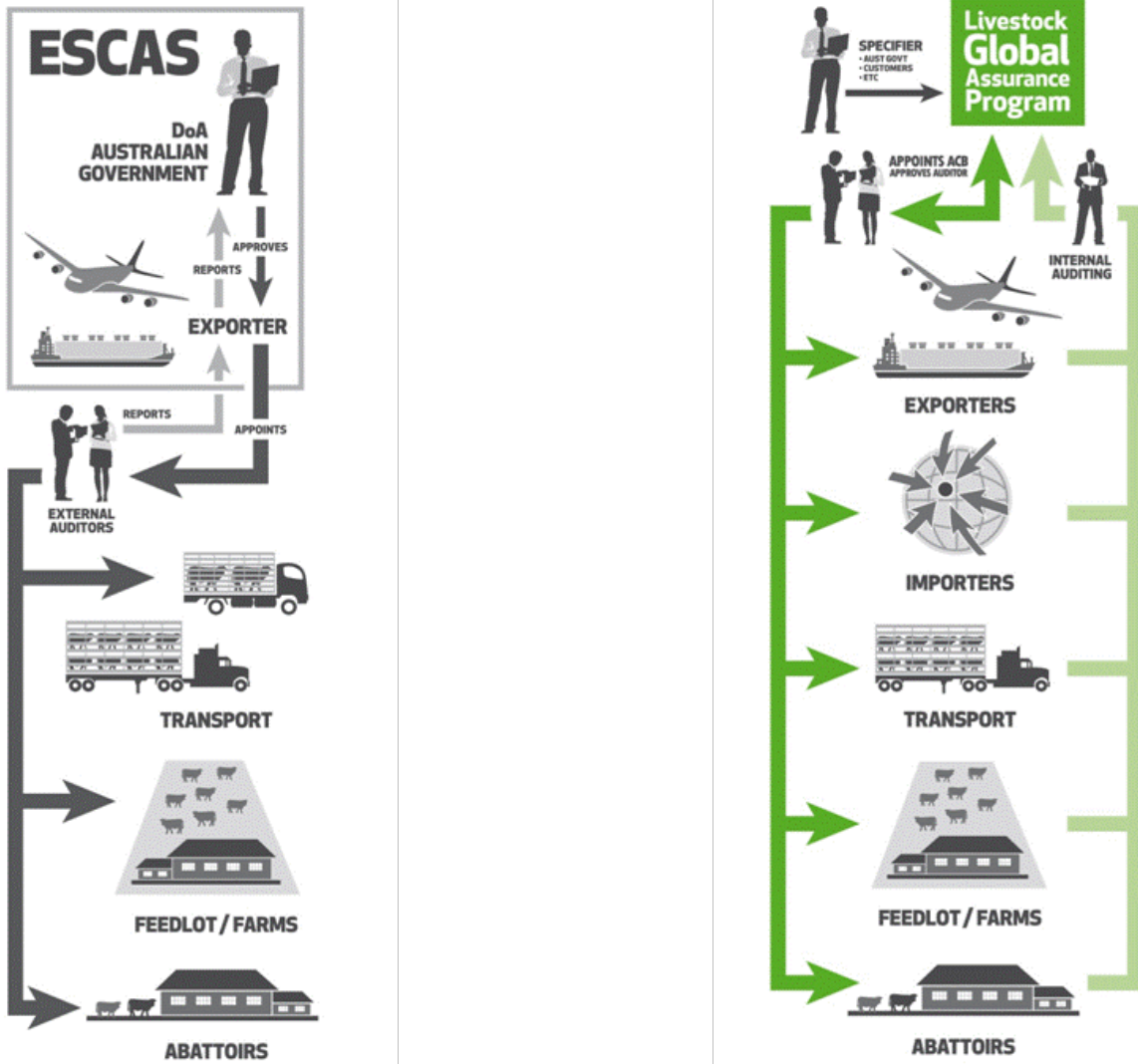


Diagram 8: Comparison between the Program and ESCAS

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.		✓

5.3. LGAP Standards

In developing the LGAP Standards, a number of variables had to be taken into account by the Project Team, including:

- the requirement to provide participants with ESCAS equivalence but also provide 'more than' ESCAS so as to support the sustainability of the industry;
- the need to adhere to ISO and WTO guidelines for the development of standards, so as to enable international acceptance and avoid concerns relating to trade barriers and sovereign interference;
- the ability for requirements to be applicable to all animals within a Facility, regardless of the origin of the animal. For example local animals or animals imported from Australia or countries other than Australia;
- the significant variation in size and sophistication of Facilities in each market, as well as the capacity and capability of Facilities to implement requirements;
- the 'ESCAS checklist'² and, from May 2015, the ESCAS Animal Welfare Standard³; and
- consideration of domestic and international programs, guidelines or codes in relation to animal welfare, as well as the need to determine, where ever possible, a scientific basis for such requirements.

5.3.1. Standards development process

In order to be internationally applicable, the standards development process followed:

- *ABSDO: Requirements for the Accreditation of a Standards Development Organisation, Version 1_1 (2014).*
- *ISO/IEC 17007:2009: Conformity assessment - Guidance for drafting normative documents suitable for use for conformity assessment.*
- *ISO/IEC Guide 59:1994: Code of good practice for standardization.*
- *Standards Australia: Standardisation Guide 006 - Rules for the structure and drafting of Australian Standards. Version 2.6 (2012).*
- *WTO: Agreement on Technical Barriers to Trade, Annex 3: Code of Good Practice for the Preparation, Adoption and Application of Standards.*

² Australian Government Department of Agriculture (2011). *Guidance on Meeting OIE Code Animal Welfare Outcomes for Cattle and Buffalo (Version 2.2, 20 August) and Sheep and Goats (version 3.3, 21 August).*

³ Australian Government Department of Agriculture (2015). *ESCAS Animal Welfare Standard, May.*

These international guidelines specify the expectations of any organisation setting standards and the standards development process; Appendix 15 provides a summary of these expectations which guided the standards development process under this Project.

5.3.2. Basis for the LGAP Standards

Significant research was undertaken to establish, where possible, a scientific basis for all requirements in the LGAP Standards.

This involved the consideration of more than 25 programs, codes, requirements or other such documents from Australia and around the world. Although outside the scope of the Project, this included a scan of major export markets' animal welfare legislation.

Appendix 16 details the majority of items considered by the Project Team in the development of the LGAP Standards. In particular, the LGAP Standards considered:

- 1) The Department - *Guidance on Meeting OIE Code Animal Welfare Outcomes for Cattle and Buffalo*, Version 2.2, 20 August and *Sheep and Goats*, version 3.3, 21 August 2011.
- 2) The Department - *ESCAS Animal Welfare Standard*, May 2015.
- 3) The Department - *ESCAS Audit Guidance*, May 2015.
- 4) ISO 9001:2015 - *Quality management systems - Requirements*.
- 5) ISO/IEC 31000:2009 - *Risk management – Principles and guidelines*.
- 6) OIE Code, V7.

Within the Standards, the nomenclature used reflected structure, syntax, terms and verbal forms of expression (eg 'shall') contained in:

- ISO/IEC Directives, *Part 2: Rules for the structure and drafting of International Standards*, (6th Edition, 2011).
- ISO/IEC 17007:2009: *Conformity assessment - Guidance for drafting normative documents suitable for use for conformity assessment*.
- ISO/IEC Guide 59:1994: *Code of good practice for standardization*.

In instances where there was conflicting or silent requirements, or greater clarity was required, the Project Team conducted desk top reviews to further clarify these areas.

Appendix 17 details two additional papers that, while not in scope, were prepared by the Project Team for the Consultative Committee to assist in developing the LGAP Standards.

An initial draft of the LGAP Standards was provided to the Project Stakeholders on 30 January 2015 and feedback from this was considered by the Project Team.

An updated draft was then provided to the Consultative Committee for discussion during its 27 February 2015 meeting. Feedback from the Consultative Committee was considered and an updated initial draft prepared for the 1 May 2015 meeting.

5.3.3. Introduction of 'chain of custody'

The foundation research and initial Program development was based on the informed premise that the Regulator would maintain oversight of control and traceability at the exporter level and that the Program would apply to animal welfare at the Facility level.

In the 27 February 2015 Consultative Committee meeting, this model was reconsidered and the Department representatives indicated that the Program operating under this model would only demonstrate two of the four principles of ESCAS (being animal welfare and independent auditing) and would therefore not be considered ESCAS equivalent. This was contrary to previous advice and required the scope of the Program to be expanded to include control and traceability.

Having previously identified this increase in scope as a risk to the development process, the Project Team had developed a draft Chain of Custody Standard which could be applied to exporters in order to satisfy ESCAS control and traceability obligations under the Program. The Consultative Committee agreed that the chain of custody framework proposed by the Project Team should be further developed.

The Project Team agreed to accommodate this development within the scope of the existing Project and the Initial Draft LGAP Chain of Custody Standard was agreed by the Consultative Committee at its 1 May 2015 meeting.

During this time, significant issues regarding traceability and control under ESCAS were occurring within export markets. The Project Team's research into some of these issues suggested that these were being exacerbated by (but not limited to) the lack of auditable requirements placed upon importers under ESCAS.

At the 5 August 2015 Consultative Committee meeting, the Project Team recommended that the LGAP Chain of Custody Standard be extended to importers to address some of the issues being experienced at that time under ESCAS, understanding that no program can eliminate criminal or fraudulent behaviour.

The Project Team proposed that in placing these requirements against importers, the Program would ensure greater accountability for all parties in the supply chain. The Consultative Committee agreed with this proposal.

5.3.4. Format of the LGAP Standards

In following ISO/IEC guidelines for standards writing, the Project Team structured four documents that would comprise the family of standards applicable under the Program:

- LGAP x000 *Livestock assurance - Fundamentals and vocabulary* which describes the fundamentals of livestock assurance and specifies the vocabulary to be used;

- LGAP x001 *Livestock assurance - Requirements for animal welfare and management*, which specifies requirements for animal welfare, health and management; the personnel of Operators and Facilities; infrastructure and equipment; livestock identification and movement; transport; slaughter; and processing;
- LGAP x002 *Livestock assurance - Requirements for the management system of Operators and Facilities*, which specifies requirements for the management system of Operators and Facilities that manage livestock, including leadership and responsibilities; processes; documented information, monitoring and records; management review and internal auditing; nonconformities and corrective actions; and
- LGAP x003 *Livestock assurance - Requirements for Operator chain of custody*, which specifies the requirements for traceability and control associated with livestock.

At this point in time, the numbering was temporary and to be determined by the LGAP Standards Committee (section 5.3.5).

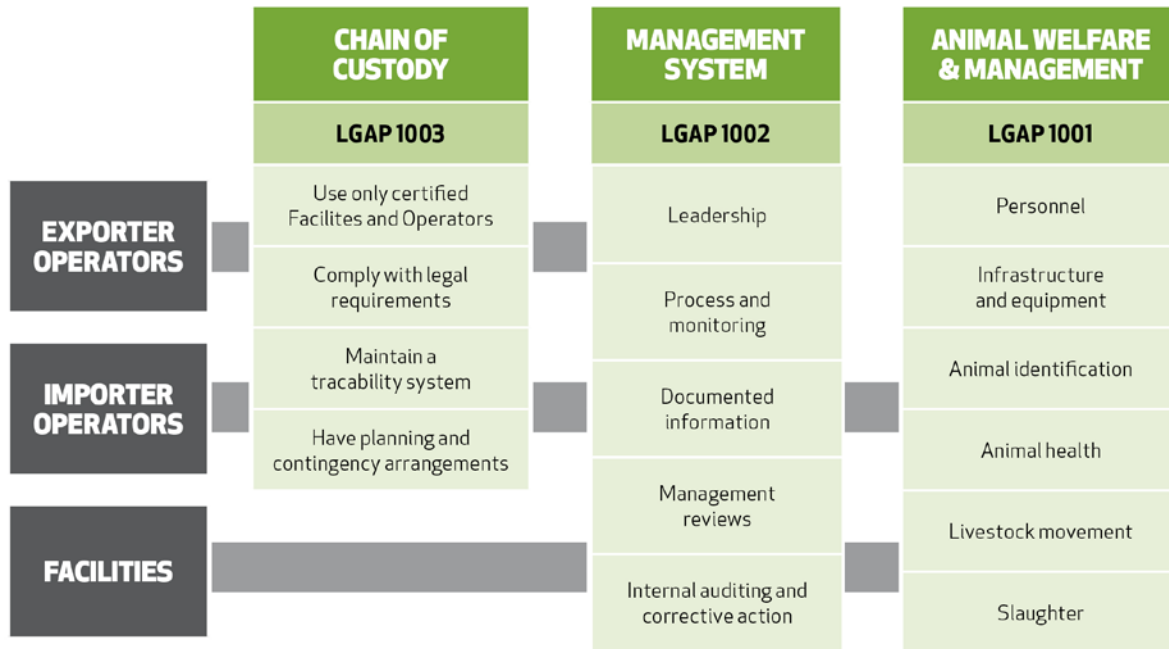
The structuring of the LGAP Standards in this manner was deliberate in order to ensure they would be flexible and could be readily modified over time to accommodate changes or new developments.

Examples of this flexibility include:

- Should the Program be required to extend to cover ASEL (as recommended by the Farmer Review), this could be accommodated with the addition of a new Standard:
 - LGAP x004 *Livestock assurance – Requirements for the sourcing and preparation of livestock for export*
- Should the Program be required to extend to cover breeding livestock which are currently outside the scope of ESCAS but was a consideration during the development of the Program, then a new Standard could be implemented such as:
 - LGAP x005 *Livestock assurance – Requirements for the management of breeding livestock*
- Should market-specific requirements in addition to the Program requirements need to be set this could be incorporated, such as:
 - LGAP x006 *Livestock assurance – Requirements for specific markets – <Market name>*
- If there were a sufficient level of interest in extending the Program in other areas, such as:
 - LGAP x007 *Livestock assurance – Requirements for food safety and hygiene*

The application of the LGAP Standards and requirements within each Standard would depend on the type of entity involved, as shown in Diagram 9.

Diagram 9: Application of LGAP Standards



5.3.5. Standards Committee

The formation and convening of a Standards Committee is a guiding principle under international standards development processes (section 5.3.1). One of the requisites of a Standards Committee is that it includes balanced representation of relevant stakeholders.

In order to follow international guidelines for standards development processes, the Consultative Committee agreed that a specialised Standards Committee should be formed once a substantial Initial Draft of the LGAP Standards had been prepared.

The establishment of the LGAP Standards Committee was identified in the 27 February 2015 Consultative Committee meeting as a crucial step in ensuring there would be no delays between the development stage and potential implementation. The Consultative Committee also considered the make-up of the LGAP Standards Committee and, in recognition of the Program being an international program operating outside of Australia and across international borders, appropriate representation was determined to include:

- two Australian exporter representatives;
- two representatives for livestock related businesses in Asia and the Middle East;
- one representative from the project sponsor organisations;
- one adviser on international standards and conformity assessment;
- one representative to act as the interim Program Owner; and
- one independent Chair.

In addition to impacted stakeholders, appropriate representation in the area of animal welfare and health was also considered to be essential and representation in this discipline was determined to include:

- one adviser on animal welfare and health research and science; and
- one adviser on international animal welfare.

The Consultative Committee considered advice that, as an international Program, the make-up of the LGAP Standards Committee was required to ensure balanced international representation. As such, organisations that singularly represented Australia's interests were not considered to provide balanced international representation.

During the 1 May 2015 meeting, the Consultative Committee agreed the Initial Draft LGAP Standards were finalised to the point at which they could be handed to the LGAP Standards Committee once established.

Funding to extend the scope of the existing Project to include the establishment of the LGAP Standards Committee and the facilitation of a 60-day comment period was secured in July 2015. Under this arrangement the Project Manager was required to directly engage and remunerate LGAP Standards Committee members sitting fees and expenses.

The Project Team, in discussion with the Consultative Committee, prepared necessary documents for the LGAP Standards Committee which are provided in Appendix 18 and include:

- LGAP Standards Committee Terms of Reference;
- letter of invitation (customised for nominating organisation);
- information paper related to the LGAP Standards Committee and the standards development process;
- Nominating Organization Code of Conduct;
- LGAP Standards Committee Member Code of Conduct; and
- LGAP Standards Committee Member Deed.

The Project Team approached and secured nominations for ten individuals, as per the LGAP Standards Committee terms of reference and agreed process.

In order to secure international representation for the animal welfare and health positions, WAP was invited to nominate a representative to sit on the LGAP Standards Committee. They declined the invitation, citing limited capacity.

The final LGAP Standards Committee members secured through the nomination process are provided in Appendix 19.

The inaugural meeting of the LGAP Standards Committee was held in Sydney, 19-20 November 2015. The ten-person committee critically assessed and reviewed all requirements of the LGAP Standards and revisions were made.

The final result of the LGAP Standards Committee deliberations resulted in the finalisation of the Public Comment Draft LGAP Standards numbering 1000-1003.

In order to adhere to international principles for good standards setting, the LGAP Standards were made available for a 60 day public comment period which commenced on 30 November 2015 and ended 5pm 29 January 2016 (AEDT).

A letter announcing the opening of the comment period (Appendix 20) was sent from the LGAP Standards Committee Chair directly to specific known organisations as listed in Appendix 21, with the expectation that these organisations would further distribute the information through their own networks. Exporters were also notified of the opportunity to comment on the LGAP Standards by ALEC.

In addition to this direct approach, the comment period was publically announced by ALEC through media releases and statements as well as at the LIVEXchange conference in Darwin on 26 November which attracted over 400 conference delegates. Notice of the comment period was also circulated on social media channels on an ongoing basis and uploaded to the Project website.

Professor Temple Grandin and Dr Bernard Vallat from the OIE were also briefed on the Program by the Project Team and invited to comment on the LGAP Standards.

As at the closing date for comments, 20 submissions had been received from various organisations and individuals representing 188 comments.

Some commenters chose not to follow the defined process (Appendix 22) and submitted correspondence to the LGAP Standards Committee either in support of the Program and the LGAP Standards or in opposition to the trade in general. Some organisations declined the opportunity to direct comments to the LGAP Standards Committee and rather provided responses directly to the Minister, some in support and some in opposition to the trade and the Program.

A number of animal welfare and activist organisations as well as individuals provided constructive comments using the prescribed procedure. Professor Temple Grandin also provided comment on the LGAP Standards.

While some criticism was made regarding the prescriptive format for commenting, this was necessarily a formal, defined process that would allow structured comments to be provided to and considered by the LGAP Standards Committee. The process was consistent with that used by other standards setting bodies such as the ISO.

Appendix 23 provides an open letter which the Chair of the LGAP Standards Committee provided to all respondents, including those who chose not to abide by the prescribed process, explaining the public comment process.

This information was also provided to the Project Stakeholders, the Consultative Committee and the LGAP Standards Committee for dissemination, as necessary and frequently asked questions based on this letter were uploaded to the Project website.

All comments received were compiled into a template and, as agreed at the first meeting, a Drafting Group met in February 2016 to review all comments and consider ramifications. The outcomes of this meeting were provided to the LGAP Standards Committee for their consideration in advance of the 7-8 March 2016 meeting.

All comments received in relation to the LGAP Standards were reviewed by the LGAP Standards Committee during its meeting and determinations recorded in a *LGAP Standards Public Comment - Determination* document for each Standard.

The LGAP Standards Committee followed a set process whereby each submitted comment was considered and a determination made based on the following classification:

- Noted - The comment was a statement and did not provide recommendations, suggestions or guidance for changes and was considered to be 'unactionable'.
- Accepted - The comment was accepted in its entirety or with only minor amendments.
- Partially accepted - The comment was accommodated but not exactly as suggested.
- Not accepted - The comment was considered but not adopted.

The reasons for the determinations were recorded against each comment and, when Accepted or Partially accepted, the appropriate change was made to the requirement in the LGAP Standards during the meeting. A summary of LGAP Standards Committee determinations are provided in Table 7.

The public comment process provided for comments to be received in-confidence. In the interests of transparency, the LGAP Standards Committee agreed that a compilation of comments without identifying information and including the LGAP Standards Committee's determinations would be included in this report (Appendix 24).

Table 7: Summary LGAP Standards Committee determinations

Standard	Accepted or Partially accepted		Not accepted		Noted	
	No.	%	No.	%	No.	%
1001	67	44%	70	46%	15	10%
1002	11	40%	4	14%	13	46%
1003	2	25%	1	13%	5	62%
Total	80	42%	75	40%	33	18%

From the 188 comments provided, 33 or 18% were Noted (ie statement only and not actionable). Of the 155 that were actionable:

- LGAP 1001: 49% - Accepted/Partially accepted and 51% - Not accepted
- LGAP 1002: 73% - Accepted/Partially accepted and 27% - Not accepted
- LGAP 1003: 67% - Accepted/Partially accepted and 33% - Not accepted

No comments were received on LGAP 1000.

Overall, the LGAP Standards Committee Accepted or Partially accepted 52% of actionable comments with 48% Not accepted.

At the end of the meeting, the LGAP Standards Committee reconfirmed all changes made as a result of the public comment process.

Having considered the public comments and made final changes to the Draft LGAP Standards, the LGAP Standards Committee unanimously resolved that the LGAP Standards, as amended at the meeting on 7-8 March 2016, had been finalised and could proceed to publication.

Appendix 25 provides the LGAP Standards, as unanimously agreed by the LGAP Standards Committee, which are:

- LGAP 1000 *Livestock assurance - Fundamentals and vocabulary;*
- LGAP 1001 *Livestock assurance - Requirements for animal welfare and management;*
- LGAP 1002 *Livestock assurance - Requirements for the management system of Operators and Facilities;* and
- LGAP 1003 *Livestock assurance - Requirements for Operator chain of custody.*

5.4. Certification Rules

Under conformity assessment programs, rules typically exist to clearly define the responsibilities, interactions and obligations of all parties to the program.

The Certification Rules of the Program were developed following:

- ISO/IEC 17007:2009 - *Conformity assessment -- Guidance for drafting normative documents suitable for use for conformity assessment.*
- ISO/IEC 17065:2012 - *Conformity assessment -- Requirements for bodies certifying products, processes and services.*
- ISO/IEC 17067:2013 - *Conformity assessment -- Fundamentals of product certification and guidelines for product certification schemes.*

- ISO/IEC TR 17026:2015 - *Conformity assessment -- Example of a certification scheme for tangible products.*

The Certification Rules were developed throughout the course of the Project as changes to any component of the Program impacted the content of the Certification Rules. The major components of the Certification Rules were incrementally presented to the Consultative Committee from the 21 November 2014 meeting and through subsequent meetings.

Further development of major components and the overall Certification Rules occurred based on an iterative process in which the Consultative Committee provided feedback and direction to the Project Team who reworked and represented the concepts until accepted.

Elements of the ESCAS reform activity delayed the development of some aspects of the Certification Rules, for example risk assessment, audit frequency and the classification of non-conformities; however, this process progressed to the delivery of a draft of the Certification Rules, accepted by the Consultative Committee in its 1 May 2015 teleconference, subject to continual reworking, and culminated with the final draft version being provided to the Consultative Committee at its 14 January 2016 meeting.

The final version of the Certification Rules, based on feedback from the January 2016 Consultative Committee meeting, are included in Appendix 26.

The major components of the Certification Rules relate to:

- Certification Body and Auditor requirements
- Scopes of certification and the certification pathway
- Nonconformities, suspension and withdrawals
- Risk assessment and surveillance
- Complaints and appeals

The following sections expand on these components with further detail available in the Certification Rules at Appendix 26.

5.4.1. Certification Body and Auditor requirements

At the 21 November 2015 Consultative Committee meeting, specifications for auditing and certification were considered.

Under the Program, appropriately qualified and competent auditors would operate under the control of certification bodies which would be approved and appointed by the Program Owner, as shown in Diagram 10.

Diagram 10: Relationship 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 would need to formally apply to the Program Owner using the prescribed process (refer section 5.6) and demonstrate and maintain fulfillment of specific organisational requirements.

These requirements are provided in the Certification Rules and include:

- a) all the requirements specified in ISO/IEC 17065:2012, *Conformity assessment -- Requirements for bodies certifying products, processes and services*, and as further elaborated in the Certification Rules;
- b) satisfactory ongoing performance in relation to their responsibilities and those of their Approved Auditors, as may be reviewed from time-to-time by the Program Owner; and
- c) hold formal recognition from the Program Owner that the organisation is approved as being able to deliver certification services under the Program.

Under the Certification Rules, the Program Owner reserves the right to vary these requirements from time-to-time and may include necessary regulatory approvals or accreditation from accreditation bodies that are recognised by the Program Owner. Granting of the approval of a certification body would be for a three-year period.

In making application to become an 'Approved Certification Body', applicants would need to put forward the proposed auditors they would utilise to perform evaluation and auditing services under the Program.

These individual auditors would also need to be approved by the Program Owner and be required to demonstrate and maintain fulfillment of personal requirements, which include:

- a) relevant requirements in the Certification Rules;
- b) have legally enforceable agreements with any Approved Certification Bodies for which they carry out evaluation and audit activities;
- c) competency, continuing professional development and other requirements identified in the Certification Rules; and
- d) satisfactory ongoing performance in relation to their responsibilities as may be reviewed from time-to-time by the Program Owner.

Auditors would 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 Certification Rules, each auditor would be required to:

- a) have a lead auditor qualification that is recognised by the Program Owner;
- b) complete an approved training course in auditing to the Program Certification Requirements;
- c) have at least 24 hours of experience as an observer on evaluation activities for the Program certification, of which a minimum of 16 hours must be onsite during a Program evaluation of an Operator or Facility; and
- d) be subject to a satisfactory witness assessment carried out by one or more Approved Certification Bodies or the Program Owner.

Once confirmed as an Approved Auditor, each auditor would be required to commit to continuing professional development in the form of at least 32 hours of relevant professional development activity in each rolling three-year period.

The Certification Rules provide specifics on this but such training would be required to be comprised of at least the following:

- a) attendance at annual Approved Auditor training sessions, which would be provided by the Program Owner on a user-pays basis;
- b) eight hours of training in one or more the following areas:
 - i) animal husbandry, behaviour, welfare;
 - ii) animal handling and management; and
 - iii) livestock identification, movement recording and traceability;
- c) four hours of general training on audit processing and techniques; and

- d) ongoing monitoring of the relevant Program information updates provided by the Program Owner to maintain and improve their current knowledge.

Auditors would also be required hold formal recognition from the Program Owner that the auditor is approved as being able to deliver auditing services under the Program.

Under the Program, specific issues around the potential for a conflict of interest to exist in the area of auditing and certifying Facilities and Operators is managed through the requirement for Approved Certification Bodies to demonstrate fulfilment of all the requirements specified in ISO/IEC 17065. Further specific requirements for Approved Auditors relating to this issue are also included in the Certification Rules.

5.4.2. Scopes of certification

In conformity assessment programs, certification can be applied to 'scopes'; that is defined parameters in which certification is applicable. In developing the Program, a number of scopes were identified as being required. These relate to:

- Species - the livestock species or combination of species for which certification is applicable, ie: cattle, buffalo, sheep and goats;
- Activity - the activity being certified, ie: exporter, importer, feedlot, farm or abattoir;
- Sub-activity - the use of stunning or no stunning, or the combination of the two within an abattoir;
- Certification status - the status of certification awarded, eg 'Provisional' or 'Full';
- Level - the level of certification, ie Level 1, Level 2 and Level 3;
- Standard - the specific LGAP Standard applicable to the entity type; and
- Specified supply chain - where relevant to the supply chain, applicable to the Level.

Levels of certification

The primary basis for the LGAP Standards came from the OIE Code and the ESCAS Animal Welfare Standard; however, a challenge in establishing the LGAP Standards was that in some cases, ESCAS requires more than OIE, for example OIE allows casting and hobbling in certain situations while ESCAS, as an Australian requirement, does not.

As international standards, in that they are being applied outside of Australia, achieving a balance between OIE and ESCAS required a delicate approach.

One consideration was that the Program needed to address the concept of 'parallel operations' which describes the situation where Facilities in-market may handle Australian livestock to ESCAS requirements but handle non-Australia (eg local livestock or livestock from another exporting country) livestock differently.

The allowance for parallel operations exists in many conformity assessment programs; however, it is almost always done so in a controlled manner due to the reputational risk parallel operations can present such programs and the need to mitigate such risk.

The Program has been structured to allow controlled parallel operations so as to acknowledge different in-market practices which may be internationally acceptable (that is consistent with OIE guidelines) but not completely compliant with Australia's ESCAS Animal Welfare Standard.

This alleviates the potential for criticism of the Program as being 'neocolonial' in its approach and impinging on sovereign rights by disregarding OIE in preference for Australia's ESCAS requirements. Allowing for parallel operations allows both OIE and ESCAS to be recognised and presents a clear aspirational pathway for Facilities to achieve above both of these.

At the 27 February 2015 meeting, the Project Team presented a model for enabling controlled parallel operations under the Program in order to ensure both OIE and ESCAS equivalence can be achieved and provide the required pathway for continual improvement.

The model presented outlined two 'Levels' for Facilities. Level 1 was defined as 'OIE equivalent' and could be applied to non-Australian livestock and Level 2 was defined as 'ESCAS equivalent' and would be applied to Australian livestock, as provided in Table 8.

Table 8: Initial Facility Levels under the Program

FACTOR	LEVEL 1	LEVEL 2
Equivalence	OIE	ESCAS
Livestock identification	All LGAP methods allowable	Specific exclusions apply
Restraint	All OIE methods allowable	Specific exclusions apply
Non-stun slaughter	Allowable	Allowable
Multiple levels of certification on the same site	Combination allowable: Requires strict segregation and traceability of livestock	
Application	Local livestock	Australian livestock

The Project Team proposed that all Facilities operating under the Program would be required to obtain certification for non-Australian livestock to Level 1 and that Facilities could be certified in combination, for example they may choose to be certified to Level 1 for their local livestock or livestock imported from another country and Level 2 for Australian livestock. This was in order to avoid the risk in which a certified Facility was found to be mistreating non-Australian livestock, as has been the case under ESCAS.

During discussions, the Consultative Committee indicated that it was not practically feasible for the application of Level 1 for non-Australian livestock to be compulsory, but rather the Facility should voluntarily choose to bring non-Australian livestock into the Program.

The risk assessment and subsequent risk rating (section 5.4.5) would instead be used to motivate Facilities to adopt at least Level 1 certification for non-Australian livestock, thereby minimising the reputational risk for the Program.

The Project Team amended the Certification Rules to accommodate this determination.

Consideration of a third Level to certification

A third aspirational Level had also been developed by the Project Team and discussed by Project Stakeholders at a Project meeting on 30 January 2015. The primary purpose for the Project Team recommending the inclusion of a third Level was:

- to demonstrate the Program's intention to foster best practice, recognising that OIE and ESCAS are minimum requirements rather than best practice;
- to create an aspirational pathway which encourages adoption of animal welfare factors based on international precedents and science;
- to foster continual improvement through the provision of opportunity and encouragement so that all participants have an opportunity to extend performance; and
- to recognise those Facilities willing to extend performance.

The initial response to this proposal was that such a high third Level may be advocated by those opposed to the live export trade as the base level requirement for the trade, as opposed to accepting the concept of continual improvement towards best practice. On this basis, further development of the third Level was suspended until such time as the appetite for such a differentiated level could be better quantified.

Following issues faced by the industry over subsequent months, as well as feedback from stakeholders including exporters as part of the Project consultation process, the Project Team reconsidered the concept of a third Level to the Program and submitted a model for consideration by the Consultative Committee at its 5 August 2015 meeting.

The Consultative Committee requested that ALEC seek external advice on this concept in relation to the Industry's social license. Upon review, the advisor supported the concept of the third Level as an appropriate and socially acceptable method to demonstrate a genuine desire by the Industry to align the Program direction with public expectations. The advisor also commented that to release the Program without the third Level would result in heavy criticism and loss of credibility.

Table 9 provides a summary of the Levels applicable for Facilities under the Program as agreed at the 13 November 2015 Consultative Committee meeting and the 19-20 November LGAP Standards Committee meeting.

Table 9: Final 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

This approach 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.

The specific requirements applicable to the three Levels are specified in the Certification Requirements.

Consideration of Levels for Operators

In considering Levels, as well as exporter feedback gathered during the consultation process, the Project Team proposed that Levels also be applied to Operators in order to provide them with a point of differentiation.

For Operators, the application of Levels would be different to Facilities in that an Operator would be limited to attaining the highest Level of its lowest Level downstream Facility, regardless of market or species. Table 10 provides an overview of the application of Levels for Operators.

Table 10: Final 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

5.4.3. Auditing

In keeping with the original research recommendations and to foster continual monitoring and thereby improvement, two forms of auditing were established under the Program: internal auditing and external auditing.

In addition, it was established that unscheduled external audits would also be 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.

Table 11 provides these forms of auditing with guidance provided for how these are accommodated currently under ESCAS.

Table 11: Types of auditing under the Program

The Program	ESCAS equivalence
1. Internal auditing	Above formal ESCAS framework but provides a vehicle to achieve equivalence relating to self-reporting.
2. External auditing	Equivalent - Independent auditing.
3. Unscheduled auditing	Above ESCAS.

Initially, it had been proposed that unscheduled audits would be unannounced; however, in discussions with the Consultative Committee it was determined that, given the sensitivities associated with visitor access approval and the difficulty in finding some sites, these would be announced but require not more than 12 hours notice.

The requirement to undertake internal and external audits has been made compulsory under the Program Certification Requirements which means failure to undertake these activities on the frequency specified (refer section 5.4.5) constitutes a nonconformity.

Internal auditing

The use of internal auditing was determined to be 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.

In the foundation research recommendations, this process was referred to as 'self-assessment' but has been repositioned as internal auditing to be consistent with ISO nomenclature.

The manner in which internal auditing has been determined to work under the Program is:

- Operators and Facilities would be required to designate someone as their internal auditor;

- an internal auditor could be anyone nominated by the Operator and Facility provided they were not a representative of that Operator's or Facility's allocated Approved Certification Body or the Approved Auditor;
- internal auditors could not conduct an internal audit on any aspect of their own work; however, internal audit responsibilities can be shared by individuals within an Operator or Facility;
- the LGAP CS would be required to be used by the internal auditor/s when conducting internal audits;
- nonconformities identified through the internal audit process would require corrective action to be taken within specified timeframes; and
- the internal auditor would be required to close-out or escalate nonconformities identified through the internal audit process.

External auditing

In many conformity assessment programs, the entity being audited engages the certification body directly. To address issues associated with confidence, trust, impartiality and consistency in the audit process identified in the foundation research, the Project Team proposed that the Program Owner would appoint an Approved Certification Body to the Facility or Operator and that Approved Certification Body would appoint an Approved Auditor to undertake the audit, as shown in Diagram 11 and explained more completely under section 5.4.7.

Diagram 11: Facility/Operator allocation process undertaken by the Program Owner



This model was specifically developed to:

- provide continuity and consistency in application of the LGAP Standards and auditing;
- take advantage of any opportunities presented as a result of committing to purchasing large quantities of audits;
- ensure confidence in the independence of the external auditing process;
- minimise opportunity for graft and over familiarity; and
- ensure independence in the ongoing audit process.

These were critical elements identified in the foundation research project and reconfirmed during this Project.

5.4.4. Nonconformities, suspension and withdrawals

The Project Team established the nonconformity management process that would exist within the Program and this was initially discussed with the Consultative Committee during its 21 November 2014 meeting and further refined over the course of the Project.

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 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 encourages continual improvement over time.

Under the Certification Rules, nonconformities would be assigned to any area deemed to be not meeting the Certification Requirements and could arise through:

- a) failure of a Facility or Operator to demonstrate their fulfilment of the Certification Requirements through the internal or external audit process; or
- b) as the result of feedback or complaints (section 5.4.6) about the Facility or Operator's nonfulfilment of the Certification Requirements.

If, after requesting additional information from the Facility in order for it to demonstrate fulfilment of Certification Requirements, no information is forthcoming within a specified period, the Approved Auditor would issue and communicate to the Facility one or more formal nonconformities.

Defining nonconformities

The Project Team defined three categories of nonconformities which would exist under the Program, as provided in Table 12.

Table 12: Categories of nonconformities

Critical	<ul style="list-style-type: none"> a) a non-fulfillment of a requirement that prevents the Operator or Facility achieving the intended outcomes which results in: <ul style="list-style-type: none"> i. an adverse animal welfare outcome or the loss of animal traceability; or ii. a systematic and repeated failure to identify or acknowledge nonconformities and undertake corrective actions; or iii. reputational or liability risk for the Program or the Program Owner; or b) a major nonconformity for which the Operator or Facility has failed to resolve within the prescribed timeframe.
Major	<ul style="list-style-type: none"> a) a non-fulfillment of a requirement that adversely affects the Operator or Facility achieving the intended outcomes which results in, or has the potential to result in: <ul style="list-style-type: none"> i. an adverse animal welfare outcome or the loss of animal traceability; ii. a failure to identify or acknowledge nonconformities and undertake corrective actions; or iii. reputational or liability risk for Program or the Program Owner; or b) a minor nonconformity for which the Operator or Facility has failed to resolve within the prescribed timeframe.
Minor	<ul style="list-style-type: none"> a) a non-fulfillment of a requirement that does not affect the capability of the Operator or Facility to achieve the intended outcomes.

Assigning nonconformities

The framework for auditors to use when determining the severity of nonconformity was established using a matrix which considers the impact and frequency of issues, as provided in Table 13.

Table 13: Framework for assigning nonconformities

	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/ paperwork	Minor	Minor	Major

Under this framework, each nonconformity must be evaluated based on the matrix to determine the severity, taking into account the specific circumstances of the incident. To avoid ambiguity, the terms used in the framework are clearly defined in the Certification Rules.

Nonconformity management process

Nonconformities would be identified through a process of monitoring and auditing and corrective action would be required to be undertaken in order to 'close-out' the nonconformity.

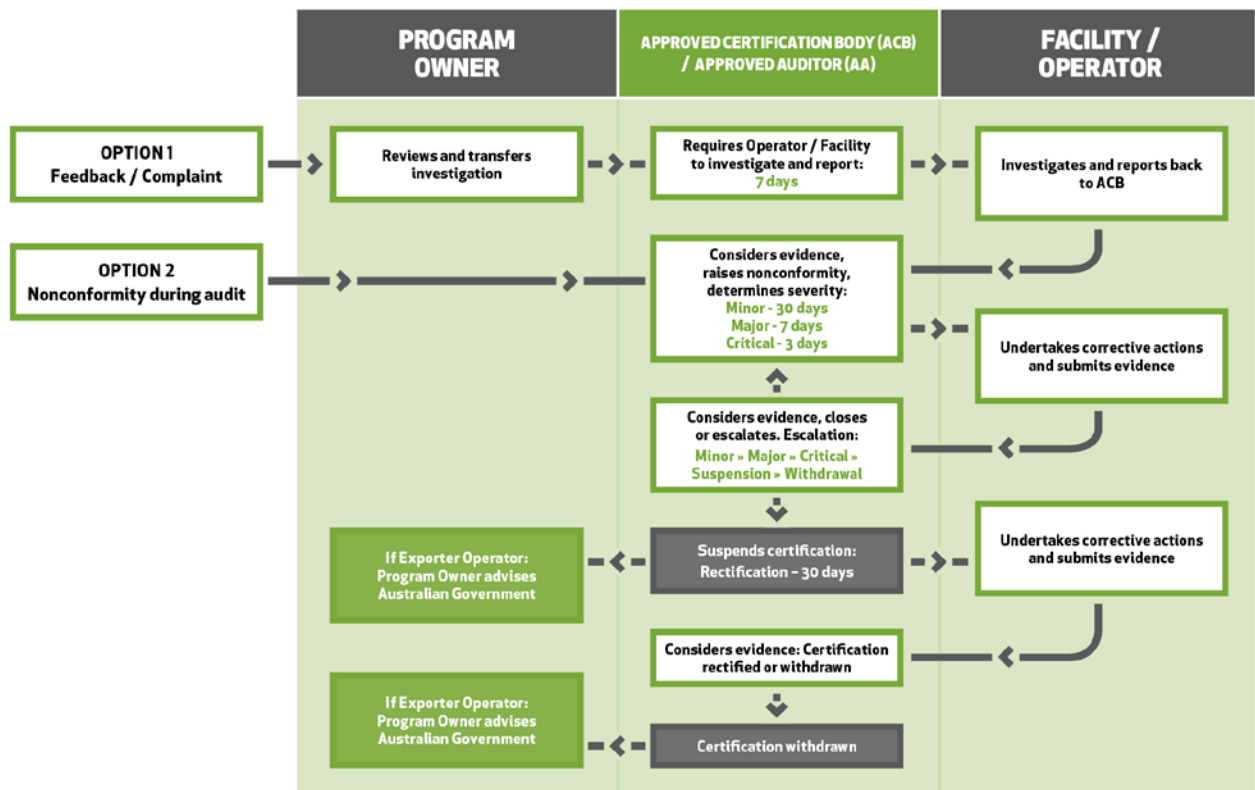
Failure to close-out a nonconformity in a prescribed timeframe would initiate progression through an escalation pathway, as described in Diagram 12.

The responsibility for undertaking corrective action would rest 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, where nonconformities are identified through the external audit process, the Approved Certification Body and Approved Auditor would take responsibility for reviewing corrective action and either closing-out the nonconformity or escalating the nonconformity higher. These are usual practices that exist 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.

Diagram 12: Nonconformity management



Following discussions with the Department representatives on the Consultative Committee, it was proposed that if the Program was recognised by the Regulator, the Department would be notified by the Program Owner when an exporter Operator's Certification status was suspended or withdrawn, as indicated in the green boxes in Diagram 12 (understanding that this would be subject to an agreement with the Government).

5.4.5. Risk assessment and surveillance

The foundation research recommended the Program be complemented by a risk-based approach to establishing surveillance frequencies. The Project Team developed a model for assessing risk and this was discussed by the Consultative Committee during the 3 July 2015 teleconference and considered further at its 5 August 2015 meeting.

The scope of the risk assessment proposed to be utilised under the Program was limited to an assessment of risk factors which may impact an Operator or Facility's ability to continue to conform with the Certification Requirements and an assessment of the controls a Facility or Operator has in place to minimise or eliminate those risk factors. The purpose of the risk assessment was to inform the frequency of surveillance activities.

The Approved Auditor would be responsible for undertaking the risk assessment, based on the observations made during the external audit. The outcome of the risk assessment would be a 'risk rating' of low, medium or high.

In developing the risk assessment, a number of factors were considered including the:

- nature and types of risk events or causes of risk (risk factors);
- consequences that can occur or the impact of the risk event;
- types of control measure/s that may be in place to minimise or eliminate the risk; and
- criteria for assigning points to the control measures.

The Project Team also considered:

- the risk framework utilised under ESCAS (entity, stunning and past performance);
- the risk assessment developed under the LEP;
- outcomes from consultation activities, including Consultative Committee input;
- documented research and scientific evidence in relation to risks posed to animal welfare in certain situations (Appendix 27); and
- reviews of ESCAS nonconformity reports.

It was determined that risk assessments would vary depending on the type of Operator or Facility being assessed.

The inclusion of exporters and importers in the Program required the consideration of supply chain related risks and resulted in a much more complete risk picture for individual Operators and Facilities, as well as an overall supply chain. The risk factors considered in the pilot included those summarised in Diagram 13.

An unavoidable challenge for Operators with the risk assessment is that it is based on a 'one entity-one risk rating' approach. In this case, the risk assessment necessarily considers an entity to be generic and does not consider specific idiosyncrasies associated with that entity such as the characteristics of the market or micro market within which they operate.

This was considered to be the most pragmatic approach and encourages Operators to apply risk controls across all of their supply chains consistently.

Diagram 13: Risk factors and controls used in the LGAP Risk Assessment

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

Surveillance frequency

The risk rating of the Operator or Facility established through the risk assessment process outlined would influence the frequency and nature of the surveillance activities and internal audits, as provided in Table 14.

Table 14: Surveillance frequencies

Risk rating Activity	Low risk	Medium risk	High risk
Internal audit	4 monthly	3 monthly	Monthly
External audit	Annual	6 monthly	3 monthly

At the end of every external audit, the risk assessment will be 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 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 will allow the Program Owner to detect any consistent anomalies in risk rating decisions.

5.4.6. Complaints and appeals

The concept of procedural fairness and the principle of natural justice are endemic in conformity assessment programs and the Program has been developed to self-evidently mirror such practices through formal complaints and appeals processes which are embedded in the Certification Rules.

Under the Program, five types of complaints and one type of appeal would be recognised. This is consistent with international guidelines for conformity assessment programs.

These are summarised in Table 15 with explanation for how these are accommodated currently under ESCAS.

Table 15: Types of complaints and appeals recognised by the Program

The Program	ESCAS equivalence
Recognised complaints	
1. Complaints made to Facilities or Operators by any interested party regarding that Facility's or Operator's fulfillment of the Certification Requirements.	Above ESCAS.
2. Complaints made to the Program Owner by any interested party regarding a Facility's or Operator's fulfillment of the Certification Requirements;	Equivalent - Reports from third parties.
3. Complaints made to the Program Owner by any interested party regarding the performance or conduct of an Approved Certification Body or Approved Auditor;	Above ESCAS.
4. Complaints made to the Program Owner by any interested party regarding the performance of the Program Owner or any of its officers; and	Not specified under ESCAS, although inherent in the Department operations.
5. Misrepresentation of the approvals or certifications associated with the Program, including false and fraudulent use of certificates and marks of conformity.	N/A
Recognised appeals	
1. An appeal made to the Program Owner by any Facility or Operator regarding the certification decision made or risk rating allocated by an Approved Certification Body.	Equivalent to Administrative Practice Statement (3.3).

Under the Program, the LGAP Standards require that complaints made to a Facility or Operator (type 1 in Table 15) must be handled through that Facility's or Operator's internal complaints handling procedure. All other complaints and appeals made to the Program Owner must follow the Program Owner's internal complaints and appeals handling procedures, refer section 5.6.

In considering advice from Clayton Utz and discussions with the Consultative Committee, along with guidelines for conformity assessment programs, specifications were developed in order to define 'complaints'. Under the Certification Rules, complaints would be deemed to have been received when:

- a written complaint has been submitted from the complainant;
- the nature of the complaint corresponds to one of the categories listed above;
- 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 includes appropriate objective justification and evidence to substantiate any claim (credibility).

In addition, for complaints made to the Program Owner relating to the types listed in 2, 3 and 4 from Table 15:

- such complaints would also be deemed to have been received when the written complaint and all associated evidence was submitted in English using the electronic complaints form available via the Program website (section 5.6); and
- the Certification Rules allow for the *possibility* of the Program Owner requiring an upfront payment of a complaints fee from any complainant upon the submission of a complaint before such a complaint is investigated. In this case, such a fee would be held, interest-free, in trust and either:
 - returned to the complainant if the complaint is upheld; or
 - remitted to the Program Owner if the complaint is not upheld.

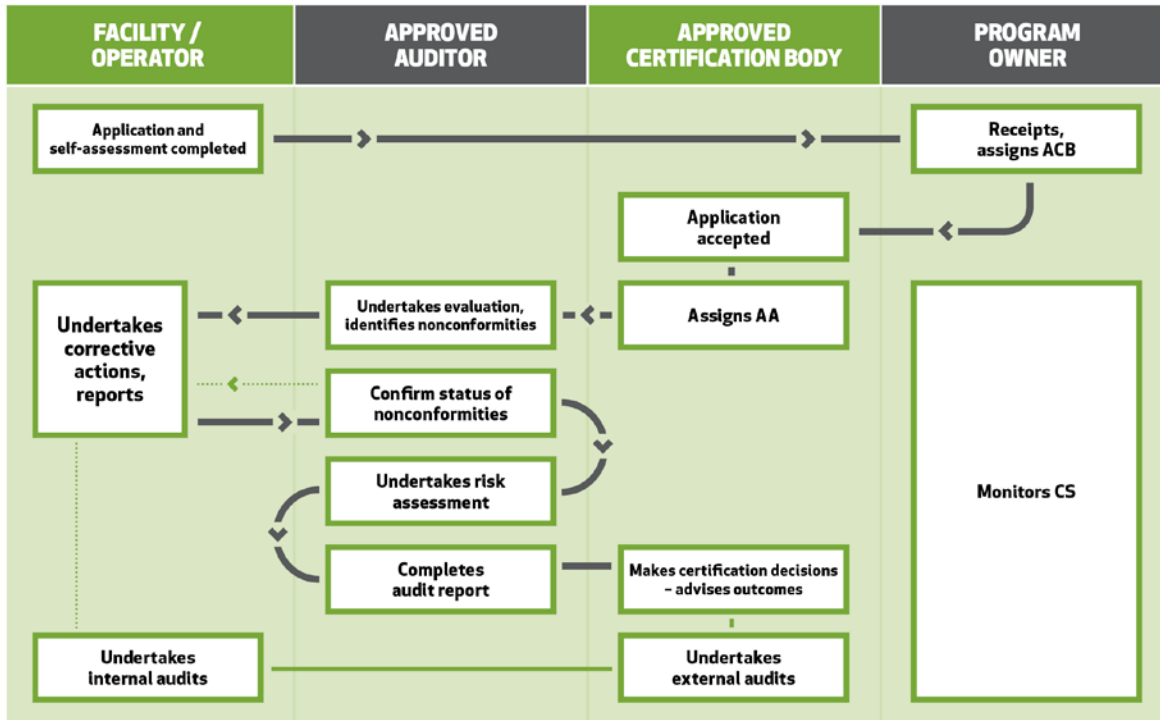
In considering advice from Clayton Utz, the Project Team also developed *LGAP-QMS-001: Complaints procedures* and *LGAP-QMS-002: Appeals procedures* (Appendix 28) as part of the Program Owner's initial management system (section 5.6). These documents specify how complaints and appeals will be managed with the understanding that these documents would become publically available; that is downloadable from the Program website.

5.4.7. Certification pathway

The Project Team established the process which a Facility or Operator would follow in order to obtain and maintain certification based on the certification process requirements set out in ISO/IEC 17065:2012, *Conformity assessment -- Requirements for bodies certifying products, processes and services*.

This process or 'pathway' is described in Diagram 14.

Diagram 14: The Program certification pathway



Under this model, the Facility or Operator would apply directly to the Program Owner and pay specified fees to 'join' the Program. This fee would be structured to:

- recover the cost of auditing and administering the Program;
- include the entities membership fee (under the model proposed); and
- provide access to all Program support and resources such as training, templates, manuals and the LGAP CS.

The Program Owner would then allocate that Facility or Operator to an Approved Certification body who would in turn allocate an Approved Auditor (as per section 5.4.1).

The Approved Auditor would undertake the external audit, identify nonconformities and undertake a risk assessment (section 5.4.5).

The Operator or Facility would be required to undertake corrective action for any identified nonconformities and the Approve Auditor would assess the corrective action and close-out or escalate nonconformities (section 5.4.4).

An independent function within the Approved Certification Body's organisational structure would be responsible for making the decision as to whether certification would be granted or not. In order to maintain certification, the process shown in the green broken line in Diagram 12 would be repeated based on the surveillance frequency (section 5.4.5)

This model was piloted and the Certification Rules provide more explicit detail regarding each step in the process.

5.5. IT system

The need for an IT system to assist Facilities and Operators adopt and conform with the Program was identified in the foundation research. This research also identified a number of requirements for the IT system. The process for developing the IT system was also outlined including the need for processes to document requirements, appoint a vendor based on competitive tender and test the system with a sample of users (ie a pilot). The high level requirements of the IT system were:

- identified in the foundation research report;
- refined through additional consultation; and
- further qualified in the addendum report to the foundation research report.

The addendum report to the foundation research also confirmed that the scope of the IT system should be limited to gaining assurance against Program requirements and not become a traceability solution.

In the project tender process, the approach to this component of the Project was provided, as well as indicative costings for the development of such an IT system. These development costings were identified as out of scope of the Project budget as specific detailed requirements were required to be developed before vendor options could be fully explored and accurate costs obtained.

In keeping with the foundation research recommendations, the Project Team established requirements for an IT system detailing more than 150 specifications (Appendix 29). These specifications were established through the development of business process workflows (Appendix 30) which describe the overall operational workflow of the Program and an assessment of where the IT system would engage in and interact with the workflows and how this would be enabled.

Other factors that were considered in developing the IT system requirements included, among others:

- the need to protect the commercial sensitivities of Facilities and Operators;
- the ability to efficiently administer the Program;
- data integrity, security and confidentiality;
- user access, usability, literacy and capability; and
- ongoing costs and maintenance.

Table 16 provides a high level summary of the functions required to be performed by various parties using the IT system. This list is not exhaustive.

Table 16: High level summary of functions to be performed using the IT system

Enable:	To:
<p>1. Facilities and Operators</p>	<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).
<p>2. Program Owner</p>	<ul style="list-style-type: none"> • Receive applications from Facilities, Operators and certification bodies. • Approve and assign an Approved Certification Body. • 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.
<p>3. Certification bodies</p>	<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. • Change details (eg: submit new auditors for approval).
<p>4. Operators (in addition to 1)</p>	<ul style="list-style-type: none"> • Create a supply chain from approved Facilities and downstream Operators. • Monitor Program conformance within the created supply chain. • Generate reports of overall conformance within a supply chain and down to an individual Facility or Operator.
<p>5. Auditors</p>	<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.
<p>6. Public</p>	<ul style="list-style-type: none"> • Access the public-facing Certification Directory. • Lodge a complaint.

A broad scan of technology solutions was undertaken and ten vendors were identified as potentially being able to fulfill a large portion of the technological requirements with 'off-the-shelf solutions', understanding that even off-the-shelf solutions require specific configuration.

Four of these vendors were removed from the selection process as they were either too closely aligned to certification bodies, or, upon further review, did not have the scale to manage a project of this size or could not meet major 'must-have' requirements.

Six vendors were then provided the terms of reference for the IT system (Appendix 31), as well as all of the business process workflows and technical specifications. Additionally as a matter of process, the tender was placed on the MLA website.

Vendors were offered the opportunity to submit questions and attend a briefing session in order to better understand the scope of the proposed IT system. All vendor questions were collated and written answers to all questions received were submitted to all vendors to ensure the provision of information was equitable.

Four vendors submitted expressions of interest and provided initial demonstrations to the Project Team. Four other vendors who initially indicated interest, chose not to submit a response or withdrew from the process.

At the 27 February Consultative Committee meeting, it was agreed that a sub-group of the Consultative Committee would undertake a thorough evaluation of these vendors including undertaking demonstrations and engaging with reference clients.

After the evaluation of vendors was undertaken by the sub-group, the Consultative Committee endorsed the selection of Compliance Experts as the preferred vendor during the 15 May 2015 teleconference.

This recommendation was provided to LERDAC as well as a summary of the tender process and strengths and weaknesses of each vendor.

Funding to extend the scope of the existing Project to include the development of the IT system was secured in July 2015. This component was procured through a contract between MLA and Compliance Experts directly.

The Project Team worked with Compliance Experts to build the IT system to the agreed specification. This included four two-day workshops to map out all of the workflow processes, configuration requirements and further specifications and a further one-day workshop post-pilot to refine the system based on pilot findings. The IT system came to subsequently be referred to as the LGAP CS.

Compliance Experts delivered the pilot-ready solution on time and to budget in October 2015. As the pilot was not testing the certification decision making process, ongoing surveillance and payment processes, these development items were scheduled as post-pilot ('phase 2') deliverables.

The post-pilot re-configuration and phase 2 components will be delivered by Compliance Experts.

5.6. Supporting materials and resources

The Project allowed for a period of time in which a limited set of key supporting tools, resources and materials would be developed.

The types of resources that were to be created related to:

- *Conformance materials* - being initial resources that would assist Facilities and Operators in demonstrating conformance with the Certification Requirements. For example: templates, standard operating procedures and training.
- *Operational materials* - being initial resources that would be required by the Program Owner to manage the Program. For example: policies, declarations, forms and training for Approved Certification Bodies and Approved Auditors.

Wherever possible, materials already made available to assist Facilities and Operators in complying with ESCAS were to be included or leveraged.

Material development was due to commence once a significant version of the Certification Requirements were available. Materials relating to the management system requirements of the Program and the LGAP CS were trialed during the pilot.

The LGAP CS, while a separate component under the Project, has been developed as a supporting resource for Operators, Facilities and the Program Owner as well as Approved Certification Bodies and Approved Auditors.

Final materials not already referenced in individual Appendices elsewhere in this report are provided in Appendix 32 and include:

- **Inherent materials**

'Inherent materials' are those that were developed as an outcome of the major components and are both conformance and operational in nature:

- LGAP Certification Rules (refer Appendix 26)
- The LGAP Standards (refer Appendix 25)
 - LGAP 1000 *Livestock assurance - Fundamentals and vocabulary*
 - LGAP 1001 *Livestock assurance - Requirements for animal welfare and management*
 - LGAP 1002 *Livestock assurance - Requirements for the management system of Operators and Facilities*
 - LGAP 1003 *Livestock assurance - Requirements for Operator chain of custody*
- LGAP Auditor Guidance (Appendix 32A)

- **Communication materials**

These are materials were created by the Project Team and used to communicate the project and the Program components over the duration of the Project to industry and external audiences and can be repurposed if implemented:

- The Project website: www.livestockglobalassurance.org, launched 17 March 2015
- The webinar: Developing a Global Assurance program for the livestock export industry, released 19 March 2015
(access: <http://www.livestockglobalassurance.org/about/program-development>)
- The webinar: R&D Update - Livestock Global Assurance Program, held 6 and 9 November 2015, released 19 November 2015
(access: <http://www.livestockglobalassurance.org/home>)
- Comprehensive LGAP PowerPoint presentations used in stakeholder and interested party meetings (Appendix 32B provides a template)
- Domain names, registered on 16 March 2015:
 - lgap.info
 - livestockglobalassuranceprogram.com
 - livestockglobalassuranceprogram.net
 - livestockglobalassuranceprogram.org
 - livestockglobalassurance.com
 - livestockglobalassurance.net
 - livestockglobalassurance.info
 - livestockglobalassurance.org
 - lgap.com.au
 - livestockglobalassurance.com.au
 - livestockglobalassurance.net.au
- Domain names, registered 23 June 2015 to house the LGAP CS:
 - lgapcompliance.org
 - lgapcompliance.com.au
 - lgapcompliance.net.au
 - lgapcompliance.com
 - lgapcompliance.net
 - lgapcompliance.info

- **Conformance support materials**

These materials support Operators and Facilities and assist them in conforming with the Certification Requirements:

- LGAP Management System Manual (Appendix 32C)
- LGAP animal welfare training program (Appendix 32D)
- LGAP auditor training program (Appendix 32E)
- LGAP and the pathway to certification introductory program (Appendix 32F)
- LGAP management system training program (Appendix 32G)
- LGAP Operator and Facility Guidance Manual (Appendix 32H)

- **Operational materials**

These are to assist with the operations of the Program Owner:

- (Draft) Model Constitution (refer Appendix 10)
- (Draft) Consent to Act as Director (refer Appendix 34)
- (Draft) Consent to Act as Company Secretary (refer Appendix 35)
- Feedlot, Farm and Abattoir Facility application form (LGAP CS)
- Importer Operator application form (LGAP CS)
- Exporter Operator application form (LGAP CS)
- Terms of reference for Certification Bodies seeking approval (refer Appendix 36)
- Certification Body application form (LGAP CS)
- (Draft) Certification Agreement (Program Owner/Approved Certification Body) (refer Appendix 37)
- LGAP auditor training program (refer Appendix 32E)
- LGAP Approved Certification Body training program (Appendix 32J)
- LGAP Standards Committee Terms of Reference (refer Appendix 18A)
- Template letter of invitation for the LGAP Standards Committee (refer Appendix 18B)
- Nominating Organization Code of Conduct (refer Appendix 18C)

- LGAP Standards Committee Member Code of Conduct (refer Appendix 18D)
 - LGAP Standards Committee Member Deed (refer Appendix 18E)
 - LGAP Standards Committee Comment Form template (refer Appendix 22)
 - Complaints and appeals form (LGAP CS)
 - *LGAP-QMS-001: Complaints procedures* (refer Appendix 28)
 - *LGAP-QMS-002: Appeals procedures* (refer Appendix 28)
 - *LGAP-QMS-003: Prescribed timeframes* (refer Appendix 28)
- **System materials**

System materials relate to those materials that are accessed by the LGAP CS or relate to the LGAP CS, they are both conformance and operational in nature:

- The LGAP CS: www.lgapcompliance.org
- LGAP External Evaluation (LGAP CS)
- LGAP Internal Audit (LGAP CS)
- LGAP Risk Assessment - Abattoir (LGAP CS)
- LGAP Risk Assessment - Feedlot (LGAP CS)
- LGAP Risk Assessment - Operator (LGAP CS)
- LGAP CS Program Owner User Guide*
- LGAP CS Approved Certification Body and Approved Auditor User Guide*
- LGAP CS Facility User Guide*
- LGAP CS Importer Operator User Guide*
- LGAP CS Exporter Operator User Guide*
- LGAP CS Table App User Guide*

* *Materials to be provided by Compliance Experts.*

All materials, including the LGAP CS, were developed in English only on the understanding that translation of materials and the LGAP CS would be an implementation activity.

Materials and resources will be critical to the initial implementation and ongoing adoption of the Program. Materials developed under this Project are preliminary only and focus on those most immediately required should the Program proceed to implementation. There are some materials that were not able to be developed within the scope of this development Project; refer recommendations for further details.

5.6.1. Certification mark development

The development of a certification mark for the Program was included as part of the Project scope extension; however, the LiveCorp Board directed that the budget for this be quarantined until a decision is made on implementation.

5.7. Pilot

An element of the Project was to enable the major Program components to be tested in order to deliver a fully piloted, implementation-ready Program.

The Program was piloted in four countries, as opposed to the three that were originally planned and budgeted for. Appendix 33 provides the Pilot Evaluation Report which includes details regarding the approach, outcomes and recommendations.

5.7.1. Pilot budget

In the project expression of interest submitted, indicative costs to engage auditors and conduct training, as well as develop the LGAP CS were provided but identified as being out of scope due to the lack of specific information available at that time. Such costs were, however, identified as being necessary were the Program to proceed to pilot.

Funding to extend the scope of the existing Project to include the LGAP CS and certification body fees was secured in July 2015. This resulted in the pilot occurring later than originally anticipated and some non essential components that were originally to be piloted being moved out of scope due to time constraints.

Under this additional funding, the Project Manager was required to contract and remunerate the certification bodies directly, necessitating a contract extension and further delays as certification bodies went through their own contracting procedures.

5.7.2. Pilot plan, scope and objectives

The pilot plan was presented to the Consultative Committee 1 May 2015 which determined the pilot objectives:

- to ensure all components developed properly in the operating environment;
- to test the proposed implementation process, specifically: the application process, internal evaluation, on-site evaluation, management of nonconformities, risk assessment, allocation of risk rating and the certification decision processes;
- to assess the Program support materials, tools and resources, including the IT system, manuals, training, reporting and monitoring;

- to assess the implications for the Program of the practical requirements of the Facilities and Operators; and
- to support the ongoing process of budgeting the Program.

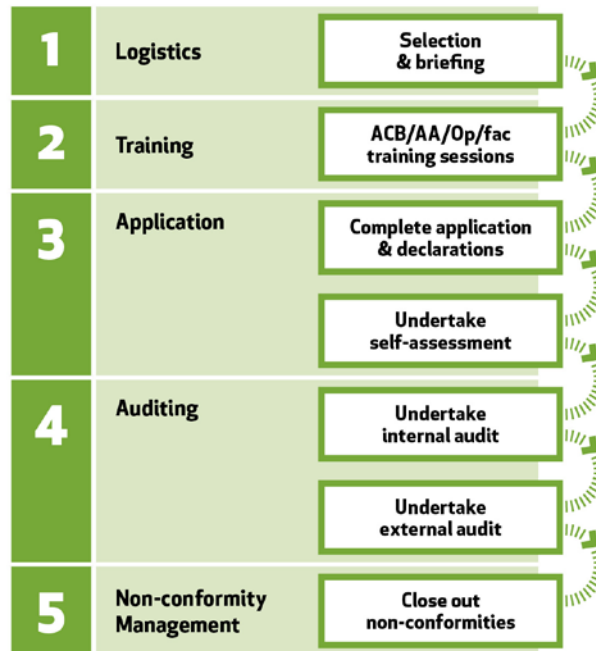
A number of exclusions and limitations were placed on the pilot:

- the pilot was to be limited to four markets, representing three export supply chains;
- Facilities and Operators involved in the pilot were to be limited to those that were approved under ESCAS at the time of pilot;
- the continual professional development requirements under the Certification Requirements were not to apply to auditors under the pilot; and
- the following were excluded from the pilot scope:
 - the payment process;
 - the engagement (initial approach) by Auditor to Facility or Operator;
 - the issuing of the LGAP Certificate by the Certification Body;
 - surveillance activities post-Certification Decision;
 - materials and resources in any language other than English; and
 - the suspension, withdrawal, feedback and complaints processes as well as the public directory.

5.7.3. Pilot approach

The approach to the pilot consisted of five stages, as shown in Diagram 15. A series of success criteria were developed in discussions with the Consultative Committee which would be used to measure the outcomes of the pilot. The outcomes of the pilot assessed against the success criteria are included in the Pilot Evaluation Report at Appendix 3.

Diagram 15: Stages of the pilot



Logistics associated with the pilot commenced in April 2015 with the development of the pilot plan for presentation to the Consultative Committee 1 May 2015 and with the selection of pilot supply chain participants and certification bodies following this.

At the 1 May 2015 Consultative Committee meeting, it was agreed that the selection of supply chains would be managed through a formal nomination process, initiated by ALEC. Final selection of supply chains would be determined by the Consultative Committee.

This approach had not been anticipated in the project plan and timeline but was accommodated by the Project Team.

In the initial proposal, the pilot was to occur in three countries (ie three markets). As a result of the requirement to include exporters under the Program, the pilot was extended to include a fourth country: Australia. The pilot progressed in:

- Australia (exporters)
- Indonesia (stunning, cattle)
- Jordan (stunning and non-stun, sheep)
- Malaysia (non-stun, goats)

The Consultative Committee also expressed a desire to include a non-stun and stun supply chain for sheep. While stunning for sheep is rare in international markets, it was felt that including this in the scope of the pilot would allow for rigorous testing in multiple environments.

The securing of certification bodies to participate in the pilot was managed through an expression of interest process. This was to emulate the process that would exist under the Program. It was also considered that, as opportunities would exist under the Program for such service providers, in the interests of probity, fairness and equal opportunity, all interested potential service providers should have access to the same information at the same point in time during the development of the Program.

This approach had not been anticipated in the project plan and timeline but was accommodated by the Project Team.

The Project Team constructed terms of reference for certification bodies which provided a background to the Project, the requirements certification bodies would need to meet in order to qualify and an application form. These are included as an appendix to the Pilot Evaluation Report.

An invitation for certification bodies to apply was circulated on 19 May 2015 by ALEC to exporters who were asked to pass these materials onto their current ESCAS audit providers (or any other audit company).

The Project Team also extended this invitation to service providers that had expressed interest in this process, including some that were not currently auditing under ESCAS. The terms of reference were also made available via the MLA website.

A briefing session for interested certification bodies was held via a 45 minute teleconference on 1 June 2015 in which 12 people participated (representing ten certification bodies).

Certification bodies were required to submit their full applications by 23 June 2015 in order to be considered for the pilot. In submitting their applications, certification bodies were asked to provide an estimate of likely costs to conduct the services. The certification bodies were also asked to declare the actual cost post-pilot to assist with the development of the Program budget. Rates were quoted on an all inclusive-fixed rate basis. The costs provided as part of the application process were typically the certification bodies' standard rates for providing similar services under ESCAS and varied from \$1,800 to \$5,400.

In making application, certification bodies were required to demonstrate their organisational capabilities against the Certification Rules, as well as the competency of auditors they proposed to undertake the pilot audits.

In addition, certification bodies were asked to provide indicative pricing to undertake the services required. Responses to this in the applications were varied and rates submitted appeared to be the certification bodies 'standard rates'. Certification bodies were also asked to revise these estimates post-pilot to assist with budgeting the Program.

Overall, 26 auditors were put forward by four certification bodies, of these 38% were considered to have the requisite competencies (skills and knowledge) required under the Program and were therefore 'approved' under the pilot. Of those put forward, 77% currently audit under ESCAS and of these, only 30% were considered to have the requisite competencies to audit under the Program.

The certification bodies that tendered were appointed and ten auditors were approved for the pilot, based on the criteria specified in the Certification Requirements.

Throughout August and September 2015, pilot logistics continued which included briefings and contracting Pilot Approved Certification Bodies, briefing exporter participants, finalising training materials post-briefings and LGAP CS finalisation.

Training was a substantial component of the pilot. Two distinct training activities took place; one with Operators and Facilities and the other with Pilot Approved Certification Bodies and Pilot Approved Auditors. Pilot training commenced 5 October 2015 for exporter participants, their supply chains as well as Pilot Approved Certification Bodies and Pilot Approved Auditors. Over the course of three weeks, 14 training sessions were run, all via webinar. Overall, these webinars took 2-2.5 hours each.

Once training had occurred, supply chain participants were required to commence the application process. This required the participants to visit a website and complete an online application form which varied depending on whether the applicant was an Exporter Operator, Importer Operator or a Feedlot, Farm or Abattoir Facility.

Upon acceptance of the application, participants were required to undertake a self-assessment; a form of 'self check', to enable the participants to consider areas they would need to focus on in order to become 'audit-ready'. After submitting the self-assessment, the applications were then 'approved' and internal and external auditing could commence.

The Jordanian and Indonesian supply chains progressed relatively steadily with both supply chains being 'audit-ready' by November 2015 and audits scheduled for:

- Jordan: 5-6 December 2015
- Australia: 7-8 December 2015 (2 x exporters)
- Indonesia: 10 December 2015

Severe delays were experienced with the pilot in Malaysia, despite the imposition of deadlines, and these were subsequently compounded by the Christmas/New Year holiday period and auditor health issues. In this case the audits were scheduled for:

- Malaysia: 5 January 2016
- Australia: 11 January 2016 (1 x exporter)

Auditing commenced 5 December 2015 in Jordan, with the Program Owner able to begin to review external audit results from 6 December 2015. As part of the audit process, Pilot Approved Auditors undertook a risk assessment for each Facility or Operator.

The final step in the pilot process was for the Facilities and Operators to undertake mock corrective actions in order to close out nonconformities.

When nonconformities were identified and the audit status changed, Facilities and Operators received an email alert advising them of the nonconformity and requiring them to click on a link and submit evidence of their corrective action.

The Pilot Approved Auditor would then review the corrective action and close out or escalate the nonconformity. It was determined that for pilot, this could be done remotely depending on the type and severity of nonconformity.

Given the timing of the pilot, this process did not progress as well as other components. Pilot Approved Auditors and pilot participants had, by this time, understandably, moved onto their scheduled work or had taken time off. In order to finish the pilot, where Pilot Approved Auditors did not close out nonconformities, the Program Owner undertook this activity.

5.7.4. Summary of pilot results

Overall the Livestock Global Assurance Program pilot was a success. The process tested the design and operation of all essential Program components across various supply chains in different markets. No fundamental issues were encountered and, as anticipated, the pilot identified a number of enhancements or areas requiring further consideration. This pilot process enabled theoretical concepts and assumptions to be confirmed and reconsidered as required.

In total, 13 applications and self-assessments were reviewed and accepted/approved, 13 internal audits were conducted and 13 external audits were conducted. While the sample size was limited in number and included only single instances of various species and market combinations due to Project budgetary and time constraints, it did prove that the Program can work as a whole and that the participants understood the Program's operation.

Based on performance of all parties in the pilot, it is considered that the Certification Requirements, including the audit and evaluation process, Certification Rules and LGAP Standards, and the audit questionnaires in the LGAP CS were understandable and able to be applied correctly, notwithstanding some minor assistance was required post-training.

The internal and external audit processes, including use of the LGAP CS were found to be understandable and intuitive. A number of improvements were identified, including more instruction on how to change the audit status within the LGAP CS in order for automated workflow processes to operate optimally.

The visibility provided to the Program Owner through the LGAP CS was exceptional. Similar but customised visibility is also available to Operators, Facilities, Pilot Approved Certification Bodies and Pilot Approved Auditors.

This visibility for the Program Owner exposed variation in the performance between Pilot Approved Auditors. Some Operators and Facilities also commented on the visibility saying that "everything is right there" and "everything is visible, people can't hide anything".

Improvements in auditor competence and performance were identified, mainly in areas related to using the LGAP CS functions (eg assigning nonconformity status), audit techniques, consistency in interpretation of requirements and the types of evidence that should be sought.

Some reconfiguration and additional training is required for Operators, Facilities and Pilot Approved Auditors in the processes and interactions relating to nonconformity management.

Overall, most nonconformities related to *LGAP 1002 Livestock assurance – Requirements for the management system of Operators and Facilities*. This was not unexpected as these requirements are not specified under ESCAS but are considered crucial in maintaining traceability, control and animal welfare requirements under the Program. Where participants had used the supplied management system template, nonconformities against these Standards were reduced.

While, on face value it may be perceived that these requirements are not relevant to animal welfare, the general principle of the management system Standard is to provide evidence that animal welfare related requirements can and are being met, and that the Operator or Facility uses its management system to continually improve competencies, behaviour and processes in relation to achieving good animal welfare outcomes.

The animal welfare and management system standards work to complement each other. This will be an important distinction to communicate during implementation activities.

Only two nonconformities were raised relating to *LGAP 1003 Livestock assurance – Requirements for Operator Chain of Custody* and very few nonconformities were raised against welfare and handling related requirements under *LGAP 1001 Livestock assurance – Requirements for animal welfare and management*, although the identification and movement recording requirements did result in nonconformities in some instances.

In the case of Importer Operators, it was recognised several of the *LGAP 1001 Livestock assurance – Requirements for animal welfare and management* were not applicable as the business model being operated meant the Importer Operator did not have specific equipment or infrastructure in their own right, rather this was provided by the downstream Facility. In these cases, it was identified that the evaluation activity needs to be flexible to focus only on those requirements that logically apply.

An unexpected outcome of the pilot was the (limited) provision of inconsistent information by Operators and Facilities within the same supply chain. For example, an Exporter Operator would indicate through its audit and risk assessment process that the Facilities in their supply chain used certain equipment or systems, but during the audits of those Facilities, the use of such was not evident, or alternative equipment or systems were being used.

As an outcome, it may be appropriate to introduce an element of supply chain auditing into the Program, a concept suggested by Operators and certification bodies during the pilot.

Accurate risk assessments rely on consistent auditor interpretation, adequate and clearly defined controls and appropriate scoring.

Some changes to the wording of the prescribed risks and their associated controls were identified as they were revealed to be ambiguous. The pilot also highlighted inconsistencies in the risk rating algorithm which was resulting in only high and medium risk ratings being achieved with no ability to achieve a low risk rating. Revision of the thresholds used within the algorithm rectified this issue and a more even and representative distribution of risk ratings was achieved.

If the Program is implemented, the risk assessment should continue to be modified based on experience, particularly during the early stages of implementation. Such modification should; however, not be unilaterally undertaken without due consideration of one or a combination of: auditor interpretation, training, controls, scores or thresholds.

Certification bodies were asked to provide a reconciliation of time and therefore costs associated with providing the services. Responses to this were varied in particular the treatment of travel time and expenses.

Where provided, rates submitted appeared, once again, to be the certification bodies 'standard rates' which, as per original submissions, varied from \$1,800 to \$5,400.

This indicates that, given the theoretical nature of the project, certification bodies are unlikely to negotiate a real rate until such time as the Program represents a real, tangible opportunity for them.

Greater certainty and a commitment in terms of audit volumes in various geographic locations will be a key requirement in negotiating a competitive rate with certification bodies.

Changes and enhancements to or areas requiring reconsideration of the Program were identified through the pilot. Depending on the nature of the matter identified these changes were:

- made during the pilot;
- made post-pilot;
- considered by the Consultative Committee, 14 January 2016; and
- considered by the LGAP Standards Committee, 7-8 March 2016;

and have been considered in the Program finalisation process.

The Pilot Evaluation Report (Appendix 33) summarises the outcomes and recommendations stemming from the pilot.

6. Recommendations

In considering these recommendations, it is important to understand that all components developed through this Project are interrelated. As such, Industry should be mindful that the components presented, as well as many of the recommendations in this report, are intricately linked. Should Industry deviate from or alter the form of these components or recommendations, there are likely to be flow-on effects in other areas that must also be considered. Should Industry seek to make changes to the components or adopt recommendations in a piecemeal manner, it is strongly recommended that the Consultative Committee and/or LGAP Standards Committee be consulted regarding the likely ramifications. It is not recommended that these components be altered unilaterally and without such appropriate consultation.

Taking into account the Project's objective to design and develop a conformity assessment Program within the prescribed scope, the following recommendations have been formulated covering:

- the Program structure, governance and management;
- the Program components;
- marketing communications; and
- implementation decision-making.

In addition, the recommendations and conclusions from the foundation research remain true.

6.1. Program Owner

The following were stated in the foundation research:

If the Program can be developed to be independent (of the Australian Government in principle and in practice) and international in its administration and application, it may be more widely accepted than is the case at present with ESCAS.

Industry was not considered to be an appropriate owner or administrator of the Program as this may be seen to compromise the integrity and independence of the Program.

The Program must be independent of both government and industry and be governed by a standards committee which reflects this independence.

In order to maintain impartiality within the Program and separate the Program from any one Australian industry body or government (for the purposes of acceptance in sovereign nations), it is recommended that the management structure supporting the Program consist of an independent company as the owner, complemented by the relevant supporting mechanisms to administer the Program.

These statements remain true and in consideration of the outcomes of this Project, the recommended structure for the Program Owner, as endorsed by the Consultative Committee and supported by Clayton Utz in their review, is a company limited by guarantee.

It is recommended that the Program Owner be:

- incorporated in Australia;
- constituted in consideration of the model Constitution at Appendix 10; and
- structured and resourced in consideration of section 5.2 and the budget model contained in Appendix 14.

In order to incorporate the Program Owner as a company limited by guarantee in Australia it is recommended the following be determined by the Boards of MLA, ALEC and LiveCorp:

- a name, Company Constitution and Objects;
- a registered office and principal place of business (can be the same);
- at least three directors and a company secretary (consents to act from each based on the templates provided at Appendix 34 and 35);
- at least one initial member (consent required);
- members agreement in writing to the terms of the constitution; and
- initial Board and member resolutions to establish the company.

Further, it is recommended that:

- an Independent Chair be appointed;
- the company then be incorporated; and
- the Board establishes delegations, contracts the services of a Company Secretary and recruits an appropriately skilled Managing Director.

Once this structure has been established, many of the other steps required for implementation can then be further detailed and actioned by the Managing Director.

There may be good reasons for the Program Owner to be incorporated in a foreign jurisdiction and there are no legal impediments to do so; however, purely to facilitate an effective and efficient transition from development through implementation to operation and to allow an appropriate level of oversight by the Project Funding Partners during the transitional period, it is recommended that the Program Owner be incorporated in Australia.

It should also be considered that the country that the Program is implemented in will influence the long term culture of the company. In this sense, an Australian-based company will better appreciate:

- the intent of the Program;
- the underlying research that established the need for the Program; and
- the drivers for the Program, most particularly the expectations of the Government.

In addition, should any Program Owner-Government agreement be made (refer section 6.2) that requires the Government to audit the Program Owner, it is likely to be more expedient for the Program Owner to be in Australia.

As the Program expands internationally, it may be appropriate for the Program Owner to incorporate subsidiaries to undertake particular functions within relevant foreign jurisdictions. The future-decision to expand in this manner may be based on:

- The positional risk mitigation presented by a structure in which a separate entity performing the Program Owners functions in another jurisdiction isolates liabilities.
- A regulator operating in another jurisdiction may require the entity performing Program Owner functions in that jurisdiction to be registered in that jurisdiction.

If subsidiaries are established, the Program Owner will need to license the use of the intellectual property in the Program.

6.2. Government recognition

The following qualifications were stated in the foundation research:

Critical to the success of any program stemming from this research will be acceptance by the Australian Government and the granting by the Government of concessions for those involved in the program. This may extend to reduced ESCAS audits, recognition of Program audits within ESCAS and moderated treatment of non-compliances based on Program participation. Without such incentives, the prospect of the Program being adopted is greatly reduced.

... significant concessions must be delivered by the Australian Government through the ESCAS regulatory framework in appreciation of the investment in time and resources that the implementation of QA would require...

These statements remain true and in consideration of these and the outcomes from this research Project, it is recommended that the Board and Managing Director, in consultation with Industry, establish a relationship with the Government. This relationship may be formalised through Government recognition of the Program as being ESCAS equivalent through an acceptance in accordance with administrative powers, a Memorandum of Understanding or another form of agreement.

This does not in any way imply or constitute a recommendation for self ; rather, the Program should enable regulation.

Specific details of this recognition or the form it may take cannot be confirmed at this time while the Program is in a hypothetical and conceptual state, but suffice it is to say, the Industry, Program Owner and the Government must participate in dialogue in order to determine a mutually agreeable understanding.

The Program has been developed taking into account the Government's likely perspective and it is considered the Program, in its proposed form, is ESCAS equivalent.

6.3. Finance

Once the Board and Managing Director have been appointed, it is recommended the Program Owner commence necessary financial arrangements in order to ensure its solvency which includes attaining guarantees of solvency and establishing banking provisions.

It is recommended the Managing Director and Board review and confirm the budget that was developed under the Project. In undertaking this activity, membership fees should be set and necessary insurances should be obtained.

It is recommended that, post implementation, the securing of further funding should become the responsibility of the Program Owner.

While opportunities for expanding the Program into other export countries is an option, it is recommended that this not be a focus of the Program Owner for the first 12 months of establishment.

6.4. Resources

Resources relate to Materials, Intellectual Property, Personnel and Facilities and Equipment.

6.4.1. Supporting materials

The following qualifications were stated in the foundation research:

The degree of literacy and numeracy at a node level within ESCAS approved supply chains is inconsistent and often limited. This would need to be considered during the design of a QA program.

The nodes currently operating under ESCAS were considered to be capable of operating under a Program.

The pilot reconfirmed these conclusions and it is recommended that the Program Owner adopts the supporting materials, tools and resources developed through this Project, understanding that these are not exhaustive and will require revision and updating by the Program Owner from time-to-time, particularly in the early stages of implementation.

It is also recommended the Program Owner:

- develop appropriate constitution-related documents such as initial board and member resolutions to establish the company, audit and risk management committee charter, whistleblowers policy, codes of conduct for employees, directors and senior employees and anti-bribery and corruption policy;
- develop the Rules and Integrity Committee governance documents (refer section 6.7);
- prepare self-governing processes, policies and procedures consistent with the principles of good corporate governance, the guidance of ISO/IEC 17026 and the requirements of ISO 9001; once the risk assessment has stabilised, develop guidance material for Facilities and Operators seeking to improve their risk ratings;
- policies in relation to timeframes and instructions for: a) the length of time documented information must be retained b) return or destruction of identification devices when removed at slaughter;
- design the company and Program's brand identity; being logos, symbols, a style guide and branding guidelines (refer sections 6.4.3 and 6.9);
- design a comprehensive website, building on the Project website; and
- continually develops, modifies or improves materials such that these resources are customised to support the size, scale and sophistication of Operators and Facilities.

In addition, it is recommended the Program Owner:

- adopts English as the recognised language;
- arranges for the LGAP internal audit questionnaire to be translated into other languages, appropriate to markets in which the Program would be implemented in;
- arranges for the LGAP CS to be translated into other languages, appropriate to markets in which the Program would be implemented in for the use of Facilities and Importer Operators; and
- considers the requirement for translating Program components, such as the Certification Rules, LGAP Standards and any communication materials into other languages, appropriate to markets in which the Program would be implemented in.

In doing so it:

- should be recognised that in case of a discrepancy between translations, the English version shall prevail.
- is recommended that the LGAP external audit questionnaire, used by Approved Auditors, only be made available in English. This is to ensure that the Program Owner and Exporter Operators is able to review external outcomes efficiently.

6.4.2. Training and support

The provision of training and support represents a potential opportunity for revenue generation to the Program Owner, although this has not been factored into the budget model at Appendix 14 as extensively as is possible (refer section 6.13).

In order to control delivery and ensure consistency and accuracy, as well as protect the revenue generation opportunities and intellectual property, it is recommended that:

- further extensive training programs be developed, continually but building on those provided through this Project; and
- all training and support to Facilities, Operators and Approved Certification Bodies be provided only through courses or mechanisms that are approved by the Program Owner.

Under the proposed model, all Program intellectual property would be the property of the Program Owner (refer section 6.4.3) and the Program Owner would take responsibility for developing, coordinating and delivering training and support. Actual deliverers may operate under contract to the Program Owner; however, strict controls would be required around content, delivery and IP protection.

As the Program evolves, the Program Owner may consider licensing training to approved service providers, although control over content and delivery would still be required.

6.4.3. Intellectual property

Significant value resides in the intellectual property that has been developed under this Project.

The contract between the Project Manager and MLA requires all copyright and intellectual property created under this Project to be assigned to MLA. As a result, it is recommended the Program Owner obtains the intellectual property from MLA for all Program components.

This is a contractual matter to be resolved between MLA and the Program Owner.

Once the intellectual property has been transferred, it is recommended that the Program Owner take the necessary steps to protect this and any additional intellectual property. This will require trade mark applications to be made for the name of the Program and certification marks in all countries that the Program may operate in. Further protection can be achieved by securing appropriate business or trading and domain names associated with the Program in all countries the Program may operate in.

As the Program evolves, the Program Owner may consider licensing the use of the Program's intellectual property, for example the logo for use on packaging or for use by approved service providers etc. In this case, a licensing agreement would be required.

The Program Owner should ensure appropriate steps are taken when any infringement on the Program's intellectual property is discovered so as to deter future infringements. Such steps should be commensurate to the nature of the infringement and based on legal advice.

It should be noted that all intellectual property developed under the Project includes references to LGAP as a research project and does not specify details such as the Program Owner. As such, all intellectual property would require minor amendments prior to implementation.

6.4.4. Personnel

A number of resources will be required in order to administer and maintain the Program. These have been provided in the budget and in the first 12 months of operation it is recommended the following be appointed:

- **Managing Director** - responsible for managing the Company.
- **Program Manager** - responsible for managing the Program.
- **Financial Manager** - who would also act as the Company Secretary.
- **Integrity Managers** - responsible for ensuring the integrity of the program, conducting investigations and other such activities.
- **Program Support** - responsible for supporting the Program, including coordinating training, assisting Facilities and Operators, LGAP CS support, developing resources etc.
- **Marketing/Communications** - responsible for implementation of communications and marketing. This role would have components of both strategy and tactical implementation required.
- **Administrative support** - responsible for assisting the Program Owner in an administrative and support capacity.

It is recommended that position descriptions for these roles be prepared which detail the reporting structures, key responsibilities and performance indicators, required and desired competencies and remuneration. It is further recommended that appropriate arrangements for remuneration, employee insurances and other overheads should also be in place.

6.4.5. Facilities and Equipment

It is recommended the Board and Managing Director structure resources as either:

- 1) a 'virtual' organisation in which all personnel work remotely for the majority of time. In this case, it would be recommended that:
 - minimal office facilities be secured (sufficient for on-site meetings to be held as necessary);

- personnel would be required to supply their own equipment (as a minimum: laptop computer and printer); and
 - investment is made in a central data management and collaboration system to enable file sharing etc; or
- 2) a traditional organisation in which personnel are required to be located on-site, in this case, it would be recommended that:
- appropriate floor space and facilities be secured. This may be as simple as hiring office space from the likes of MLA or similar.

6.5. Further legal considerations

There are some inevitable and unavoidable risks associated with the operation of the Program. The preliminary legal advice indicates these to be moderate. It is recommended the Program Owner monitor these risks on a continual basis. Such risks and mitigation actions include, but are not limited to:

- The normal operation of the Program, such as granting or refusing certification, being considered to inappropriately affect market access, be a trade barrier or exclusionary, which can be addressed by the Program Owner or Approved Certification Bodies ensuring:
 - the Program continues to be designed and operated based on the agreed international standards for certification which are accepted by WTO members;
 - all Facilities or Operators are treated equally and preferential treatment is not given, particularly in relation to nonconformities, risk assessments and certification decisions as this may be considered a barrier to entry;
 - certification decisions are demonstrably reasonable and proportionate to the circumstances;
- How the Program is incorporated, acknowledged or mandated by legislative obligations governing the Australian and international livestock trade, in order not to be criticised as a technical barrier to trade. This is low risk given the Program is not currently proposed to be a technical regulation (ie a Standard that is explicitly specified in regulation). Even if it were to become a technical regulation, WTO members may establish technical barriers to trade on environmental, health or cultural grounds.
- Risks are likely to arise whenever there is significant ambiguity, particularly a failure to define nonconformance triggers, processes and outcomes and any inconsistent terminology. Any further development should ensure this risk is considered.

- Nonconformance processes, decisions and actions must be proportionate and demonstrably in accordance with principles of natural justice. There is no reasonable basis to take action and impose conditions on Facilities and Operators on an unsubstantiated possibility.
- The Program Owner and Approved Certification Bodies have power and scope to make certification decisions on matters materially affecting participants. As such, the Program Owner or Approved Certification Bodies should ensure they provide sufficient reasons for any such decisions to allow the participant to make an informed decision on how to proceed, including whether there is merit in challenging the decision. By requiring Approved Certification Bodies to fulfill the requirements of ISO/IEC 17065 each must have an appeals procedure.
- The Program Owner reserves certain rights in relation to setting alternative surveillance frequencies or activities. Imposing additional frequencies under this power should be demonstrably supported and reasonable with transparent reasons proportionate to the circumstances.
- The contracting of the Approved Certification Bodies should be undertaken in a contestable fashion and legally rigorous agreements must be in place with any selected Approved Certification Bodies.
- Once the intellectual property has been transferred from MLA to the Program Owner, the Program Owner should take the necessary steps to protect this intellectual property, which predominantly requires trade mark applications to be made for the certification marks and logos in all countries the Program will operate in, as well as potential countries.
- While a preliminary scan of foreign countries' animal welfare legislation was undertaken under this Project, it may be prudent to undertake a more detailed analysis contrasting such legislation with the Certification Requirements.
- Given some employees will have insight into commercial practices within supply chains, consideration should be given to some form of restriction being placed on employees for a period of time which prevents them from working with any organisation that may be perceived to benefit from such knowledge.
- If required, legal aspects to any licensing of the use of the Program's intellectual property, for example for use on packaging or by approved service providers etc. This would include the drafting of licensing agreements.
- Intellectual property protection through trade marking and securing business, trading and domain names in all countries the Program may operate in.

6.6. LGAP Standards

The following qualifications were made in the foundation research:

The Program should not be so prescriptive so as to necessarily require the use of standardised templates for reporting or the adoption of universal standard operating procedures to demonstrate conformance. Program participants should be able to apply their own systems and procedures provided they gain the confidence of the auditor that the program standards are being met.

The Program standards must be developed in consideration that the Program may be implemented in Australia as well as in Australia's live export markets, to deliver a whole-of-chain outcome. This will have implications for the standardisation of OIE guidelines.

These statements remain true and the LGAP Standards (as well as the materials) that have been developed under this Project are designed to be outcome focused rather than prescriptive in nature and the use of Levels allows for the application of OIE principles in varying ways.

In considering these qualifications and this Project, it is recommended that the Program Owner:

- adopt the LGAP Standards in Appendix 25 as unanimously agreed by the LGAP Standards Committee and release these as the first edition of the LGAP Standards; and
- reestablish an LGAP Standards Committee as per the process provided in Appendix 18 and in consideration of the budget model at Appendix 14.

The LGAP Standards Committee governance arrangements have been established through the Project. It is recommended that these be reviewed and reconfirmed by the Board and Managing Director and then the nomination process undertaken to reestablish the LGAP Standards Committee under the purview of the Program Owner.

This may include Committee members who were on the Project's LGAP Standards Committee in order to provide continuity.

The following qualifications were made in the foundation research:

To facilitate implementation and adoption, it is recommended that the Program be introduced as a flat structured program, but with the flexibility to enable tiers to be introduced at a later stage, if required.

This statement does not remain true and, in consideration of the research it is recommended that the three Levels developed under this Project be adopted.

6.6.1. Future considerations

It is recommended that, post-implementation, the Program Owner and LGAP Standards Committee consider the feasibility of incorporating the following topics under the family of LGAP Standards:

- requirements for the sourcing and preparation of livestock for export (eg incorporate ASEL requirements under the Program Owner);
- requirements for cross-border crossings;
- requirements for the management of breeding livestock;
- requirements for food safety and hygiene, where market support for such an initiative is obtained;
- specific requirements related to specific markets, where those markets have special requirements (e.g. Israel, Vietnam, China);
- specific requirements related to specific retail or finished product supply chains (e.g. supermarket or restaurant/catering chains).

In addition, to reflect the recommendations from the Farmer Review for a whole-of-supply-chain quality assurance system, consideration should be given to leveraging the investment the livestock export industry has made in the Program through the possible expansion of the LGAP Standards back on-farm in Australian.

6.7. Certification Rules

It is recommended that the Program Owner:

- adopt the Certification Rules as they stand in Appendix 26 allowing for minor reconsideration once the Program Owner structure has been established but not fundamentally changing the basis for the Certification Rules outside of the consultative and informed process that has gone into their construction.
- establish a five-person Rules and Integrity Committee as per section 5.2 and in consideration of the budget model at Appendix 14.

In doing so, the following will be required to be developed:

- Terms of reference;
- Code of conduct; and
- Member deed.

This is not to say the Certification Rules should not be modified but rather they should only be materially modified through an appropriately informed process; that is, utilising the recommended Rules and Integrity Committee.

In adopting the Certification Rules, the Program Owner should continually monitor the application of these Certification Rules carefully and any necessary changes should be considered by the Rules and Integrity Committee.

6.7.1. Certification Bodies and Auditors

The following statement was made in the foundation research:

The implementation of the Program recommended through W.LIV.3014 was considered to be a logical and appropriate way to address the issue of auditor competence. The delivery of a consistent and capable audit process was identified as being critical to the success of the Program.

This statement remains true and it is therefore recommended that, rather than allowing individual Facilities and Operators to approach and contract individual certification bodies and auditors, the process of appointing Approved Certification Bodies and Approved Auditors be centralised under the Program Owner structure and:

- is consistent with the Certification Rules in Appendix 26;
- utilises the competitive tender process developed and trialed through the pilot, materials for which has been updated to reflect changes identified through the pilot and are subsequently provided in Appendix 6; and
- utilises the Certification Agreement as drafted in Appendix 37.

This will inject greater impartiality in the audit process, deliver control and visibility into Approved Certification Body, Approved Auditor, Facility and Operator performance for the Program Owner and also provide an opportunity for the Program Owner to negotiate service level agreements and competitive auditing and certification rates with suppliers. Greater certainty and a commitment in terms of audit volumes in various geographic locations will, however, be a key requirement in negotiating a competitive rate with Approved Certification Bodies (refer section 6.11).

The following should also be considered in relation to Approved Certification Bodies and Approved Auditors being selected to operate under the Program:

- In order to minimise travel costs, the Approved Certification Body must be able to ensure Approved Auditors are in close proximity to Operators and Facilities and audits are conducted based on milk runs.
- Approved Auditors will require advance notice of audits to allow scheduling. It is unlikely that audits can be conducted immediately upon request and with little notice as Approved Auditors generally have audits scheduled 30-90 days out. Greater flexibility should be anticipated as the Program becomes established and the Program can give commitments in terms of audit volumes to Certification Bodies (refer section 6.11). The Program Owner should consider the feasibility of allowing fast tracked audits to be available on a fee-for-service basis.

- Securing and managing Approved Certification Bodies will represent a significant effort for the Program Owner during implementation. Such effort will be required initially; however, this may reduce over time as the Program stabilises. It is conceivable that this will require a full time resource in the first 12 months of implementation, although this depends on uptake. The current resource provisions in the budget allow for this.

6.8. LGAP CS

The following were stated in the foundation research:

A centralised management system be introduced that will assist units [participants] in the adoption of and conformance with the Program Standards and Rules.

Traceability should not be managed through the central management system as customised and often complex commercial systems have been introduced within supply chains to provide assurance according to the requirements of ESCAS in this regard.

These statements remain true and it is therefore recommended that the LGAP CS developed under this Project be adopted by the Program Owner as the mechanism to monitor conformance with the Certification Requirements.

It is recommended that the contract for the LGAP CS between Compliance Experts and MLA be transferred to the Program Owner.

In order to avoid the occurrence of an Operator adding *any* Facility to their supply chain, as opposed to *only* a Facility that is in their supply chain, it is recommended that the Program Owner consider the feasibility of implementing a two-step verification process into the supply chain building component of the LGAP CS.

The LGAP CS was developed for the Project in English; however, it does support many other languages. It is recommended that the Program Owner arrange for the LGAP internal audit questionnaire to be translated into other languages as appropriate to markets in which the Program would be implemented in.

It is further recommended that provision be made for a second staged environment to host a duplicate system to use for testing and training. This will ensure any updates or training can be conducted in a quarantined system without impacting live data.

6.9. Marketing and communications

Marketing and communication (Mar/Coms) activities will be essential to the implementation and ongoing adoption of the Program.

It is recommended that the Program Owner establish the company and Program's brand identity. While a certification mark is being developed as part of the Project, a style guide and branding guidelines will be required.

It is recommended that the Mar/Coms approach in Appendix 38 be reviewed by the Managing Director, Program Manager and Mar/Coms resource and considered in the development of a comprehensive marketing and communications strategy.

It is important to consider that the Mar/Coms approach is based on:

- a) the assumption that an implementation decision has been made by Industry; and
- b) the recommendations in this report are adopted.

In addition, it is recommended that the Program Owner establish a crisis management plan which outlines the necessary steps, policies and approaches should a number of 'crisis issues' arise. Such issues may include but are not limited to:

- initial criticism of the Program from animal welfare and activist groups including a probable inundation of reports of possible nonconformance;
- allegations of nonconforming practices by a Certified Operator or Facility; and
- the management of animals by an Operator or Facility where their certification status has been suspended or withdrawn.

6.10. Implementation decision

Many of the recommendations provided relate to implementation; however, a number of recommendations have also been formulated in an effort to assist Industry in making an implementation decision.

6.10.1. Decision timeframe

In marketing, it is considered that people generally have a 90 day 'memory' which represents the time that can reasonably elapse between engagement activities before people forget the engagement (and therefore the subject of the engagement).

It is recommended that Industry consider a decision timeframe of less than 90 days from the submission of this final report to allow for a seamless transition from development to implementation and ensure stakeholders remain aware of the Program and its intent.

If this timeframe is not achievable, Industry should:

- be cognisant of the likelihood of stakeholders becoming disengaged with the process and the diminution in understanding of the Program concepts and basis; and therefore:
- make resourcing and budgetary provisions for a far greater reengagement effort in the timeframe between submission of this report, an implementation decision and actual implementation and Program start-up.

6.10.2. Criteria for implementation decision

In order to ensure an objective assessment and basis for an implementation decision, criteria for such a decision should be established collaboratively between the Project Stakeholders.

While it is recognised cost and funding will be major considerations, and without limiting the criteria used, further suggested criteria include that the Program be:

- Enabling - the sustainability of the industry;
- Practical - considering the variables and objectives that must be met;
- Workable – understanding the resourcing that will be required (and has been provided for) to assist in implementation and beyond;
- Robust - using high-quality, competent auditors and certification bodies that meet internationally agreed standards of practice and are independent of the Program Owner, Operators and Facilities;
- Responsive - able to adapt overtime based on market drivers and Industry developments; and
- Acceptable - to the Government as ESCAS equivalent, as well as other governments.

In addition, a commitment should be sought from exporters that the budgeted 300 Facilities and Operators certified under the Program in the first year will be forthcoming.

6.10.3. Funding

The following were stated in the foundation research:

The cost to both industry and the Australian Government of administering ESCAS is significant, opportunity exists to reduce this cost through introduction of a Program.

The cost of implementing the Program will be significant and as one of the primary beneficiaries of the Program, the Australian Government should be approached to contribute to the establishment costs.

These statements remain true and the six-year budget model provided shows that the average total cost of the Program is \$7.1 million per year (with a \$2.9 million annual average deficit) which is less than the estimated annual Industry-Government cost of ESCAS (reportedly \$17 million per year).

Considering this and without limiting opportunities, it is recommended that funding for the establishment of the Program and the first six-years of operation be sourced from the Project Funding Partners which includes the Australian Government.

The degree and conditions of this funding would be negotiated between the Funding Partners; however, consideration should be given to:

- basing funding on in-principle agreement for the first six years with the first year of member-derived revenue paid upfront to the Program Owner from the Funding Partners;
- ensuring that other parties not be precluded from contributing funding to the Program's start-up or ongoing operation;
- the potential of leveraging funding currently utilised under the LEP to support the Program training. It is anticipated much of the LEP training to support ESCAS compliance could be reduced and redirected to support Program conformance.

6.11. Initiation and Market Commitment

It is recommended that implementation be initiated in a controlled, phased approach, preferably by country or region. This would 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, it is recommended that a minimum commitment of 50 audits per country or region be 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, it is recommended that only one Approved Certification Body 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.

In order to assist the Program Owner in making this commitment and in order to determine which market to implement the Program in and in which order, a 'Market Commitment' should be secured. This would constitute 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 should implementation in that market occur. It is recommended that this would occur on a first market, first served basis and allow the Program to be phased in over time. Once a Market Commitment is secured, it is recommended the 'go-to-market approach' outlined in Appendix 38 should be applied.

6.12. Foreign government engagement

The following were stated in the foundation research:

The introduction of a Program was seen as a potential mechanism for improving access to markets which have resisted the requirements of ESCAS, primarily due to the perception of Australian Government interference in sovereign affairs.

Business to business and government to government discussions will need to be considered in implementation (while emphasising the independence of the Program). Government to government discussions will need to be diplomatic and mindful of the implications of the introduction of the Program for different government portfolios within importing countries.

These statements remain true and in consideration of this, as the Program will operate in sovereign jurisdictions, 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.

It is recommended that the steps required to secure this acceptance and support be established and undertaken as a matter of priority. This may require Industry-Industry, Industry-government and Government-government engagement.

6.13. Cost alternatives

The following options may be considered by Industry in order to reduce costs:

- Reduce the size of the Board and/or committees, understanding that these were established through the consultation process as being representational and that the Standards Committee make-up has followed international expectations for such a committee. Combining the committees would not be feasible as it would undermine the impartiality of the Certification Rules and the LGAP Standards.
- Remove the investigative component of the Program, understanding that this was explicitly requested by the Consultative Committee and is designed to protect the integrity of the Program and presents one avenue in which exporters may, over time, be able to reduce their in-market investment in personnel.
- Reduce the provision of training, understanding that Approved Auditors require a certain amount of training and, particularly in the early stages, training will be crucial for Facilities and Operators to understand some of the newer Program components.
- Reduce the audit frequency assigned to the risk ratings, understanding that the purpose of the risk rating and audit frequency is to encourage continual improvement among Facilities and in many cases a financial incentive is the most effective way to foster improvement. The reduction of the number of audits also reduces the administrative margin which will impact revenue.
- Introduce user-pays for the training provided to Operators and Facilities and potentially increase the margin against Approved Auditor training.
- Reduce the human resources employed by the Program Owner, understanding that these numbers have been estimated through the consultation process based on likely volumes and expected issues that may require managing.
- Contract appropriately skilled employees located outside of Australia, understanding that this may influence the long-term culture of the company.
- Utilise a virtual office in which employees work remotely using their own facilities, understanding there are cultural, legal and work health and safety aspects to this.

The following was stated in the foundation research:

The cost of complying with ESCAS has placed Australia at a comparative disadvantage to international competitors who do not have to comply with ESCAS. This Program should be implemented to allow for and encourage international participation and presents a significant opportunity for improving global animal welfare standards and should be promoted as such.

The Program has been structured to realise this potential and in order to increase revenue to offset costs, the opportunity exists to expand the Program outside of the exclusive use of the Australian livestock export market.

7. Implementation plan

The Project Team was required to prepare an implementation plan that would guide the go-to-market approach, should the Industry proceed with implementation.

Some components of implementation were identified early in the development Project as those that would be required to be undertaken concurrently in order to avoid any delay between the stages and while they are being undertaken under the Project, they also appear in the implementation plan.

A 12-month implementation plan has been prepared (Appendix 39) and considers six components along with a go-to-market, or communications approach.

1. **Governance**
Activities required to finalise and establish the Program Owner structure
2. **Finance**
Activities required to establish solvency of the Program Owner
3. **Resources**
Resources required to administer the Program
4. **Operations**
Processes and procedures that will be required by the Program Owner
5. **ICT**
Management and administrative considerations for the LGAP CS
6. **Mar/Coms**
Activities relating to confirming marketing and communication activities

This implementation plan is based on:

- c) the assumption that an implementation decision has been made by Industry; and
- d) the recommendations in this report are adopted.

Much of the implementation plan detail can only be determined once Industry has made a decision and the Program has been established. Specific details of this implementation cannot be determined at this point in time while the Program is in a hypothetical and conceptual state as the Program Owner Board and Managing Director will have to make decisions collectively.

Appendix 1: Project terms of reference

Appendix 2: Consultative Committee Charter

Appendix 3: Consultative Committee members

Name	Role	Organisation
Adam Armstrong	Member - Exporter Representative, Airfreight livestock	Lembiru Livestock Pty Ltd
Narelle Clegg	Member - Department of Agriculture Representative	Department of Agriculture
Wayne Collier	Member - Live Export R&D Organisation Representative	LiveCorp
Peter Cory	Member - Exporter Representative, Short-haul Cattle	South East Asian Livestock Services Pty Ltd (S.E.A.L.S)
Nick Daws	<i>Member - Exporter Representative, Long-haul Sheep and Cattle</i>	Emanuel Exports (WALEA Chairman)
Kevin Doyle	Member - Animal Welfare Representative	Australian Veterinary Association
Peter Dundon	Member - Export Markets Representative	Meat & Livestock Australia
Sharon Dundon	Project Sponsor - Producer R&D Organisation Representative	Meat & Livestock Australia
David Jarvie	Exporter Representative, Cross Species-Cross Regions	Wellard
David Kennedy	<i>Chair</i>	Independent
Alison Penfold	Member - Industry/Government Communications & Engagement Representative	Australian Livestock Exporters' Council
Michael Schroder	Exporter Representative, Cross Species-Cross Regions	Elders International
Angela Schuster	Project Manager	Schuster Consulting Group
Peter Schuster	Industry Liaison	Schuster Consulting Group
Tom Slaughter	Member - Exporter Representative, Short/medium-haul Cattle	Australian Rural Exports (AUSTREX)
Scott Turner	Member - Department of Agriculture Representative	Department of Agriculture

Appendix 4: Agreed items for concurrent implementation activities

Background

Meat & Livestock Australia has asked Schuster Consulting Group Pty Limited (SCG) to consider project managing the activities related to the implementation of the Livestock Global Assurance Program (LGAP) which will run concurrently with W.LIV.3027.

The Terms of Reference and scope of work under W.LIV.3027 does not extend to implementation activities and thus such activities have not been planned or budgeted under the existing engagement contract. The tasks SCG would be required to manage in addition to those described under W.LIV.3027 can be summarised as follows:

- Attaining financial and legal advice regarding the Program and Program Owner
- Managing of the establishment of the Program structure and Owner
- Managing the establishment of the standards committee and the operation of this committee up until the conclusion of W.LIV.3027
- Managing of the Certification Body pilot process
- Managing the development of the Program identity and logo

Project management would therefore be required for the following tasks:

- **Financial/legal advice**
 - Approach one financial and one legal adviser.
 - Engage with those providers directly under contract to SCG.
 - Work with the financial advisor to confirm the final operational budget and fee structure for participants and members.
 - Work with the legal advisor to ensuring there are no international barriers from a trade/regulatory perspective.
 - Work with the legal advisor on establishing the company constitution and objects.
- **Certification Body**
 - Management of the intensive tendering and appointment of pilot CBs+.
 - Engage with the CBs directly under contract to SCG.

- **Management of the Standards Committee process***
 - Management of approaches to nominating organisations and logistics with nominations.
 - Collating comments on first draft of Standards and review.
 - Management of public comment - releasing Standard, responding to questions, posting FAQs on site in response, collating public comments and reviewing.
 - Managing (limited) communications during this process - in conjunction with LiveCorp communications, issuing media releases at key stages~ during period, responding to questions through the issuing of FAQs to the LGAP website.
 - Agenda preparation, arranging meeting logistics, recording of changes to the Standard agreed in meeting, confirming these with the Committee.
 - Managing communications with the Committee throughout the process.
 - Management of ballot process including securing approval.
 - Professional editing and layout of the final approved Standard and project management of the publishing of the Standard.

- **Establishment of Program structure**
 - Provide guidance in relation to the establishment of the Program Owner^ (company registration, establishment of officeholders, registered office etc).
 - Facilitate legal assistance and advice during this process.
 - Assistance, as requested, with transfer of IP and copyright from MLA to the Program Owner for all materials.
 - Assistance, as requested, with transfer of licensing agreements for the IT system from MLA to the Program Owner.

- **Certification mark development (logo)**
 - Preparation of design brief (program vision, objectives with brand identity etc).
 - Selection of one identity designer of SCG's choosing (direct approach, no tender).
 - Management of creative workshop (designer and Project Sponsors).
 - Management of graphic designer and delivery of design concepts.

- Liaison with Project Sponsor personnel to consider and short list design concepts.
- Management of the designer to deliver logo and style/usage guide for the Rules.

Contracts

SCG will directly contract the following:

- The financial advisor
- The legal advisor
- Identity/logo designer
- Certification Bodies for pilot

Project completion

This component will be considered complete once relevant governance documents for the Program Owner have been drafted, the operational budget has been confirmed, the logo is developed and the Standards have been approved through the ballot process.

NOTES:

* SCG Project Manager time in attendance at Committee meetings **is not included** the project management component and therefore be drawn from the Committee remuneration budget, if SCG personnel are required to record minutes in place of LEP staff, a small portion of the Committee budget will also be required to cover this.

~ Key stages are at: Public release, after ballot, at final release.

+ The management of three CBs during the pilot is covered under W.LIV.3027.

^ Company structure is based on it being set up in Australia (it may be relocated).

Out of scope:

- No tendering or public proposal or selection process for service providers has been costed (other than Certification Bodies). SCG will, in consultation with Project Sponsor Organisations, appoint service providers that have the competence and capability to undertake the tasks required in the required budget.
- Financial advice does not include identifying cost recovery options, although the appointed advisor may provide limited input into this process. SCG believes this to be an Industry obligation until implementation is decided upon and a Program Owner established.

- Payment of time and expenses under this arrangement would not extend to the participation of any of the members of the project team engaged through W.LIV.3027 on the Standards Committee. This is included in the Committee remuneration budget.
- Communications of the Standards Committee process is limited to communications on the process (as identified above) and does not include stakeholder communications, 1:1 etc. If any major issues arise during this process, this would be managed by the LiveCorp communications resource or ALEC.
- Layout and publishing of the approved Standard is in PDF, any creation of online or app version may occur at the Program Owner's discretion once established but is not allowed for under this proposal.
- The gaining of consensus support for design concepts beyond the relevant CEOs and managers from the Program Sponsor Organisations.
- Any requirement to consider international membership or approaches, this will be the Program Owner's responsibility if implemented.
- Management of recruitment and appointment of Program Owner personnel (position description, advertising, interviews, shortlist, evaluation group, appointment).
- Management of Board establishment process.

Anything requested not specified above that SCG believes materially changes its estimated resource commitment.

Appendix 5: Agreed scope of communication and consultation

Background

In the application for W.LIV.3027, the project team included a component of the project to allow for '**Industry Liaison**'.

In the itemised budget provided with the application, the following was included in this component:

- Liaison with key stakeholder representatives throughout the process. Participate in concentrated and strategic consultation with key stakeholders.
- Secure exporter commitment to three pilots: 1 x Middle East supply chain (sheep), 1 x South East Asian supply chain (goats), 1 x Indonesian supply chain (cattle).
- Liaise with exporter and in-market representatives, undertake trial audits of all facilities in all pilots including assisting in implementing Standards and program requirements in-market. Monitor progress in-market.

It was intended that much of the liaison would occur at the most critical stage of the project; this being the pilot.

The liaison role was intended to provide a conduit between the project team and the stakeholder organisations. Stakeholder organisations were principally assumed to be MLA, ALEC and LiveCorp. It was assumed that communication and consultation activities outside of the pilot to other parties (principally exporters and in-market facilities) would be undertaken principally by the stakeholder stakeholders with the Project Team providing necessary, but limited, support to this process.

In September 2014 the need for communication and marketing activities were identified by the Project Team and a solution proposed. This was not accepted by the stakeholder organisations with the understanding that these activities would be undertaken by the stakeholder organisations. As such, communication activities remained out of the scope of the Project Team.

Even with the addition of a communications resource within LiveCorp responsible for communication, requests made by the stakeholder organisations to SCG for assistance with communication and consultation increased beyond SCG expectations.

From 1 April 2015, the approach in Table A1 was applied when considering engagement/liaison activities requested of the Project Team.

A1: Scope clarification regarding communication and consultation

In scope	Out of scope
Liaison with domestic impacted stakeholders - group sessions/road shows (may be individuals as part of a road show).	Face to face meetings with domestic impacted stakeholders - one offs/individuals (excluding CC Reps or pilot participants).
Presentations to key program sponsor organisations (MLA, LiveCorp, ALEC) – general project meetings, CEOs, Boards and LERDAC.	Development of general communication materials, third-party presentations or speaking points, FAQs, Webinars, workshops, extensive revisions of plans or materials.
Direct in-market liaison with pilot participants in-market throughout the pilot process	Direct in-market liaison with in-market impacted stakeholders - pre-pilot (excluding pilot participants in lead up to pilot).
Contribution to general messaging for dissemination to a broader target audience including Animal welfare groups, Certification Bodies, Service Providers, Producer groups, Peak industry councils, the Department /Govt.	Direct personal liaison with interested parties outside of pilot selection process, including Animal welfare groups, Certification Bodies, Service Providers, Producer groups, Peak industry councils, the Department /Govt (other than Consultative Committee Reps) etc.
Communication with Consultative Committee Representative.	Direct consultation with those organisations represented on the Consultative Committee other than via the Consultative Committee Representative, with the exception of the key program sponsor organisations, eg Government, state organisations of ALEC, LEP in-market staff etc.
Liaison with Certification Bodies selected for pilot (pre, during and post pilot).	More than 1 resource requested to do in scope activities.
Liaison with pilot exporters, importers and facilities selected for pilot (pre, during and post pilot).	
Attendance at industry forums: ALEC General Meeting (1), LiveEx (1).	

Other items not identified within the scope above will be considered to be out of scope.

Appendix 6: Compilation of written updates and briefings

- Project update - 1 February 2016
- Project update - 7 January 2016
- Project update - 15 December 2015
- Project update - 11 November 2015
- Project update - 27 October 2015
- Project update - 22 October 2015
- Project update - 9 October 2015
- Project update - 29 September 2015
- Project update - 18 August 2015
- Briefing paper - 12 August 2015
- LGAP Briefing Paper - 1 July 2015
- LGAP update - 26 June 2015
- LGAP update - 3 June 2015
- LGAP milestone report - 9 April 2015
- LGAP status report - 2 April 2015
- LGAP status report - 26 March 2015
- LGAP status report - 2 February 2015
- LGAP status report - 17 November 2014
- LGAP status report - 14 October 2014
- LGAP status report - 23 September 2014
- LGAP status report - 18 September 2014
- Project overview - 17 September 2014
- LGAP status report - 8 September 2014
- LGAP status report - 19 August 2014
- LGAP status report - 8 August 2014
- LGAP status report - July 2014

Appendix 7: Summary of project approach

The following summarises the detailed project plan originally developed by SCG and agreed by stakeholders. This includes specific tasks and timeframes as well as the status. Additional requests that were made to the Project Team as the project progressed have been included and highlighted as per the key.

Key

	Out of scope but accommodated by Project Team within project.		Out of scope requiring change to project funding and timeframe.
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Item	Status
Project planning	
Identification of stakeholder consultation group.	Completed - Jul 2014.
Project initiation meeting with key stakeholders.	Meeting held - 16 Jul 2014
Development of project plan and timeframes	Completed - Aug 2014
Detailed work breakdown structures	Completed - Aug 2014
Establishment of Consultative Committee and Committee Charter.	First CC meeting held - 12 Sep 2014
Program structure/Governance	
Identify and review scheme ownership, governance and management options.	Completed - CC endorsed Nov 2014.
Confirm responsibilities and requirements of the program stakeholders.	Completed - Nov 2014.
Investigate alternative management, governance and ownership arrangements.	Completed - Nov 2014.
Establish cost estimates and pros/cons of each as well as cost-recovery models.	Preliminary cost-recovery models identified - Feb 2015. Further progression dependent on funding approval to undertake financial and legal consultation - Achieved July. Completed - Dec 2015.
Consider investigative function under the Program Owner and different models.	Completed.
Consider cost comparisons between the proposed program and ESCAS.	Completed.

Item	Status
Prepare and present recommended arrangements and cost estimates.	<p>Preliminary findings presented to CC - 9 Sep, 21 Nov 2014 and 27 Feb, 1 May 2015.</p> <p>Further progression dependent on funding approval to undertake financial and legal consultation - Achieved July.</p> <p>Completed - Dec 2015.</p>
Engage one financial and one legal adviser directly under contract to SCG.	<p>Costs of this were defined as out of scope.</p> <p>Further progression dependent on funding approval - Achieved Jul 2015.</p> <p>Approached - Sep 2015.</p>
Work with the legal advisor to ensuring there are no barriers from a trade/regulatory perspective.	Completed - CC accepted 9 Oct 2015.
Work with the financial advisor to confirm the final operational budget and fee structure for participants and members.	<p>Completed - Dec 2015.</p> <p>To be reviewed by CC - 14 Jan 2016.</p>
Work with the legal advisor on establishing the company constitution and objects.	<p>Completed - Dec 2015.</p> <p>To be reviewed by CC - 14 Jan 2016.</p>
Management of the legal establishment of the Program Owner (company registration, establishment of officeholders, registered office etc) and establishment of a 'shelf company', ready to be acted upon if industry decides to implement.	Pending further advice from stakeholders.
Assistance, as requested in relation to transfer of IP, copyright and licensing agreements from MLA to the Program Owner for primary program components.	Pending further advice from stakeholders.
Rules development	
Develop a framework for assessments	Completed - Dec 2014.
Establish the frequency and details of surveillance activities.	Completed - Apr 2015.
Present two drafts of the Rules to the Consultative Committee.	<p>Preliminary components provided to CC - 21 Nov 2014 and 27 Feb 2015.</p> <p>First complete draft presented - 1 May 2015.</p> <p>Second complete draft endorsed - 15 May 2015.</p>

Item	Status
Develop methodology to include Exporters as certified entities.	Completed - issue identified 27 Feb, final option endorsed by CC - 1 May 2015.
Redevelop scopes of certification to include a third level and expand to include operators.	Completed - Nov 2015.
Finalise Rules based on feedback and pilot.	Pending - for consideration by CC - 14 Jan 2016.
Standards development	
Identify all relevant animal welfare, traceability, control, quality assurance and risk management requirements.	Completed - Jan 2015.
Identify relevant scientific basis for animal welfare requirements and outcome measures to monitor conformance.	Completed - Jan 2015.
Present two drafts of the Standards to the Consultative Committee.	First Initial Draft presented to CC - 27 Feb 2015. Second Initial Draft presented to CC - 1 May 2015.
Define non-conformities, categorisations, tolerances, sanctions.	Completed - Aug 2015.
Establish process for identifying/monitoring non-conformities, corrective actions etc.	Completed - Aug 2015.
Finalise Standards based on feedback.	Completed - CC endorsed 5 Aug 2015.
Establish international Standards Committee	
Develop terms of reference and establish nomination process and necessary agreements.	Costs of this were defined as out of scope. Further progression dependent on funding approval - Achieved Jul 2015. Completed - Oct 2015.
Invite nominations and establish.	Completed - Nov 2015.
Convene inaugural Standards Committee meeting.	Completed - 19-20 Nov 2015
Release Public Comment Draft of Standards.	Completed - 30 Nov 2015.
Facilitate 60-day public comment period.	Pending - public comment period open 30 Nov 2015 until 29 Jan 2016.
Convene second Standards Committee meeting to consider public comments and agree final LGAP Standards.	Pending - meeting scheduled for 7-8 Mar 2016.

Item	Status
Release LGAP Standards to stakeholders.	Pending - due 31 Mar 2016
Materials development	
Review relevant existing materials and identify gaps/areas for modification	Completed - Jun 2015.
Develop (or repurpose existing) preliminary materials that Facilities and Operators will require (preliminary training and templates).	Preliminary materials completed - 31 Dec 2015. Pending finalisation of pilot - Feb 2016.
Develop (or repurpose existing) preliminary materials that will be required by the Program Owner operationally (auditor guidance and relevant policies) .	Preliminary materials completed - 31 Dec 2015. Pending finalisation of pilot - Feb 2016.
Management system	
Establish user requirements, use cases, inputs/outputs, user numbers, user roles.	Completed - Feb 2015.
Define the features and functions a technology solution would require.	Completed - Feb 2015.
Research existing systems and establish capability and costs for existing systems.	Completed by Tender process commenced - Feb 2015.
Establish pros and cons of build vs buy and recommend options to the Consultative Committee.	Completed - Feb 2015.
Appoint provider and commence build.	CC endorsed - 15 May 2015. Dependent on funding approval - Achieved Jul 2015. Commenced - Jul 2015.
Manage the tendering, development/configuration and piloting.	Completed - system operational Oct 2015 for pilot.
Manage the updating of the system based on pilot.	Pending - Jan 2016.
Logo development	
Preparation of design brief (program vision, objectives with brand identity etc).	Costs of this were defined as out of scope. Further progression dependent on funding approval - Achieved Jul 2015. Pending further advice from stakeholders.

Item	Status
Management of graphic designer and delivery of design concepts.	Pending further advice from stakeholders.
Liaison with Project Sponsor to consider and short list design concepts.	Pending further advice from stakeholders.
Management of the designer to deliver logo and style/usage guide for the Rules.	Pending further advice from stakeholders.
Pilot and finalisation	
Secure exporter assistance for three pilot sites through an expression of interest process.	Completed - CC endorsed 19 Jun 2016.
Pilot expanded to include exporter certification.	Completed - CC endorsed 19 Jun 2016.
Pilot process expanded to include selection of Certification Bodies through tender process.	Costs of this were defined as out of scope. Further progression dependent on funding approval - Achieved Jul 2015. Completed - Sep 2015.
Appoint Certification Bodies and Auditors, undertake necessary training.	Costs of this were defined as out of scope. Further progression dependent on funding approval - Achieved Jul 2015. Completed - Oct 2015.
Pilot - Liaise with exporters, assist Facilities to become 'audit ready', monitor.	Completed - Oct 2015.
Undertake trial audits of all Facilities in all pilots, monitor.	Completed Dec 2015-Jan 2016.
Review pilot findings and report on outcomes to Consultative Committee.	Preliminary findings - 31 Dec 2015. Final findings - 14 Jan 2015.
Make necessary adjustments to structure, IT system, Standards, Rules or materials etc.	Pending - Feb 2016.
Handover	
Finalise documentation.	Pending - Feb 2016.
Migrate program components to custodian.	Pending - Feb 2016.
Prepare and submit Final Report.	Pending - Feb 2016.

Appendix 8: Detailed project plan

The following provides the detailed project plan as developed at the commencement of the project and presented to the project initiation meeting attendees, LERDAC and at the inaugural Consultative Committee meeting.

Task Name	Start Date	End Date	Assigned To	Complete
LGAP Development	10/07/14	28/03/16		100%
1.0 Project Planning	10/07/14	14/09/14		100%
Prepare presentations as allocated in Agenda	10/07/14	14/07/14	Angela Schuster	100%
Project Team and Stakeholder Planning Session	16/07/14	16/07/14	ALL	100%
Draft project plan - circulate for agreement	17/07/14	21/07/14	Angela Schuster	100%
Feedback from Project Team received and project plan finalised.	22/07/14	22/07/14	ALL	100%
Develop draft Consultative Committee charter.	17/07/14	18/07/14	Angela Schuster	100%
Circulate draft Consultative Committee charter to Stakeholders.	25/07/14	25/07/14	Angela Schuster	100%
Recruit Consultative Committee members.	31/07/14	08/08/14	Angela Schuster	100%
Prepare agenda for inaugural Consultative Committee meeting.	01/09/14	02/09/14	Angela Schuster	100%
Meeting - Consultative Committee (Sydney).	14/09/14	14/09/14	Angela Schuster	100%
2.0 Program/Management Structure/Governance	28/07/14	21/11/14		100%
Investigate alternative management, governance and ownership arrangements.	28/07/14	01/08/14	Greg Jewson	100%
Establish cost recovery models.	01/08/14	05/08/14	Angela Schuster	100%
Prepare options.	01/08/14	05/08/14	Greg Jewson	100%
Provide draft arrangements to SCG Team	02/09/14	02/09/14	Greg Jewson	100%
SCG Team meeting to discuss arrangements and further planning	05/09/14	05/09/14	Angela Schuster	100%
Finalise arrangements based on SCG Team feedback	08/09/14	10/09/14	Greg Jewson	100%

Task Name	Start Date	End Date	Assigned To	Complete
Provide overview to Consultative Committee for consideration - shortlist of options	12/09/14	12/09/14	Angela Schuster	100%
Establish cost estimates for consideration by financial advisor.	15/09/14	26/09/14	Angela Schuster	100%
Handover to stakeholders to establish agreed structures.	15/09/14	21/11/14	Angela Schuster	100%
3.0 Standards Development	23/07/14	05/06/15		100%
Establish framework/structure and scope for Standards	23/07/14	14/08/14	Angela Schuster	100%
Identify all relevant animal welfare requirements that require consideration.	23/07/14	29/07/14	Leisha Hewitt	100%
Identify areas of possible contention within the Standards and overall program.	30/07/14	05/08/14	Leisha Hewitt	100%
Identify relevant scientific basis with which to justify requirements.	06/08/14	12/08/14	Leisha Hewitt	100%
Identify and evaluate the use of outcome measures in systems.	15/09/14	19/09/14	Leisha Hewitt	100%
Develop outcome measures to monitor compliance.	15/09/14	19/09/14	Leisha Hewitt	100%
Define non-conformities, categorisations, tolerances and sanctions.	15/09/14	19/09/14	Leisha Hewitt	100%
Establish process for identifying/monitoring non-conformities, corrective actions etc.	22/09/14	24/09/14	Leisha Hewitt	100%
Prepare first draft of complete Standards including measures, non conformities (v0.1).	20/10/14	21/11/14	Leisha Hewitt	100%
Circulate draft of Standards to Project Team (version 0.1)	24/11/14	24/11/14	Leisha Hewitt	100%
Teleconference - Project Team, discuss draft of Standards (version 0.1)	25/11/14	25/11/14	ALL	100%
Final feedback from Project Team on draft of Standards due (version 0.1).	26/11/14	06/01/15	ALL	100%
Prepare second draft of Standards based on Project Team feedback (version 0.2).	07/01/15	17/02/15	Leisha Hewitt	100%
Circulate draft Standards to the Consultative Committee (version 0.2).	18/02/15	26/02/15	Angela Schuster	100%

Task Name	Start Date	End Date	Assigned To	Complete
Meeting - Consultative Committee, discuss draft of Standards (version 0.2).	27/02/15	27/02/15	Angela Schuster	100%
Final feedback from Consultative Committee on draft Standards due (v 0.2).	02/03/15	20/03/15	Angela Schuster	100%
Prepare third draft of Standards based on Consultative Committee feedback (v 0.3).	23/03/15	17/04/15	ALL	100%
Circulate draft Standards to the Program Consultative Committee (version 0.3).	20/04/15	28/04/15	Angela Schuster	100%
Meeting - Consultative Committee, discuss draft of Standards (version 0.3).	29/04/15	29/04/15	Angela Schuster	100%
Final feedback from Consultative Committee on draft Standards due (version 0.3).	30/04/15	27/05/15	ALL	100%
Finalise Standards based on feedback (version 1.0).	28/05/15	05/06/15	ALL	100%
4.0 Framework for Assessments and Surveillance	22/09/14	29/05/15		100%
Develop a framework for assessments.	22/09/14	26/09/14	Angela Schuster	100%
Establish the frequency and details of surveillance activities.	29/09/14	10/10/14	Angela Schuster	100%
Prepare first draft of assessment and surveillance arrangements (version 0.1).	13/10/14	21/11/14	Angela Schuster	100%
Draft of assessment and surveillance arrangements to Project Team (v0.1)	24/11/14	16/01/15	Angela Schuster	100%
Teleconference - Project Team, discuss draft arrangements (version 0.1)	19/01/15	19/01/15	ALL	100%
Final feedback from Project Team on draft arrangements due (version 0.1).	20/01/15	09/03/15	ALL	100%
Prepare second draft arrangements based on Project Team feedback (v 0.2).	10/03/15	29/04/15	Angela Schuster	100%
Circulate draft arrangements to the Consultative Committee (version 0.2).	30/04/15	30/04/15	Angela Schuster	100%
Meeting - Consultative Committee, discuss draft arrangements (version 0.2).	01/05/15	01/05/15	Angela Schuster	100%
Final feedback from Consultative Committee on draft arrangements due (version 0.2).	04/05/15	29/05/15	Angela Schuster	100%

Task Name	Start Date	End Date	Assigned To	Complete
Finalise assessment and surveillance arrangements based on feedback (version 1.0).			Angela Schuster	100%
5.0 Reporting Requirements and Processes	22/09/14	09/01/15		100%
Confirm data that is required to be collected and the required outputs.	22/09/14	31/10/14	Angela Schuster	100%
Establish workflow processes and outputs.	03/11/14	09/01/15	Angela Schuster	100%
6.0 Rules development	22/09/14	05/05/15		100%
Draft Rules and Standards for Certification Bodies and overall Program Rules	22/09/14	06/02/15	Graeme Drake	100%
Circulate draft Rules to Project Team (version 0.1)	09/02/15	09/02/15	Graeme Drake	100%
Teleconference - SCG Project Team, discuss draft Rules (version 0.1)	10/02/15	10/02/15	ALL	100%
Final feedback from Project Team on draft Rules due (version 0.1).	11/02/15	19/02/15	ALL	100%
Prepare second draft Rules based on Project Team feedback (version 0.2).	20/02/15	29/04/15	Graeme Drake	100%
Circulate draft Rules to the Consultative Committee (version 0.3).	30/04/15	30/04/15	Angela Schuster	100%
Meeting - Consultative Committee, discuss draft Rules (version 0.3).	01/05/15	01/05/15	Angela Schuster	100%
Finalise Rules based on feedback (version 1.0).	04/05/15	05/05/15	Graeme Drake	100%
7.0 Program materials	08/06/15	31/12/15		100%
Review all existing materials and identify gaps	08/06/15	17/07/15	Delphine Puxty	100%
Develop missing draft materials that nodes/facilities will require	20/07/15	28/08/15	Delphine Puxty	100%
Develop missing draft materials that will be required operationally.	31/08/15	09/10/15	Delphine Puxty	100%
Develop missing draft training materials	12/10/15	31/12/15	Delphine Puxty	100%

Task Name	Start Date	End Date	Assigned To	Complete
8.0 Management System	12/01/15	26/02/16		100%
Establish user requirements, use cases, inputs/outputs, user numbers, user roles.	12/01/15	20/01/15	Stacey Dybendahl	100%
Define the features and functions a technology solution would require.	21/01/15	10/02/15	Stacey Dybendahl	100%
Research existing systems and establish capability and costs for existing systems.	11/02/15	24/02/15	Stacey Dybendahl	100%
System demos	25/02/15	16/03/15	ALL	100%
Prepare recommendations for options.	17/03/15	30/03/15	Stacey Dybendahl	100%
Circulate recommendations to Project Team (version 0.1)	31/03/15	31/03/15	Stacey Dybendahl	100%
Teleconference - Project Team, discuss draft recommendations (version 0.1)	01/04/15	01/04/15	ALL	100%
Final feedback from Project Team on draft recommendations due (version 0.1).	02/04/15	10/04/15	ALL	100%
Prepare final recommendations based on Project Team feedback (version 1.0).	13/04/15	14/05/15	Stacey Dybendahl	100%
Meeting - Consultative Committee, discuss recommendations (version 1.0).	15/05/15	15/05/15	Angela Schuster	100%
Consultative Committee agree IT system solution	15/05/15	15/05/15	Angela Schuster	100%
Manage the development/configuration and testing of the system.	18/05/15	25/09/15	Stacey Dybendahl	100%
Manage the refinement of the system based on testing and pilot.	28/09/15	26/02/16	Stacey Dybendahl	100%
9.0 Pilot	10/05/15	11/02/16		100%
Secure exporter commitment to three pilots.	10/05/15	08/06/15	Peter Schuster	100%
Pilot - Liaise with exporters, set up facilities, monitor progress	28/09/15	04/12/15	Peter Schuster	100%
Undertake trial audits of all facilities in all pilots - monitor progress in-market.	07/12/15	15/01/16	Angela Schuster	100%

Task Name	Start Date	End Date	Assigned To	Complete
Review pilot findings and prepare pilot report.	23/12/15	29/12/15	Peter Schuster	100%
Circulate pilot report to Project Team.	30/12/15	30/12/15	Angela Schuster	100%
Circulate pilot report to Consultative Committee.	31/12/15	31/12/15	Angela Schuster	100%
Meeting - Consultative Committee, discuss pilot outcomes and next steps.	14/01/16	14/01/16	Angela Schuster	100%
Make necessary adjustments to structure, Standards, Rules or materials etc.	15/01/16	11/02/16	ALL	100%
10.0 Delivery of Final Materials and Report	02/02/16	28/03/16		100%
Finalise all materials, prepare final report, implementation plan etc	02/02/16	29/02/16	ALL	100%
Handover of all materials, Standards, system etc to MLA/LiveCorp	01/03/16	28/03/16	Angela Schuster	100%

Appendix 9: Program Owner models and analysis

An overview of the three shortlisted proposed ownership models and an analysis of these that was considered by the Consultative Committee.

Appendix 10: Draft model Constitution

As drafted in consultation with the Consultative Committee and Clayton Utz.

Appendix 11: Legal advisory report

The report provided by Clayton Utz and considered by the Consultative Committee.

Appendix 12: Summary six-year operational budget

A summary six-year operational budget based on Project research, consultation and Ferrier Hodgson's model (Appendix 14).

This should be considered in conjunction with the explanatory notes at Appendix 13.

Appendix 13: Explanatory notes to the budget

As provided in reference to the summary budget at Appendix 12 and the detailed budget model at Appendix 14.

Appendix 14: Detailed budget model

Based on the model provided by Ferrier Hodgson noting that the detailed model is not exactly the original version provided by Ferrier Hodgson as the Consultative Committee has recommended amendments to these figures since it was submitted.

Not complied in this report - refer separate Excel files.

Appendix 15: Standards development process

Guidelines and expectations from organisations such as ISO and the WTO of any organisation setting standards and the standards development process.

Appendix 16: Basis for LGAP Standards

The majority of items considered in the development of the LGAP Standards.

Appendix 17: Additional research papers relating to Standards

Two additional research papers undertaken in order to establish further basis for some components of the LGAP Standards.

Appendix 18: LGAP Standards Committee governance documents

Necessary documentation required to appropriately constitute and convene the LGAP Standards Committee:

- LGAP Standards Committee Terms of Reference (Appendix 18A)
- Letter of invitation (customised for nominating organisation) (Appendix 18B)
- Information paper related to the LGAP Standards Committee and the standards development process (Appendix 18C)
- Nominating Organization Code of Conduct (Appendix 18D)
- Committee Member Code of Conduct (Appendix 18E)
- Committee Member Deed (Appendix 18F)

Appendix 19: LGAP Standards Committee members

As at 31 January 2016, membership of the LGAP Standards was comprised of the following individuals:

Member	Role	Nominating Organisation
Mr Peter Cory	Exporter Representative (S.E.A.L.S)	Australian Livestock Exporters Council
Mr Graeme Drake	Standards and Conformity Assessment Advisor	LGAP Consultative Committee
Mr Jason Hatchett	Livestock related business - Asia Representative	PT Elders Indonesia
Dr Leisha Hewitt	Animal welfare and health - research and science - Advisor	LGAP Consultative Committee
Dr David Kennedy	Independent Chair	LGAP Consultative Committee
Dr Joffrid Mackett	Research Project Sponsors Representative	Meat & Livestock Australia and LiveCorp
Dr Mahmoud Yousef Odeh	Livestock related business - MENA Representative	Meat & Livestock Australia MENA
Mr Tim O'Donnell	Exporter Representative (Wellard Rural Exports)	Australian Livestock Exporters Council
Mrs Angela Schuster	Project Manager	LGAP Consultative Committee
Dr Peter Thornber	International animal welfare - Adviser	International Animal Welfare Consultants Ltd

Appendix 20: Letter announcing public comment

Letter from Dr Kennedy, Chair of the LGAP Standards Committee announcing the commencement of the 60-day public comment period on the LGAP Standards.

Appendix 21: List of organisations that were directly notified of the public comment period

List of organisations the letter announcing the opening of the comment period was sent to directly. Understanding the expectation was that these organisations would further distribute the information through their own networks and in addition to media announcements.

Appendix 22: Official Comments Template

The Official Comments Template used to receive and consider comments on the LGAP Standards. The template includes instructions for commenting.

Appendix 23: Open letter from the LGAP Standards Committee Chair

Open letter which the Chair of the LGAP Standards Committee provided to all respondents, including those who chose not to follow the prescribed process, explaining the public comment process.

Appendix 24: LGAP Standards Committee Determinations

The public comment process provided for comments to be received in-confidence. Given the scrutiny of the process that had been experienced, the LGAP Standards Committee agreed that a compilation of comments without identifying information and including the LGAP Standards Committee's determinations would be included in this report.

This Appendix provides the *LGAP Standards Public Comment - Determination* documents for:

- LGAP 1001 *Livestock assurance - Requirements for animal welfare and management* (Appendix 24A)
- LGAP 1002 *Livestock assurance - Requirements for the management system of Operators and Facilities* (Appendix 24B)
- LGAP 1003 *Livestock assurance - Requirements for Operator chain of custody* (Appendix 24C)

No comments were received on LGAP 1000 *Livestock assurance - Fundamentals and vocabulary*.

Appendix 25: LGAP Standards

Having considered the public comments and made final changes to the Draft LGAP Standards, the LGAP Standards Committee unanimously resolved that the LGAP Standards, as amended at the meeting on 7-8 March 2016, had been finalised and could proceed to publication.

This Appendix provides the LGAP Standards, as unanimously agreed by the LGAP Standards Committee, which are:

- LGAP 1000 *Livestock assurance - Fundamentals and vocabulary* (Appendix 25A)
- LGAP 1001 *Livestock assurance - Requirements for animal welfare and management* (Appendix 25B)
- LGAP 1002 *Livestock assurance - Requirements for the management system of Operators and Facilities* (Appendix 25C)
- LGAP 1003 *Livestock assurance - Requirements for Operator chain of custody* (Appendix 25D)

Appendix 26: Certification Rules

Appendix 27: Additional research paper relating to risk

An additional paper documented research and scientific evidence in relation to risks posed to animal welfare through with slaughter with and without stunning and certain methods of restraint. This was considered by the Consultative Committee during the development of the risk assessment.

Appendix 28: Program Owner internal complaints and appeals procedures

The complaints and appeals procedures development for use internally by the Program Owner as part of its own management system.

Appendix 29: LGAP CS technical requirements

The requirements of the Program's IT system developed as part of the Project.

Refer Excel workbook

Appendix 30: Business process workflows

The business process workflows represent the exchanges that occur through the certification pathway and where the LGAP CS is required to interact with these processes.

Not complied in this report - refer separate PDF and Excel files.

- LGAP 001 - Operator/Facility application flowchart (Excel) (Appendix 30A)
- LGAP 002 - Operator/Facility certification flowchart (Excel) (Appendix 30B)
- LGAP 003 - Operator/Facility surveillance flowchart (Excel) (Appendix 30C)
- LGAP 004 - User account management flow chart (Excel) (Appendix 30D)
- LGAP 005 - Exporter management flowchart (Excel) (Appendix 30E)
- LGAP 006 - Certification body application flowchart (Excel) (Appendix 30F)
- LGAP 007 - Approval process for Certification Bodies and Auditors (PDF) (Appendix 30G)

Appendix 31: LGAP CS vendor terms of reference

Terms of reference used to source a technology solution to underpin the Program.

Appendix 32: Supporting materials and resources

Supporting materials and resources for LGAP. Not including those already referenced in other Appendices or to be provided by Compliance Experts.

Not complied in this report - refer separate PDF, Word and PowerPoint files.

- LGAP Auditor Guidance (Appendix 32A)
- LGAP PowerPoint Presentation template (Appendix 32B)
- LGAP Management System Manual (Appendix 32C)
- LGAP animal welfare training program (Appendix 32D)
- LGAP auditor training program (Appendix 32E)
- LGAP and the pathway to certification introductory program (Appendix 32F)
- LGAP management system training program (Appendix 32G)
- LGAP Operator and Facility Guidance Manual (Appendix 32H)
- LGAP Approved Certification Body training program (Appendix 32I)

Appendix 33: Pilot Evaluation Report

Outcomes of the Program pilot.

Appendix 34: Draft Consent to Act as Director (template)

Appendix 35: Draft Consent to Act as Company Secretary (template)

Appendix 36: Terms of reference for Certification Bodies

Terms of reference for use in securing Certification Bodies under the Program by way of competitive tender. These were developed and trialed through the pilot and subsequently updated based on pilot outcomes.

Appendix 37: Draft Certification Agreement

Draft Certification Agreement which should exist between the Program Owner and the Certification Bodies.

Appendix 38: Marketing and communications approach

Appendix 39: Implementation plan

Refer Excel workbook.