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To: RRAT, Committee (SEN)

Subject: Agriculture Fisheries and Forestry legislation Bill(no.2) 2004

To the Senate Rural, Regional and Transport Affairs Committee:

Re: Agriculture, Fisheries and Forestry Legislation Bill (no. 2) 2004

The changes being proposed to the AMLI 97 act, via the above bill, are being brought about by AFFA, as a response to the Keniry report, however present legislation clearly permits the Minister to impose a custom charge to collect marketing and research funds, if, as in the present situation, the voluntary contributions of the industry are inadequate to support such activities. The Bill is proposing that the funds that would normally be disbursed to the MLA, would now go directly to LiveCorp, whereas a maintenance of existing legislation would see no diversion of funding from MLA.

The Minister is claiming that the role of the MLA in the development, management and implementation of research and quality systems, in conjunction with LiveCorp, will now be more efficiently regulated and implemented if industry replaces the MLA. This is predicted to enhance appropriate allocation of funds for projects that address best-practice standards in live-export. The current arrangements for the development and dissemination of quality assurance systems pertinent to live-export, are initiated by LiveCorp, who sit on committees within MLA, and hence have direct input into the outcomes of proposals and funding. The strategic imperatives to improve ALES and operating practices among live-exporters, are devised by LiveCorp with LASC, who then in consultation with other stakeholders like AUS-MEAT, acquire funding from MLA, dependent on whether sufficient funds have been collected from the industry.

The consultation process via MLA has a far greater stake-holder representation from it's member producers, contributing sectors of the red-meat industry as well as AUS-MEAT whose activities it funds. AUS-MEAT in particular co-ordinates the auditing of relevant parts of the live-export process for accreditation as well as assists individual exporters establish a quality assurance system. If LiveCorp would be given the status of Live-Export Industry marketing and research body and derive it's industry funding as opposed to the MLA, despite possible involvement with producer-organisation, standards bodies and other sectors of the red-meat industry, it is indisputable that the greatest influence on subsequent policies would be exerted from live-exporters. The clear need to implement outstanding changes to failures in quality assurance systems will continue to be compromised by the economic considerations of it's exporter members.

Another serious issue that LiveCorp has failed in the past is in regards to accountability to both government bodies and the community. Due to MLA's significant membership among primary producers, peak bodies and standards organisation, it has led to a strong reputation of transparency, mainly due to it's internal management by representatives of disparate organisational objectives. LiveCorp, if it became custodian of custom-derived funding, would be inherently under less compulsion to divulge information on consultative processes and funding decisions to the wider live-stock industry as it has in the past with verifiable sources of mortality records such as Masters and veterinarian reports.

The Keniry report of 2004, the Independent Reference Group reports of 2002 and 2000, all attest to the entrenched lack of outcomes and significant initiatives that have resulted in a critical level of mis-management of Industry and the subsequent loss of the industry role as accreditor and self-regulator.

The proposal by the Minister to then, alter the status of LiveCorp to become a Live-Export Industry research and development body, when all the other sectors of the red-meat industry, undertake progressive and auditable improvements to quality assurance, while existing efficiently under the project co-ordination and consultation of the Industry marketing and research body, MLA, seems to neglect the long history of poor accountability, transparency and monitoring by LiveCorp in relation to exporters performance.

The economic power that the legislative change will confer onto LiveCorp, may, as the Minister believes, raise standards of industry adherence to re-evaluated quality assurance systems, from increased funding from compulsory levies.

However, the industry has been subject to two detailed inquiries over the period of seven years, creating relatively insignificant changes in the quality assurance standards due to the failure to incorporate in LEAP, standards for the road transport of sheep and goats, protocols for feedlotting and pre-departure preparation of sheep, protocols for the inspection verification by veterinarians, among a few.

It also continues to define industry objectives as adhering to out-comes based systems rather than prescriptive standards which industry cites in their falling mortality statistics yet verification of these remain an issue where in the APLEI inquiry 2002, AQIS admitted that their "Live Animal Export Program....had no capacity for program development, training, audit or investigations" with additionally, " no capacity to audit 3rd party veterinarians..." and the Keniry report found that the AQIS auditing framework was still inadequate with it's own procedures for auditing under-developed.

While AQIS, has according to the Rural, Regional and Transport Affairs senate inquiry in to the Agriculture, Fisheries and Forestry(Export Control)Bill 2004, heard that AQIS will be increasing audits on live-export operations including dock-side checks for every shipment, it remains to be seen whether the crucial voyage period will be monitored independently by AQIS, and in significant number of voyages to ensure compliance by veterinarians, hired by the exporters, to the accurate reporting of mortality figures. Yet cost-considerations have been voiced by AQIS, in the implementation of extensive physical auditing.

In light of such persistent issues of credibility, AQIS will be charging exporters for the increased time of export-inspection and verification, that will amount to a marked rise in previous pre-departure costs to the exporter. In regards to how industry may choose to use its funding, the following is an extract from the explanatory memorandum to the AMLI (export licensing) Regulations 1998;

In reference to the licensing arrangements with AQIS, it states that the use of " LEAP accreditation to constitute this test will result in significant cost savings to industry compared to alternative arrangements government would have to develop.....The costs of developing and maintaining such arrangements would have to be recovered by industry as AQIS operates on a cost-recovery basis." The memorandum explicitly states "that the cost of any random audit program { by AQIS } will be met from Industry funds contributed to LiveCorp." It is also explicit in identifying the restriction that prevents " the imposition of levies to fund the administration { of AQIS licensing }.....as there is no power under the meat reform legislation to impose levies for this purpose"

LiveCorp, since its inception, has been a service-delivery body that has tried primarily to facilitate the economic goals of its members but as the above statements identify, LiveCorp uses member-contributions to fund not only research and marketing but also 3rd-party compliance audits and due to legislation has been unable to gather levies to pay for AQIS inspection and certification charges.

The change in legislation will enable LiveCorp to use funds for research and development and in addition, to help exporters meet the steep increases in AQIS inspection-associated costs. The establishment of quality assurance systems and maintaining the surveillance of exporters will be less susceptible to compliance issues due to the new national standards that have been extended to include all aspects of the export process, across species and regional variance, that will be underpinned by upgraded AMLI 98 and ECA 82 legislation that reference each other. Therefore, LiveCorp has a very diminished role as an enforcer and auditor of the licensing and permit arrangements. It has also chosen to return the role of industry research and development to MLA, if the legislation is passed. Thereby, the new legislation comes at a time when the primary use of the money should be directed to ongoing projects as well as those yet to be implemented to enable the regular upgrading of the mandatory new national standards.

The live-export industry culture prevalent in 1998, upon the advent of LiveCorp, which pushed for self-regulation as well as the contestability of 3rd-party veterinarian provisions, in favour of economic viability, was in the 2004 Keniry inquiry criticised for an "approach {that} has been, in the main, reactive and based on incremental improvements to the current arrangements rather than vigorously analysing the underlying cause of the problems and seeking to address them." To then provide legislatively for further powers especially in relation to the disbursement and regulation of funds, seems to be a Governmental action that ignores the wide criticism of the industry received during the Cormo Express incident as well as in previous inquiries and recurring major export disasters.

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