



Australian Government

Inspector-General of Animal Welfare  
and Live Animal Exports

# Independent Observer Program

## Review of systems and processes

Review report 2024/01



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### **Credits**

The source of data for all figures and tables is the Department of Agriculture, Fisheries and Forestry unless otherwise noted.

### **Review team and acknowledgements**

Mr Glenn McMellon, Ms Sharra Lannan and Ms Clare Hamilton assisted the inspector-general in this review.

The inspector-general gratefully acknowledges the cooperation and advice of the Australian Government Department of Agriculture, Fisheries and Forestry and those who provided submissions and input into this review.

### **Acknowledgement of Country**

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

# Contents

<b>Summary .....</b>	<b>v</b>
<b>Review process .....</b>	<b>vii</b>
Objectives .....	vii
Scope .....	vii
Out of scope.....	vii
Potential risks .....	vii
Methodology .....	viii
<b>Recommendations and department responses.....</b>	<b>ix</b>
Recommendation 1 .....	ix
Recommendation 2 .....	ix
Recommendation 3 .....	ix
<b>1 Background.....</b>	<b>1</b>
1.1 Legislation.....	1
1.2 Animal welfare.....	1
1.3 History .....	1
1.4 Independent observer program overview .....	2
<b>2 Changes to the IO program.....</b>	<b>3</b>
2.1 History of the IO program.....	3
2.2 Deployment policy and proposed changes .....	4
2.3 Voyages unable to accommodate an IO deployment .....	6
2.4 Observations.....	6
<b>3 Roles and responsibilities .....</b>	<b>9</b>
3.1 Exporters.....	9
3.2 Stockpersons.....	9
3.3 Australian accredited veterinarians.....	9
3.4 Independent observers .....	10
3.5 Independent observer program .....	10
3.6 Observations.....	11
<b>4 Deployment of IOs .....</b>	<b>14</b>
4.1 Non-deployment.....	14
4.2 Assessing the effectiveness of IOs on livestock voyages.....	16
4.3 Observations.....	16
<b>5 Alternative technology .....</b>	<b>18</b>
5.1 Department initiative .....	18

5.2	Industry initiative.....	19
5.3	Observations.....	20
<b>6</b>	<b>Stakeholder concerns.....</b>	<b>22</b>
6.1	Shared concerns .....	22
6.2	Animal welfare groups.....	22
6.3	Industry.....	23
	<b>Appendix A: Department’s response.....</b>	<b>24</b>
	Department’s response .....	26
	<b>Appendix B: Previous reviews.....</b>	<b>27</b>
	<b>References.....</b>	<b>28</b>

## Tables

Table 1	Voyages with an independent observer deployed by animal type .....	15
Table B1	Independent Observer program reviews and recommendations.....	27

## Figures

Figure 1	Number of IO deployments per year from 2018 to 2023 .....	8
Figure 2	Independent Observer voyage deployment status 2023.....	14

# Summary

The Inspector-General of Animal Welfare and Live Animal Exports (IGAWLAE) initiated this review to assess the department's management of the Independent Observer (IO) program. Since its inception the program has undergone various changes and disruptions and has been viewed from various, differing perspectives by industry and welfare groups. Given these concerns and different viewpoints, the inspector-general considered it appropriate to examine the effectiveness of the current IO program in providing regulatory assurance about the welfare of livestock exported by sea; the processes, policies and systems that support the program, and to identify any improvements needed.

The IO program began in 2018 on the initiative of the Minister for Agriculture in response to television footage showing unacceptable animal welfare outcomes and management onboard a sheep livestock carrier over five voyages. The mortality rate for one voyage exceeded the reportable level. Due to the urgency to address the animal welfare concerns, the IO program was hastily implemented, without the time for adequate preparation. IO deployments increased rapidly, using personnel with varied backgrounds and expertise. This situation proved unsustainable. In October 2019, information gathered across 150 voyages led to the department adopting a more risk-based approach. Further policy and deployment changes have been considered but are still pending implementation. In March 2020, COVID-19 travel bans forced a suspension of the program.

Since re-starting in May 2022, the program has operated with far fewer IOs being deployed across the whole livestock export industry. In administering the program, the department has faced various significant challenges. The difficulty in obtaining visas at very short notice, shipboard safety concerns and the unavailability of IOs due to short lead times or scheduling conflicts have seriously hampered deployments. However, the most common reason for an IO not being deployed is an exporter using a statutory declaration as evidence an IO cannot be accommodated aboard a vessel. Welfare groups assert that this is often a questionable 'ruse' to avoid the commitment and cost of having an IO on board. It has also been suggested that spreading the cost of IO deployments across the whole export industry would reduce any inappropriate use of statutory declarations.

As the title suggests, the primary focus/purpose of an IO is to observe (and report) the various activities, environmental conditions and behaviours that are relevant to the health and welfare of livestock during a voyage. They also perform systems assurance activities. This is logical and consistent with the title; however, an IO can only be observing in one place (pen/deck) for a limited number of hours each day. In many livestock enterprises today the use of equipment and technology has greatly improved the ability to monitor the health and welfare of intensively housed livestock, for example in feedlots. Such technology could be implemented on vessels to support IOs and the department's assurance program.

Considerable progress has been made in the development and testing of monitoring equipment and associated data management to accurately identify individual animals and effectively check their health and welfare. During this review, the inspector-general met with LiveCorp, the industry's research and development corporation (RDC), and an external research company, Round Pixel. Both LiveCorp and Round Pixel have made considerable progress in developing relevant hardware and

software. There appears to be considerable overlap between these developments, and it would be useful and timely, if this technology could be trialled under actual voyage conditions.

It is essential this new technology can effectively record against criteria that are relevant in assessing the health and welfare of livestock aboard ships. This includes environmental conditions (temperature, humidity, ventilation), feed and water availability, pen space, animals' demeanour/behaviour and any clinical lesions. These requirements are not explicit in the Australian Standards for the Export of Livestock (ASEL). It is important that the department defines such requirements, as a matter of urgency. The inspector-general was informed that the department has yet to finalise this policy.

During this review, many individuals and organisations raised concerns regarding lengthy, unacceptable delays in providing IO voyage data. Consequently, exporters are often unable to take note of IO observations and recommendations and then initiate appropriate remedial action. The delay can be due to the complexity of the investigation or other business priorities.

There is a general perception that the IO program is not fulfilling its objectives. Animal welfare groups expressed concerns about a lack of regulatory compliance, citing recurring issues across subsequent reports, demonstrating that no effective changes have been made. Industry's biggest concern is the cost burden, borne by a relatively small number of exporters. Stakeholder feedback also suggest the department could improve clarity and communication with exporters, welfare organisations and the public. The fact that IOs are not being deployed on most voyages that meet the criteria for a deployment is evidence that the program's assurance objectives are not being met.

Although there is evidence that observers have identified some significant issues, and there have been some worthwhile improvements as a result, there remain meaningful challenges and concerns with the IO program that require urgent attention.

# Review process

## Objectives

The review examined the Department of Agriculture, Fisheries and Forestry's implementation and management of the independent observer (IO) program. The review focused on:

- The effectiveness of the IO program in providing regulatory assurance regarding the welfare of livestock exported by sea
- the processes, policies and systems that support the department's IO program
- changes that might be made to costing arrangements
- what improvements, should be made to the current arrangements.

## Scope

The scope of this review covered the department's requirements and activities for managing the IO program. The review considered:

- how the IO program has changed
- previous reviews or recommendations of the program
- IO roles and responsibilities
- the evaluation process for the program
- the department's risk matrix and assessment for deploying IOs
- livestock export industry concerns
- animal welfare organisation and community concerns
- alternative monitoring and reporting of livestock (health and welfare) during sea voyages
- the extent to which current requirements support the identification, mitigation, and management of risks to animal health and welfare
- reporting arrangements.

## Out of scope

This review did not examine:

- the full cost recovery arrangements currently associated with the IO program.

## Potential risks

This review examined potential risks, including the possibility that:

- the department's animal welfare risk management methodologies are inadequate or not applied correctly by staff
- the costs of risk mitigation measures are disproportionate to their level of effectiveness
- powers under the legislation are not adequate for managing risks
- the department lacks timely, effective internal mechanisms to identify and respond to emerging risks
- the department does not have sufficient resources or capabilities available to address risks

- standard operating procedures or instruction material used by department staff do not exist, are difficult to follow or are outdated
- the department's internal assurance activities do not identify areas of weakness.

## Methodology

During this review, the inspector-general:

- conducted an entry meeting with the department's executives to
  - explain the review's objectives and scope
  - identify risks related to the review
  - obtain initial background information about onboard monitoring and reporting
  - provide an opportunity for all parties to discuss the proposed review process
- conducted in-person, online meetings with key stakeholders
- invited submissions from stakeholders
- requested information and data from the department
- conducted a desktop audit of relevant department data and documentation (such as instructional material, policies and communications material)
- undertook fieldwork to discuss, observe and verify the department's procedures and operations
- discussed the feasibility of shipboard data capture/storage/retrieval, using remote monitoring equipment, with research contractors and the export industry
- developed a draft review report with key findings and recommendations
- conducted an exit meeting with department executives that
  - provided an overview of initial review findings
  - outlined the process release, response and draft report
- requested a fact check by the department's relevant line areas to correct any factual errors or misinterpretations of evidence, if necessary, and to provide further evidence
- requested the secretary provide a management response to the draft review report
- provided a final report to the Minister for Agriculture, Fisheries and Forestry and published it on the [Inspector-General of Animal Welfare and Live Animal Exports website](#).



# Recommendations and department responses

The department's response to the review is at [Appendix A](#).

## Recommendation 1

The department should implement its revised deployment policy to enable it to enforce the deployment of at least one independent observer per exporter per year regardless of their risk status.

### Department's response:

**Agreed**

The department acknowledges its current Independent Observer deployment policy needs to be strengthened.

The department is working to revise its deployment policy, including requiring a minimum number of Independent Observer deployments annually per exporter without exception.

## Recommendation 2

The department should develop an ongoing evaluation program to assess whether the IO program is achieving its objectives.

### Department's response:

**Agreed**

The department is developing of an enterprise-wide approach to evaluation under its Transformation Program. When implemented, this will facilitate improved evaluation of the Independent Observer program and regulation of livestock exports.

## Recommendation 3

As a high priority, the department should clearly define the measurements and parameters used to assess animal health and welfare with the intention of providing a basis to test the capability of modern technologies to supplement existing regulatory tools for livestock voyages.

### Department's response:

**Agreed**

The department:

- a) Acknowledges that, to be a modern and future ready regulator, the department should, where applicable, adopt technology to facilitate its regulatory processes as well as support industry to adopt technology which enables them to provide regulatory assurance to the department.

- b) Has already developed a suite of measurements and parameters to monitor animal health and welfare during voyages as part of the Australian Standards for the Export of Livestock (ASEL)
- c) Will continue to regularly review ASEL, including identifying or refining animal health and welfare indicators, including measurements and parameters.
- d) Is receptive to evaluating the efficacy of proposed technologies which provide data to support the assessment of the implementation of exporters' arrangements and their effectiveness at managing animal health and welfare.

A handwritten signature in black ink, appearing to read 'M. Bond'.

Dr Michael Bond

Acting Inspector-General of Animal Welfare and Live Animal Exports

20 August 2024

# 1 Background

## 1.1 Legislation

The Department of Agriculture, Fisheries and Forestry (the department) regulates the export of livestock under the *Export Control Act 2020* (the Act) and the Export Control (Animals) Rules 2021 (the Rules). The Australian Standards for the Export of Livestock (ASEL) stipulate the minimum animal health and welfare conditions required to export livestock. Independent observers (IO) are currently permanent roles filled by departmental officers deployed under the regulatory framework contained in Chapter 9 of the Act. However, there have also been occasions when other (non-departmental) staff have been engaged to undertake the IO role.

## 1.2 Animal welfare

The concept of animal welfare traditionally involved the internationally recognised ‘five freedoms’, which focused on basic conditions like freedom from hunger and discomfort. A better understanding of animal welfare, and a movement away from working towards unobtainable ‘ideal’ states, such as aiming to eliminate sensations of hunger and thirst, has led many policy makers to employ the ‘five domains model’.

The five domains model for animal welfare is a framework used to assess and improve the well-being of animals. It focuses on both physical and mental aspects to ensure a holistic understanding of an animal’s experience. There are four physical/functional domains (nutrition, environment, health, behaviour) and one mental domain that reflects the animal's overall welfare state understood in terms of its affective experiences (Mellor 2016). The ‘five domains model’ integrates physical and emotional aspects, providing a more detailed framework that considers not only the absence of negative experiences but also the presence of positive ones, ultimately aiming for a higher standard of animal welfare.

## 1.3 History

On 1 August 2017 the livestock carrier *MV Awassi Express* left Fremantle, Western Australia, carrying 63,804 sheep to Kuwait, Qatar and the United Arab Emirates. Over 2,400 sheep died from heat stress during the 23-day voyage. The voyage had a mortality rate of 3.76%, which exceeded the reportable 2% rate.

In 2018, television footage aired from this and four other *Awassi* voyages undermined public confidence in the treatment of animals in the livestock export trade and stimulated widespread negative community concern and comment. This resulted in 2 reviews (McCarthy 2018 and Moss 2018) of livestock exports and numerous recommendations aimed to address departmental and public concerns. Although it was not a direct recommendation, one outcome was the rapid creation and implementation of the IO program by the Minister for Agriculture. Previous inspector-general reviews have suggested that some of the program’s shortcomings were largely due to the haste with which it was introduced.

The first IO deployment was for a consignment of sheep and cattle to Turkey in April 2018. On 17 May 2018 the Minister for Agriculture announced that an IO would accompany every sea voyage carrying sheep or cattle, aimed to ensure compliance with animal welfare requirements:

I announce all boats, both sheep and cattle shipments, will have an independent observer on board, feeding back vision and reports to the independent regulator on a daily basis. On cattle boats, the phase in of the independent observers will take place over the coming months. This is about getting truth and proof from those boats (Littleproud, 2018).

## **1.4 Independent observer program overview**

The IO program is intended to provide assurance to the government, industry and community regarding the effectiveness of animal welfare management on board livestock export vessels. One of its key advantages lies in increasing transparency and providing additional insights into the conditions of livestock voyages, thus contributing to more informed and effective regulation. The IO program has identified and led to rectification of previously unreported issues on board livestock vessels, such as the need to ration fodder due to low reserve levels and the condition and management of faecal pads in pens, both of which can lead to poor animal health and welfare outcomes. Some observations and remedies have fed into updates to ASEL and required updates to exporters approved arrangements (AAs) and/or approved exports programs (AEPs).

A post-implementation review into the independent observer program noted that if the Australian community were to lose trust in the regulator, it would have significant implications. Any further incidents could lead to the loss of the live export industry's 'social licence' to operate. The review also found that reports from onboard Australian Government accredited veterinarians (AAVs) and stockpersons often lacked sufficient detail for the department to make informed regulatory decisions (DAWE and AMSA 2020).

## 2 Changes to the IO program

### 2.1 History of the IO program

On 7 July 2018, the department amended the Animals Order to introduce 2 types of AEPs. These were the exporter's AEP and the secretary's AEP. An exporter's AEP describes the activities that the AAV must perform. An AEP will also contain instructions for shipboard AAVs where relevant. The secretary's AEP outlines approved activities to be undertaken by an IO during a livestock export voyage (DAWR 2018). In response to the Minister's announcement, the department published an extensive export advisory notice (EAN 2018-14) detailing the IO program (DAWR 2018).

The program was intended to be implemented in 3 tranches: firstly, on long-haul voyages to the Middle East and North Africa; secondly, on voyages to China and SE Asia; and finally, the remaining destinations. Ultimately, this program was not fully implemented for various reasons including training, resourcing, accommodation availability, short notice visa applications and lack of adequate lifesaving equipment on vessels.

From 1 November 2018, the department directed exporters to undertake additional reporting requirements if an IO was not deployed on a voyage. These were:

- From day 2, to take and record three photos from 2 different decks, with deck choice rotated between all decks over the course of the voyage. Photos are to be taken from the same vantage point to demonstrate condition changes and include both well-maintained pens and those that deteriorated in condition as the voyage progressed.
- A small amount of video footage of the animals in the pens on day 2 and at the time of discharge.
- Responses to a checklist at voyage commencement, daily and at the end of each voyage.

After reviewing more than 50 voyages the department concluded that the additional reporting did not provide any significant benefit and largely discarded this reporting requirement in August 2019.

In October 2019, the department changed its deployment policy, from IOs being required on all voyages where practical, to a more risk-based approach. The risk was differentiated by criteria such as voyage length and whether the equator was crossed. This resulted in a reduction of 12-14 deployments (50% of total voyages) per month to around 8 (27% of total voyages).

As of 30 September 2019, IOs had been deployed on 188 voyages. Lessons learnt from those voyages provided a better understanding as to when an IO should be deployed. Industry supported a risk-based approach and conceded that the IO program had provided some transparency about conditions on livestock vessels (DAWE and AMSA 2020).

The department paused IO deployment on 17 March 2020 due to COVID 19 travel bans. The department advised industry (EAN 2020-03) that the pause would be in place for at least 3 weeks and additional reporting would be required. In fact, the pause lasted more than two years, with the IO program re-commencing on 1 May 2022.

During this pause, the department made several changes to the IO program. It transferred the deployment responsibility from the Veterinary Exports and Meat Branch to the Live Animal Exports Branch. The vision was for the IO's role to focus on assurance activities, a key element of which is to verify and report on the implementation of individual exporter arrangements and their effectiveness at managing animal health and welfare. It would also provide a systems assurance program (SAP) element on some voyages. The department reviews their systems and processes and ensure they are effective for the regulation of the live animal export trade through the SAP. The SAP also provides an opportunity for the department to receive targeted feedback from exporters, the relevant AAV's and stockpersons that then contribute to informing the most effective regulatory approach, systems, and processes.

The department moved from narrative reporting to targeted observational reporting and assurance activities. This was achieved by the development of a new IO reporting application. The application was designed to provide the department with consistent reporting, focusing on non-compliance, issue identification, management, rectification and reporting. The reporting process was accelerated and simplified by reducing the amount of free text and relying less on interpretation.

## **2.2 Deployment policy and proposed changes**

### **2.2.1 Current deployment policy**

Under the current deployment policy an exporter should prepare for an observer to accompany a voyage when:

- the voyage departs from ports south of latitude 26 degrees south and crossing the equator
- it is the first voyage undertaken following a notifiable mortality incident
- it is the first voyage of any new exporter or vessel
- the voyage is considered a long-haul voyage with any complex arrangements. This includes those with multiple ports of discharge, carrying buffalo or enacting management plans.

The department may also direct an observer to accompany any other voyages.

### **2.2.2 Proposed deployment policy changes**

In 2020, based on data gathered from previous IO deployments and input from industry and a public submission process, the department began to develop a more informed risk-based approach to the IO deployment policy. The initial policy weighted the risk based on country of export. Industry feedback resulted in another version of the policy being proposed. This version incorporated exporter and market risk into the frequency of deployments. A draft policy was developed which provided systems assurance elements and consideration of alternative arrangements to the deployment of an independent observer. However, these changes have not been implemented, in part due to delays resulting from the change of government in 2022.

Under the proposed draft policy, scheduling of the IO program will be divided into annual routine deployments and targeted deployments. The new model was designed to provide a streamlined and risk-based regulatory approach including enforcing minimum deployments on each exporter to address some of the barriers to deployment.

## **Routine deployments**

Each exporter is assigned to a 'tier' to denote the number of annual routine IO deployment/s, based on a risk assessment that considered species of livestock consigned, the complexities of the exporter's arrangements and the approximate voyage duration.

Tier 1 exporters have simple export arrangements, such as exporting livestock on short haul voyages (less than 10 days) with single port discharge; they are subject to one annual routine deployment.

Tier 2 exporters have more complex export arrangements, such as exporting higher risk species, consigning long-haul to countries such as China, Middle East, North Africa, Japan or Russia and/or multi-port discharge voyages; they are subject to 2 annual routine deployments.

High-risk consignments have very complex arrangements, such as voyages exceeding 31 days, travelling through the Middle East in the northern hemisphere summer period (1 May to 31 October), and/or carrying livestock for which there is limited industry and departmental knowledge, information, and experience, for example, camels and deer. High-risk consignments require an IO deployment on every voyage.

## **Targeted deployments**

Exporters may be subject to targeted IO deployment where non-compliance or poor animal welfare outcomes have been identified. These deployments focus on verifying that the exporter has implemented corrective actions to address issues identified by the department. Targeted deployments are used as a verification tool at the department's discretion, and as such do not necessarily follow every non-compliant voyage.

Targeted deployment may occur following:

- non-compliance with ASEL
- non-compliance with the exporter's AEP or voyage instructions
- poor animal welfare outcomes on previous voyages
- as a condition of granting an exemption to any legislative requirements.

New exporters will be required to have a targeted IO deployment on their maiden voyage. This first targeted deployment aims to provide assurance that the exporter has appropriate systems in place to manage the export of livestock. They will then be allocated 1 or 2 annual routine deployments, depending on the complexity of their export operations.

## **Alternative arrangements**

The department may consider alternative arrangements to an IO deployment. The exporter must demonstrate that the use of these alternative arrangements can provide an equivalent level of independent assurance to that provided by an IO.

In December 2021, the industry Roundtable Working Group asked the department to consider the use of technology as an alternative arrangement to independent observer deployment. In March 2022, the department agreed to collaborate and support industry-led trials of these types of alternatives.

Alternative arrangements considerations can include:

- verifying and reporting in line with IO role and purpose
- collecting photos and video evidence
- having reporting equivalency to an IO.

## 2.3 Voyages unable to accommodate an IO deployment

When a consignment meets deployment criteria, but an IO cannot be accommodated or deployed, the department may direct an exporter to comply with additional reporting requirements. The additional reporting may include environmental logger data, photographs and videos of livestock throughout the voyage and responses to daily checklist questions.

Evidence has always been required to demonstrate a vessel's inability to accommodate an IO on board. During the preparation of this review, the department updated the independent observer's page on their website to outline the (more explicit) supporting evidence an exporter should provide to demonstrate extenuating circumstances that may prevent an observer being accommodated on a vessel for a particular consignment (DAFF 2024b). The exporter needs to inform the department what actions have been taken to prepare for an observer, including discussions with shipping companies/vessel operators about accommodating the observer on the vessel. The exporter must also provide supporting evidence that there are extenuating circumstances and a statutory declaration that the supporting evidence is true and accurate to the best of their knowledge. Depending on the circumstances, supporting evidence may include but is not limited to:

- Original advice from the vessel operator regarding crew numbers and accommodation spaces onboard the vessel.
- Detailed reasoning for multiple reef pilots, when relevant.
- Recent vessel refurbishments that alter the number of accommodation spaces.
- Crew contract periods.

This information should be provided at least 10 business days before departure.

## 2.4 Observations

There was significant criticism from industry and other stakeholders regarding the need to deploy IOs on every voyage. Many exporters claimed that they were being unfairly treated. The well-publicised animal welfare issues on board the *Awassi Express* occurred on 5 voyages, with sheep consignments destined for the Middle East. By contrast, cattle exporters considered their consignments posed a low risk, particularly short-haul voyages to Indonesia.

In 2018 the department commenced the program quickly and increased its scale over a short timeframe. However, it was a logistically difficult exercise, with complex staffing, workplace health and safety, training, accommodation and reporting issues to overcome.

Initially, the department drew on departmental staff with relevant skills and backgrounds required to be IOs. Additional full-time IO staff had to be recruited to ensure adequate resourcing to deploy an IO on every voyage. The current pool of staff involved in the program is made up of 3 full-time



dedicated IOs and additional departmental staff who work in deployment and operational support. Due to uncertainty in deployment timing and the role on board, the IO position can be difficult. This has meant that the department continues to actively recruit IOs with relevant skills.

The training of IOs focused on corporate systems, processes, and onboard work health and safety requirements. Training has been progressively improved and refined over time, based on the experiences gained from the program, to include increased elements related to the regulatory role and reporting tasks, and the use of consistent reporting tools such as the Independent Observer application.

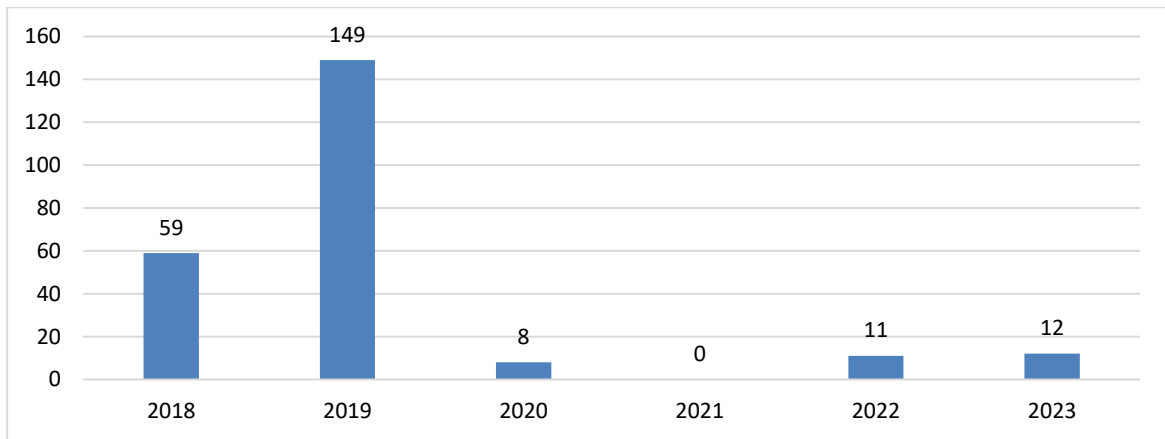
The implementation and use of the Independent Observer application has enabled the department to move from narrative reporting to targeted observational reporting. One of the features of this is the ability and practice of linking non-compliance to the ASEL requirement that has been breached, which should lead to better regulatory oversight.

The department may direct an exporter to comply with additional reporting requirements when a consignment meets deployment criteria, and an IO cannot be accommodated or deployed. Additional reporting was discarded towards the end of 2019, as the department believed it provided no real benefit. It was re-introduced during the COVID-19 bans to provide some element of assurance and is still used within the current policy. The additional reporting requirements have changed multiple times since they were initially introduced. The inspector-general heard from industry that some elements of the current requirements are too prescriptive. For example, the environmental measuring devices prescribed by the department are difficult to use, and don't collect enough data on which to base a practical assessment of animal welfare conditions. While the inspector-general understands the department was not required to consult with industry regarding this decision, he was made aware that the industry's RDC considered that a discussion with them could have led to solutions that were more suitable and had better outcomes.

In discussion with the department and industry regarding the current state of additional reporting requirements, both agree that directed spot-checking provides an increased level of regulatory assurance. To conduct a directed spot-check, the department contacts the vessel captain directly via email, copying the exporter and when available the AAV and stockperson/s, and issues a direction that within a specified period the AAV/stockperson is to provide photographs and/or footage of multiple specified pens and information about the animals in those pens. The element of 'randomness' and the department's ability to base selection on incoming data makes this a useful tool, when no alternative options are available.

Industry suggested to the department that every exporter should have 1 deployment per year, thereby providing some assurance across all exporters for the department. If the department implements the proposed changes to the deployment policy, approximately 50 voyages a year will be eligible for IO deployment, based on historical data. During 2022 and 2023, only 23 voyages departed with an IO on board. Figure 1 shows the number of IOs deployed since commencement in 2018.

**Figure 1 Number of IO deployments per year from 2018 to 2023**



The introduction of a more informed risk-based approach is a positive step forward, but the process has been extensively prolonged and under development for nearly 4 years.

Implementation of the proposed policy will help to provide more assurance to the department and industry regarding the expectations around the number of deployments. The new policy should also increase the assurances that lower-risk markets are still in fact, lower risk. However, the situation regarding the use of statutory declarations and the feasibility of IOs being accommodated aboard vessels needs to be addressed before policy changes will have any impact.

## 3 Roles and responsibilities

Under the *Export Control Act 2020* the secretary of the department (or a delegate) can direct an IO to undertake activities and report to the department on the implementation of onboard exporter activities. The exporter is accountable for managing animal health and welfare outcomes consistent with legislative requirements. However, the master of the vessel assumes overall responsibility for the management and care of the livestock during the voyage.

### 3.1 Exporters

The exporter is responsible for ensuring that livestock health and welfare is maintained to acceptable standards throughout the voyage. Under Section 311 of the *Export Control Act 2020*, the secretary may approve an AEP to be carried out by an accredited veterinarian for the purpose of ensuring the health and welfare of livestock. The AEP varies for each type of consignment, and it is dependent on the importing country requirements and the livestock class(es) and species. An AEP includes instructions for land-based AAVs pre-export activities and instructions for AAVs accompanying voyages by sea. Exporters are also responsible for employing accredited stockpersons.

The exporter must prepare written instructions for the handling and care of livestock being exported. The instructions may cover:

- handling and management requirements for each class of livestock on board
- quantity, type and frequency of feed and water to be provided (if not ad libitum)
- pen and deck cleaning and maintenance (including bedding requirements)
- general management requirements (including inspections, disease investigation and treatment)
- the authority to humanely destroy any animal that is seriously ill or injured.

### 3.2 Stockpersons

It is an ASEL requirement that all voyages must be accompanied by at least one accredited stockperson. The Australian Livestock Export Corporation Ltd (LiveCorp) accredit stockpersons for the management of livestock on vessels. Exporters employ stockpersons to care for and manage the stock and ensure compliance with ASEL during the voyage. Compliance with ASEL is primarily guided by the exporter's voyage instructions. If there is no AAV on board, the stockperson is responsible for providing daily and end-of-voyage reports to the department. These reports provide information on the health and welfare of the livestock as well as any mortalities. Stockpersons can also be required to provide additional reporting duties as prescribed by the department.

### 3.3 Australian accredited veterinarians

AAVs are Australian accredited non-government veterinarians who are contracted by the exporter to deliver veterinary services. Deployment of AAVs is determined on a case-by-case basis, or for specific reasons, such as voyages to the Middle East. The department can also require that an AAV accompany a voyage.

The shipboard AAV has two main roles during voyages:

- To undertake tasks during the voyage on behalf of the exporter to ensure livestock are cared for and managed in accordance with ASEL and the exporter's AEP.
- To monitor, keep and provide daily and end of voyage reports to the department in accordance with the Export Control (Animals) Rules 2021, ASEL and any direction given by the department.

### **3.4 Independent observers**

IOs monitor and review exporter arrangements on board livestock vessels. They perform observational and systems assurance activities. Their focus is to verify and report on the:

- implementation of individual exporter arrangements, this includes its AA and/or AEP
- activities undertaken by the on-board accredited veterinarian (AAV) or accredited stockperson
- exporter's effectiveness at managing animal health and welfare in accordance with ASEL.

The IO's day-to-day monitoring during the voyage include observing:

- loading and stocking density
- environmental conditions
- livestock health and welfare.

Observers should not take an active role in managing animals during the voyage. Their role is to observe whether the stockperson and/or AAV is conducting these activities in accordance with the exporter's AEP or voyage instructions. While monitoring AEP activities, the IO may identify a deficiency in the undertaking of the AEP by the AAV. Only in that circumstance, could the IO issue a direction, in writing, under section 314(2) requiring the AAV to remedy the deficiency.

While undertaking their roles, IOs record their observations and any photos or video evidence on the departmental Independent Observer application. The IOs submit voyage data to the department upon their return to Australia.

### **3.5 Independent observer program**

The IO program consists of 2 teams within the Live Animal Export Branch: the IO deployment team and the voyage management team.

The IO deployment team comprises of veterinary officers, IOs and administration support staff.

The role of the IO deployment team is to:

- recruit, train and onboard IOs
- allocate an IO to a voyage
- organise and manage pre and post deployment activities
- ensure necessary visas and documentation are prepared
- book domestic and international travel
- coordinate peer to peer review of voyage reports
- provide 24/7 point of contact support whilst an IO is deployed.

The voyage management team oversees the management of livestock voyages and air journeys. They also assess all observer data and monitor all incoming reporting from IOs, AAVs, stockpersons and vessel masters. The voyage management team takes responsibility for any necessary regulatory action regarding onboard issues, as well as publishing summary reports.

The voyage management team is responsible for:

- IOs while on deployment
- training
- policy development and implementation
- reporting

The department reviews all IO data to identify and verify non-compliances or other issues. All observational data (with any necessary redactions) is provided to the exporter. The department advises the exporter of potential non-compliance and/or issues, and any required corrective actions. Once any investigations are finalised, a summary of the independent observer data is published on the department's website. Issues relating to IO summary reports have been addressed in a previous inspector-general review, [Communication and engagement in livestock export regulation](#).

Following changes in the deployment policy and the implementation of the Independent Observer application, the number of full-time equivalent staff required to operate the deployment program has reduced. In 2022, staffing numbers were calculated to inform the cost recovery implementation statement. Under this calculation the program would run with 4 administrative/support staff and 8 observers. This number of observers was based on a prediction of an IO deployed on board approximately 60 voyages per year. With voyage numbers greatly reduced due to the inability to deploy, the team has been operating with 3 full-time independent observers, with an additional vacancy to be filled when deployments increase.

### **3.5.1 Training**

The IO essentials training package introduces the foundational knowledge necessary to effectively undertake the role. It forms a core component of the IO induction, covering operational and corporate subjects. The program runs for several days and covers elements such as:

- onboarding activities
- roles and responsibilities and departmental policies
- IO application exercises
- work, health and safety
- legislation and how powers are applied
- deployment
- animal welfare
- reporting

## **3.6 Observations**

The implementation and use of the Independent Observer application has reduced the time required for previously resource-heavy tasks. It is a positive, constructive outcome that the department should receive credit for.

The resourcing of an IO deployment is demanding in terms of time and finances. Due to the nature of international travel arrangements, the deployment team often start preparing for an IO to go on a voyage before the deployment has been confirmed.

Some of the issues the deployment team are facing are within the capacity of the department to manage, such as expediting approvals for IO deployments and allowing for more than one user to access records on department systems relating to travel.

Other issues are outside the department's control, such as the time required to arrange visas and alterations to loading/disembarkation times and locations, which can be affected by factors such as weather and issues at intended overseas ports. However, the most significant issue encountered by the IO deployment team has been the increased use of statutory declarations, where exporters are claiming vessels do not have the space to accommodate additional personnel. Approximately 70% of cancelled IO deployments are in relation to the provision of a statutory declaration.

While not explored in detail in this review due to coverage in a previous IGLAE review, it should be noted that the timeliness of IO data and their receipt by the exporter is still a concern of the livestock export industry. The delay in providing an exporter with the IO data does not always allow enough time for corrective actions before the next voyage commences, thereby limiting an exporters' ability to address specific issues. Submissions to this review have highlighted ongoing concerns regarding the time taken to report onboard health and welfare issues back to industry:

We note that I/O reports are typically published months after the voyage. Any observations should in our view be addressed immediately with the Captain so the specific situation can be properly assessed and addressed if required. Crews are rotated and accurate assessment months after the voyage is challenging as those persons involved might no longer remember the specifics or signed off from the vessel (Livestock Express 2024).

In many instances, exporters have reported that they have been unaware of adverse findings until they are raised by the department when preparing for their next voyage – sometimes only days before intended departure. This scenario presents additional challenges if the vessel is chartered by several exporters (ALEC 2024).

Observer data may be used for undertaking regulatory action to address issues or non-compliances, and/or for informing longer-term policy decisions.

Observer summary reports confirm exporters are generally complying with ASEL requirements and most voyages occur without significant animal health and welfare incidents. However, submissions to this review indicated IO summary reports may not provide an accurate or transparent account:

VALE's detailed IO Program analysis (Appendix 1) shows that the information available in the published IO summaries is usually minimal, of variable consistency and highly sanitised. However, since the resumption of the scheme post-Covid, the information available is not even the bare minimum required (VALE 2024).

The information provided in IO reports should be useful to identify patterns of non-compliance, risks to animal welfare, and subsequently inform programs for continuous

welfare improvement and regulatory assurance. However, published IO reports have become increasingly sparse on detail (RSPCA 2024).

The documents are so heavily censored that the summaries do not provide a complete account of the voyage, nor do they include accurate animal welfare assessments (Animals Australia 2024).

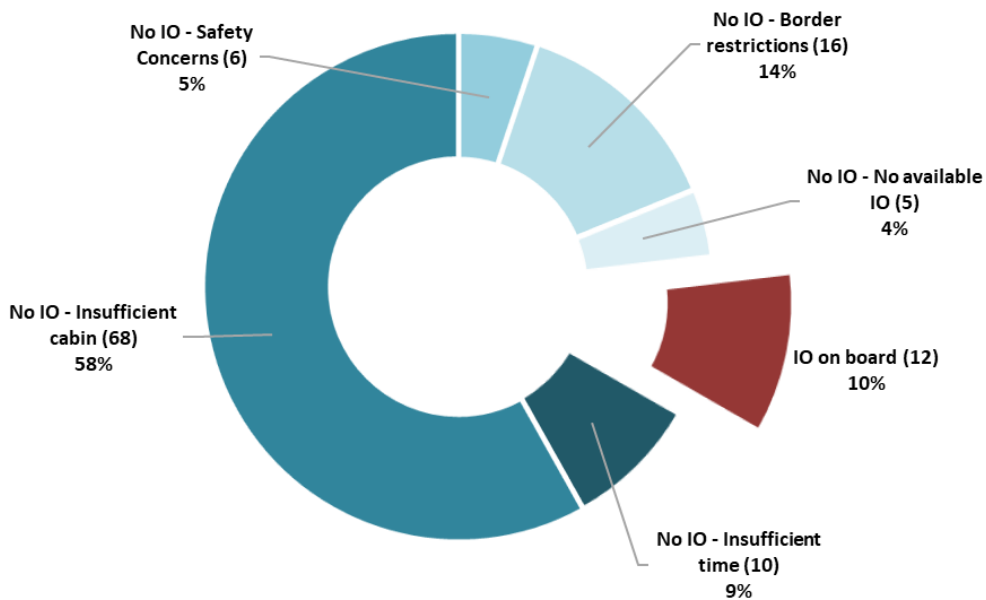
# 4 Deployment of IOs

## 4.1 Non-deployment

The number of voyages that trigger an IO deployment has been reduced by the introduction of a risk-based approach to deployment, but there are various reasons an eligible voyage may not have an IO deployed.

During the 2023 calendar year, 117 of the 218 livestock voyages met the specific criteria for deployment. Only 12 voyages (10%) were accompanied by an observer. Figure 2 provides a summary of reasons why IOs were not deployed during 2023. Insufficient cabin space accounted for the majority (58%) of non-deployments.

**Figure 2 Independent Observer voyage deployment status 2023**



### 4.1.1 Insufficient cabin space

The department requires exporters to provide evidence and a statutory declaration when there is insufficient cabin space to accommodate an IO. According to the department’s website, the exporter may include a copy of the original advice from the vessel operator. The statutory declaration is not a legislative requirement and is managed through policy. Cattle voyages to Vietnam (57.4%) and Indonesia (26.5%) account for the most deployments missed due to lack of accommodation space.

Accommodation space is generally restricted on livestock vessels, especially on small and medium-sized vessels restricting the deployment of I/Os on voyages. Sufficient crew should be maintained on each vessel to allow the safe and proper operation of the vessel (Livestock Express 2024).



Since the re-commencement of the IO program, of the vessels that have not had a deployment, the department recognise 3, as currently fitted, being too small to accommodate an IO. Eleven of the remaining vessels had IOs deployed prior to COVID-19 travel bans and suspension of the program in 2020.

In 2023, there were instances of 2 vessels being able to provide accommodation space for an IO for one exporter but not for different exporters on other voyages, who provided statutory declarations to claim insufficient cabin space. There could be reasonable explanations for this, such as increased livestock numbers requiring more stockpersons on board. However, several stakeholders believe that some claims of insufficient accommodation space may not be accurate, as highlighted in submissions to this review:

Erroneous claims of ‘insufficient accommodation space on board’ have been used by the live export industry to seek exemption from the IO Program. The Department permits exporters to provide a statutory declaration that an IO cannot be accommodated and then the voyage is simply exempted from the requirement to have an IO on board. This loophole makes a mockery of the IO Program (Animals Australia 2024).

#### 4.1.2 Trends: exporters

While it is difficult to compare trends between exporters given there are many factors involved with the deployment of an IO on board, reviewing the data from 2023 should raise some concerns. In the 2023 calendar year there were 15 exporters who had consigned shipments of livestock. The 12 voyages with IOs on board only accounted for 5 of the 15 exporters. Four of the 12 voyages with an IO had consignments of livestock on board from 2 exporters, one of these exporters did not have an IO on any voyage they chartered solo.

One exporter accounted for 6 out of the 12 IO-deployed voyages. This exporter only had one voyage without an IO on board, and the reason given for non-deployment was safety concerns at the port of discharge.

#### 4.1.3 Trends: animals

Of the voyages with an IO deployed in 2023, Table 1 indicates the type of livestock on board.

**Table 1 Voyages with an independent observer deployed by animal type**

Livestock	Voyages with IO deployed
Cattle and sheep	7
Cattle	4
Sheep	1

## 4.2 Assessing the effectiveness of IOs on livestock voyages

The department does not conduct regular assessments on the effectiveness of having IOs on board vessels. Many regulatory changes have been made that make it difficult to accurately compare historical data to present-day data. It can also be difficult to quantify animal welfare outcomes, as some elements are subjective and open to the interpretation of the observer. In 2020, the department analysed cattle mortality data over a 12-month period (1 July 2018 to 30 June 2019). The purpose of this was to assess the effects of the presence of an IO on board vessels in relation to mortality rates. Voyages to, or through the Middle East, Pakistan or Russia were excluded, as those routes already had regulatory changes applied that might have effects on the analysis. The ship master's reports were the source of data.

Data from 302 voyages that met the criteria were examined; of these, IOs were deployed on 100 voyages. The analysis found there were no statistically significant differences between the mortality rates on voyages with or without an IO. Voyages with an IO deployed recorded a mortality rate of 0.094%, while those without recorded a mortality rate of 0.099% (DAWE and AMSA 2020).

## 4.3 Observations

While there was no significant difference between cattle mortality rates with IOs on board, mortality rates are not the only indicator of animal welfare. Environmental conditions and behaviour of the livestock are accepted as better indicators of satisfactorily achieving the 'five domains', but these were not historically quantifiably measured, so cannot be utilised as valid data for comparison.

As one submission to the review noted:

It is evident from the IO Summaries that despite low mortalities, there can be considerable animal welfare issues... animals suffered heat stress for 21 continuous days despite only having a voyage mortality of 0.08% (VALE 2024).

As new recording and reporting data sets provide for the collection of information relating to behaviour and conditions, there may be opportunities for more statistical comparisons to be undertaken in the future, as part of ongoing evaluations of the program.

There have been issues noted regarding the increased use of statutory declarations. There are times when a statutory declaration has been provided the day before a ship is due to depart and the department has accepted it. In this situation, the IO deployment team has already invested considerable time and resources into preparing for an IO deployment. Late cancellations mean the efforts invested return no result and end up costing the department financially, because pre-deployment activities are not cost-recovered from industry if a deployment does not go ahead. A second issue is that statutory declarations are coming from the exporter and vessel operator, not the master of the vessel, who often is in a better place to provide this information and is not financially-disadvantaged by having an IO on board. According to submissions, there have been instances where vessel masters have enquired as to why they are not getting an IO, indicating they may not have been included in discussions regarding accommodation availability. Statutory declarations are also being provided for vessels that were previously able to accommodate IOs.

Taking into consideration the trends noted in the 2023 data, the number of exporters receiving IO deployments and the livestock species on board voyages, the IO program does not appear to provide acceptable levels of assurance regarding the health and welfare of livestock across all markets.

The increased use of statutory declarations has resulted in such reduced numbers of IO deployments as to render them ineffective in assuring the department that low and medium risk voyages, such as buffalo and cattle from Darwin to Indonesia, remain at their historical risk level. The inspector-general believes that the department should consider ways to strengthen the deployment of IOs to cover all markets and exporters. Enforcement could be made a condition of their export licence or approved arrangement.

**Recommendation 1**

The department should implement its revised deployment policy to enable it to enforce the deployment of at least one independent observer per exporter per year regardless of their risk status.

The inspector-general understands that the department will be implementing its draft policy in the near future. This will be the fourth change to the IO program since its inception. For a seamless change management into the new policy, the inspector-general considers that an evaluation plan be incorporated into the new policy's implementation plan. The inspector-general also considers that an ongoing evaluation of the IO program should be in place to ensure that it is meeting its objectives.

The inspector-general understands that the department is embedding an enterprise-wide evaluation framework following findings from the Australian Public Service Commission's capability review in 2023 (APSC 2023). The inspector-general considers this an important step in the department understanding and communicating whether the IO program is achieving its objectives. However, it is suggested that the Live Animal Export Branch should commence their evaluation program before the enterprise-wide framework is in place.

**Recommendation 2**

The department should develop an ongoing evaluation program to assess whether the IO program is achieving its objectives.

## 5 Alternative technology

On 2 March 2020, the Inspector-General of Live Animal Exports released a report on [Monitoring and reporting during livestock export voyages](#). The report made several recommendations regarding the use of alternative technology to improve data analysis, increase transparency and assure compliance. This report was published just prior to the department pausing the deployment of IOs due to COVID-19 travel restrictions.

### 5.1 Department initiative

By July 2020 the department commenced its voyage assurance project in relation to the IO program. The project aimed to evaluate the feasibility of using remote camera technology on livestock vessels, where IOs were not deployed. This involved the use of trail cameras to determine whether camera technology could be used for collecting livestock welfare assurance information during voyages. [A trail camera is a small, robust camera that is attached to a fixed structure so that images, still or video, can be recorded. Data is stored internally with a small removable memory card.] The trial found that the use of remote cameras to monitor compliance with ASEL was feasible, although it would require more sophisticated camera technology and set-up procedures.

In July 2021, the department decided that this investigation should be carried out by external consultants. The project was transferred to a Business Research and Innovation Initiative (BRII) administered by the Australian Government Department of Industry, Science and Resources. In May 2023, Round Pixel Pty Ltd was awarded \$1 million to further develop the project 'Smart technology delivering animal welfare and supply chain efficiency', for remote automated monitoring of export livestock health and welfare (Husic 2023).

During the past 12-18 months, both LiveCorp and Round Pixel have been separately developing hardware and software to monitor the health and welfare of livestock across the supply chain, focusing on registered establishments and voyages. Both parties have been making significant progress, with projects that appear to be running parallel to each other, with little cross-over or interaction.

The inspector-general was informed that the department has worked to facilitate meetings between the two, but the parties are not obligated to cooperate or communicate. This is most unfortunate and unhelpful, given the potential for monitoring technology to supplement and strengthen the effectiveness of IOs. This appears to be a clear example where the department, as the legislated regulator, could and should provide stronger, more decisive leadership.

As the regulator, it is the responsibility of the department to clearly define the criteria and requirements that industry and researchers need to demonstrate the capability of new monitoring technology. Such technology could provide the necessary data to assess/measure whether animal health and welfare standards are being met. Currently, the department's relevant policy fails to take account of the capabilities that modern technology could offer. It is important that the department addresses this issue and allocates additional resources to strengthen its relevant expertise.

In May 2023, Round Pixel received the BRll grant, with the requirement to develop a proof-of-concept or working prototype for remote and automated monitoring of livestock health and welfare during voyages, within 15 months. Development of an AI-powered livestock monitoring robot, Looke, is well advanced. Some features of this technology include the ability to detect respiratory distress, lameness, various skin and eye disease and general animal health and welfare conditions through visual analysis and environmental monitoring.

The company has developed technology which could potentially provide data to assist exporters in demonstrating that their export animal health and welfare conditions are being achieved. The company has developed a robust camera that travels along a cable for up to 100m, the length of several pens. These cameras are battery-powered, with no need for re-charging for up to 25 days, a time-span adequate for most voyages. The camera technology can integrate multiple sensors to measure and record relevant environmental conditions. Field (shipboard) trials are now necessary, to demonstrate that the technology can be used on voyages.

The department has been assisting Round Pixel in the development of the system by providing information such as the ASEL requirements. However, the inspector general considers that the department should provide stronger, more constructive and decisive leadership in encouraging cooperation and communication between LiveCorp and Round Pixel. It is emphasised that at present, monitoring technology should not be viewed as a replacement for IOs, but as a supplementary tool.

## 5.2 Industry initiative

In April 2022, in response to a previous inspector-general review, [Monitoring and reporting during livestock export voyages](#), LiveCorp commenced a project to test the feasibility of replacing physical IO deployment with camera technology and a framework of instructions and checklists. The objective was to determine if alternative arrangements, such as remote audits, could reduce or remove the requirement to have an IO on a voyage, while achieving similar (health and welfare) assurance outcomes.

The initial feasibility trial in July 2022 involved fitting an AAV or stockperson with a body camera on a short-haul cattle voyage. This trial provided sufficient evidence for the continuation of research into alternative technology to offer a feasible alternative to IO deployments.

In September 2022, LiveCorp conducted a second trial which concentrated on assessing the camera technology and footage quality under a range of environmental conditions and recording scenarios. This trial provided additional evidence to encourage the use of alternative technology, along with 5 hours of recorded footage. A third trial was planned by LiveCorp, but never proceeded. A major impediment was an inability to understand the department's objectives and expectations for an alternate IO program, which made it difficult to measure the success of any future trials. There was a perception that, with the change of government in 2022, the department's priorities may have shifted, as they no longer appeared to be as engaged as they had been previously.

## 5.3 Observations

Significant technological improvements and adaptations have been achieved, initiated by both the department and industry. These include the department's Independent Observer application, and LiveCorp's LIVEXCollect tool. These have led to improved data collection and sharing. Past and current trials and projects also provide significant, positive potential for alternative technology to be able to provide increased livestock health and welfare assurance during export voyages.

Animal welfare groups view alternative technology as a tool to supplement the presence of an IO on board a vessel, while industry considers alternative technology as a potential replacement for an IO.

The inspector-general recognises that significant resource constraints during recent years have hampered the department's ability to develop and define policy in this area. However, the relevant measurements and parameters are now well-understood and generally accepted, providing a practical and useful basis for the policy. The development of policy and technology should be done concurrently to ensure the best outcomes are achieved.

There needs to be a good understanding of what the department sees as the measurements and parameters that provide evidence that acceptable health and welfare is achieved during voyages. This needs to be established to enable technology to be developed and tested, to meet the requirements for measuring, recording and reporting. Elements such as the environmental conditions, feed and water availability, behaviour and appearance of animals, pen space and condition, any gross lesions or abnormalities, and any other known parameters that will prove useful should be considered. Parameters for these elements are currently not explicitly defined in department policy, and undertaking this definition should be treated as a matter of urgency, to facilitate the development and testing of modern technologies.

Exporters must meet minimum animal health and welfare conditions to export livestock which are outlined in the ASEL along with other documentation such as details of an exporter's approved arrangement. The relevant departmental documents were examined for the purpose of this review. It is the inspector-general's belief that the ASEL can be utilised to define the requirements and standards that should lead to acceptable animal health and welfare outcomes. For example, the ASEL could provide specific measurable scales or scores for criteria such as panting, faecal pads, feeding behaviour or general demeanour; these factors are not presently mentioned in the ASEL. Language in other areas relating to issues that impact on animal health and welfare is also not specific, for example, in relation to animal handling during loading the ASEL uses terms such as 'satisfactory', without further detail or explanation:

**4.1.7** A competent stock handler must be appointed by the exporter to be responsible for the handling, management and welfare of the livestock. The exporter must ensure that loading facilities and livestock handling standards at the port of embarkation are satisfactory during unloading from the land transport, inspection and loading onto the vessel (ASEL 2023).

Before industry invests time and money in the further development of technologies, they are seeking clarification of the department's specific data requirements. This was highlighted in submissions provided by industry. The LIVEXCollect digital platform commenced development in mid-2023.

While user testing on voyages commenced at the end of 2023, the broader rollout is currently being undertaken and the digital platform is not yet being used consistently on every voyage.

The LIVEXCollect digital platform has been built with future updates in mind, including the capability to support the integration of automated data and the collection of images and video. However, the inspector-general was informed that this work has been suspended because LiveCorp is seeking clarity regarding the department's requirements for images and how the data will be used.

An example of how policy and technology could evolve together, is the use of video monitoring systems on board vessels. While many stakeholders believe the installation of CCTV on all vessels would be useful, an understanding of the technology and the harsh environment has demonstrated that a standard fixed camera system cannot provide the monitoring coverage an IO, AAV or stockperson can effectively provide.

If the department were to have a policy with clearly defined parameters and measurements, stakeholders would be able to develop and test technology to meet these requirements. With such clear definitions, it appears likely that a combination of technologies could be effectively utilised to monitor the health and welfare of livestock aboard ships.

Defining the data requirements would also assist the department in improving their ability to monitor and assess the high volumes of incoming data and evaluate whether AI-driven technology, such as that being developed by Round Pixel, could be effectively utilised.

The inspector-general was informed that one livestock export carrier company has invested in permanent sensor systems in the cargo holds to provide remote monitoring options. It might be useful if the department could examine this data and evaluate whether permanent sensor systems could be effective in providing livestock welfare assurance.

The development of monitoring technology will be hampered without a clearly defined policy, but that policy also should be developed with the current and future capabilities of technology in mind. At this stage, it is not suggested that technology should replace an IO, but rather supplement and strengthen their observations with data, or provide an alternate data source, where an IO deployment is not possible.

**Recommendation 3**

As a high priority, the department should clearly define the measurements and parameters used to assess animal health and welfare with the intention of providing a basis to test the capability of modern technologies to supplement existing regulatory tools for livestock voyages.

## 6 Stakeholder concerns

From 20 February to 3 April 2024 the inspector-general conducted a public submission process regarding the IO program. From this process 14 submissions were received: 5 from industry, 5 from animal welfare organisations and 4 from other individuals.

### 6.1 Shared concerns

From the submissions received, there was a common concern relating to the timeliness and the information provided in the voyage data and summaries published by the department. Industry considered that delays in having reports provided to exporters prevented them from having time to make changes. For welfare groups, the delays in publication and the 'highly sanitised' summaries from the department, undermine the transparency of animal welfare reporting.

There is a prevailing sentiment that the IO program has failed to achieve all the intended goals. The submissions attribute this shortfall to the limited coverage of vessels and exporters, interruptions in deployments, censorship and the denial, prolongation and unfulfillment of Freedom of Information requests.

Both industry and animal welfare groups commented on a lack of animal husbandry experience amongst IOs. The recurring mention of this concern indicates that, despite the issue being resolved through changes to training and the IO team, the department has not effectively communicated this. Improved communication in this area could enhance the understanding of stakeholders and mitigate ongoing concerns.

### 6.2 Animal welfare groups

Animal welfare groups expressed significant concern over the perceived insufficient deployment of IOs onto vessels. These groups believe exporters are exploiting a loophole in the system by providing statutory declarations claiming insufficient accommodation space on board, preventing the deployment of IOs.

Additional concerns related to the IO program not delivering effective regulatory assurance. Concerns were raised regarding similar issues recurring over multiple reports, indicating a lack of visible action being taken to address them.

There were proposals to expand the scope of the IO program across the supply chain, advocating for observers be deployed in feedlots to overseas abattoirs. The repetition of this concept indicates a fundamental misunderstanding regarding the role of IOs and highlights a communication gap regarding the assurance measures within other segments of the supply chain. Additionally, it may indicate that the department lacks clarity on the roles and responsibilities of the IOs, which in turn contributes to ineffectively communicating their duties.



## 6.3 Industry

Concerns raised by industry also highlight potential communication shortcomings in the department. Numerous industry submissions expressed concerns related to misunderstanding the purpose of IOs, or viewing the IO's role as a duplication of reporting already conducted by onboard AAVs and/or stockperson/s. These concerns appear to stem from a lack of clarity regarding the role of IOs in ensuring the implementation of individual exporter arrangements, including its approved arrangement and approved export program, activities undertaken by the on-board AAV or stockperson, and the exporters' effectiveness in managing animal health and welfare conditions. It is important to note that the nature of assurance work entails the IOs collecting the same data and cross-referencing it with the reports from AAVs and/or stockperson/s.

One of the most common concerns expressed by industry members was the perceived high and unreasonable costs associated with the IO program. A major point of contention was the requirement to provide flexible business class airfares for an IOs return to Australia. It should be noted that IOs are entitled to travel business class under the Department's Enterprise Agreement (EA). The department recently implemented a new EA, stipulating "All employees travelling internationally will be provided with business class travel (where available) for travel greater than 4 hours" (DAFF 2024). Domestic airfares to the departure port are not cost recovered from industry, nor are they business class.

Industry also made comment that the lack of clarity around the purpose of IOs on board made it difficult for them to comment on cost recovery strategies. There was a feeling that the cost should be related to the purpose. If the purpose is risk-based and audit-driven, then those with higher risks should pay more costs and those exporters who perform well will receive fewer audits and lower costs. On the other hand, if the purpose is more for assurance and for improvement of the whole industry, then the whole industry would bear the costs fairly, if assurances happened fairly. If all exporters contribute to a levy, the expectation is they would all receive equal IO deployments.

The full cost recovery model was not considered in scope for this review, as it has been addressed in a previous inspector-general's review, [Monitoring and reporting during livestock export voyages](#). It is the inspector-general's belief that the intention of this recommendation has not yet been accomplished by the department.

The intention of this recommendation was for exporters to share the cost of IOs across industry. It is probable that the recommended cost recovery model would have minimised the likelihood of IOs being a challengeable problem for individual exporters. It would have avoided the singling-out of exporters with high-risk consignments and enabled the department to deploy IOs more readily on low-risk consignments as part of the program's standard operations.

# Appendix A: Department's response

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Australian Government  
Department of Agriculture,  
Fisheries and Forestry

ADAM FENNESSY PSM  
SECRETARY

Ref: EC24-000315

19 August 2024

Dr Michael Bond  
Acting Inspector General of Animal Welfare and Live Animal Exports  
igawlae@aff.gov.au

Dear Mike

Thank you for providing your draft report, *Independent Observer Program: Review of systems and processes* to the department on 20 June 2024, and for the opportunity to review the report and respond to your recommendations.

The Independent Observer program is an important regulatory tool, with observers performing observational and systems assurance activities. The role of the observer is to monitor, review and/or audit the implementation of an exporter's arrangements, including its approved arrangement and approved export program, activities undertaken by the on-board accredited veterinarian or accredited stockperson, and the effectiveness of these arrangements in managing animal health and welfare.

The department is committed to continuous improvement of its regulatory activities, including regulation of live animal exports. This commitment is embedded through our [Transformation Program](#) to uplift key capabilities by 2027.

Work is underway to address the challenges identified in your report and, when implemented, will facilitate improved evaluation of the Independent Observer program and regulation of live animal exports.

Further, as part of the department's Transformation Program, we are developing an enterprise-wide approach to evaluation that will drive continuous improvement and accountability. As the Independent Observer program is one element of our live animal export regulatory framework, and the effectiveness of this program is influenced by other parts of the framework, evaluation of this program will take a holistic approach. The department is also developing a revised Independent Observer deployment policy.

The department acknowledges effective communication with stakeholders underpins confidence in the department as a regulator and supports positive interactions. As you noted in your report, the department has made improvements to our communication by implementing previous recommendations made by the then Inspector-General of Live Animal Exports. The department continues to identify opportunities to improve our communication. Ongoing evaluation of the program will provide the department with an

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opportunity to further communicate to stakeholders the objectives of the program and how they are being fulfilled.

In relation to communication, you note stakeholders have raised concerns that the provision of Independent Observer voyage data sometimes occurs when the exporter is preparing for another voyage and does not have time to address identified issues. I wish to reassure you that exporters are advised of significant animal health and welfare concerns either immediately, while the voyage is on the water, or in less urgent circumstances, within 1-2 days after the voyage ends. Additional issues identified after the voyage, when assessing the Independent Observer voyage data, are discussed with the exporter prior to the publication of the summary report.

The department recognises technology's potential as a tool to support the department's regulation and for industry to demonstrate compliance. We proactively seek new technology to support our regulation by reviewing scientific literature, working with industry, and funding discovery and development work, through LiveCorp and other means when possible.

Industry and other developers continue to progress technology to record measurements and parameters defined by the department to monitor animal health and welfare indicators. These indicators are reviewed regularly and are embedded in the Australian Standards for the Export of Livestock voyage reporting requirements, approved arrangements, approved exporter plans and voyage instructions. Industry is also developing technology to supplement Independent Observers. As each technological solution is unique, the department will evaluate its utility and provide guidance on how others must demonstrate it is fit for purpose and provides equivalent assurance. The department encourages stakeholders to work together to progress technologies and acknowledges there are often factors including legal, commercial and timing considerations which may limit or inhibit take up.

I accept the recommendations in the report and enclose the department's response to the individual recommendations.

Yours sincerely,



Adam Fennessy PSM

Enc: Department's response to recommendations

## Department's response

### Recommendation 1

The department should implement its revised deployment policy to enable it to enforce the deployment of at least one independent observer per exporter per year regardless of their risk status

#### **Department's Response:** Agreed

The department acknowledges its current Independent Observer deployment policy needs to be strengthened.

The department is working to revise its deployment policy, including requiring a minimum number of Independent Observer deployments annually per exporter without exception.

### Recommendation 2

The department should develop an ongoing evaluation program to assess whether the IO program is achieving its objectives.

#### **Department's Response:** Agreed

The department is developing of an enterprise-wide approach to evaluation under its Transformation Program. When implemented, this will facilitate improved evaluation of the Independent Observer program and regulation of livestock exports.

### Recommendation 3

As a high priority, the department should clearly define the measurements and parameters used to assess animal health and welfare with the intention of providing a basis to test the capability of modern technologies to supplement existing regulatory tools for livestock voyages.

#### **Department's Response:** Agreed

The department:

- a) Acknowledges that, to be a modern and future ready regulator, the department should, where applicable, adopt technology to facilitate its regulatory processes as well as support industry to adopt technology which enables them to provide regulatory assurance to the department.
- b) Has already developed a suite of measurements and parameters to monitor animal health and welfare during voyages as part of the Australian Standards for the Export of Livestock (ASEL)
- c) Will continue to regularly review ASEL, including identifying or refining animal health and welfare indicators, including measurements and parameters.
- d) Is receptive to evaluating the efficacy of proposed technologies which provide data to support the assessment of the implementation of exporters' arrangements and their effectiveness at managing animal health and welfare.

## Appendix B: Previous reviews

IO program elements have been reviewed 3 times since its initial implementation Table B1 lists the elements of IO that have been reviewed.

**Table B1 Independent Observer program reviews and recommendations**

<b>Date</b>	<b>Review</b>	<b>Reviewer</b>	<b>Recommendation</b>
Sept 2018	Review of the Regulatory Capability and Culture of the Department of Agriculture and Water Resources in the Regulation of Live Animal Exports	Independent: Phillip Moss	Recommendation 12 That the department make arrangements to enable on-board Australian Government Accredited Veterinarians and independent observers to contact the department at all times, including, when necessary, through the Australian Maritime Safety Authority response centre.
March 2020	Monitoring and reporting during livestock export voyages	Inspector-General of Live Animal Exports	Recommendation 5 That Independent Observers be deployed as part of a risk-based compliance monitoring program that includes: a) targeting of industry participants based on analysis, intelligence and the nature of voyages (with an element of random targeting) b) a proportion of Independent Observer deployment occur as part of integrated audit and inspection projects.
March 2020	Monitoring and reporting during livestock export voyages	Inspector-General of Live Animal Exports	Recommendation 6 That Independent Observer summary reports be published within a service-level commitment period after the conclusion of a voyage. Any matters under further investigation should be noted. Details of matters under investigation may be excluded, as appropriate, until the department's course of action is determined. Once this is determined, the published report should be updated to explain the issue and the department's response.
March 2020	Monitoring and reporting during livestock export voyages	Inspector-General of Live Animal Exports	Recommendation 7 That the department consider whether cost recovery of the Independent Observer program should be incorporated into the general cost of regulation.
April 2023	Communication and engagement in livestock export regulation	Inspector-General of Live Animal Exports	Recommendation 4 The department should reformat summary independent observer reports to become outcome reports. The reports need to include all non-compliance against ASEL, observed and verified mortalities, exporter mitigating actions and departmental regulatory actions.

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