



AUSTRALIAN LIVESTOCK
EXPORTERS COUNCIL

20 March 2026

Sustainable Trade Funding Taskforce
Agricultural Trade and Regulation Group
Department of Agriculture, Fisheries and Forestry
Canberra ACT 2601

Via email: exportsfunding@aff.gov.au

Dear Sustainable Trade Funding Taskforce

Re: 2026-27 Cost Recovery Implementation Statements consultation

The Australian Livestock Exporters' Council (ALEC) welcomes the opportunity to provide feedback on the Department of Agriculture, Fisheries and Forestry's consultation on the Draft Cost Recovery Implementation Statement (CRIS) for live animal exports 2026–27.

ALEC is the peak industry body representing Australia's livestock export sector, which contributes more than \$1 billion in export earnings annually and supports approximately 13,000 jobs, predominantly in regional Australia. ALEC members account for more than 96 per cent of Australia's livestock exports by volume and value and include exporters as well as supply chain participants such as registered establishment operators, ship owners, feed suppliers and service providers.

1. Introduction

The livestock export industry in Australia is vitally important to both our domestic economy and foreign relationships. The industry is a major economic driver which supply's critical protein to some of our most important strategic trade partners, such as Indonesia.

While livestock export demand has grown over the past decade, margins for exporters have declined causing many exporters to exit the industry. Economic factors outside of exporters control have negatively impacted the industry and the imposition of greater costs will likely further deleteriously impact the trade. An industry that supports thousands of families across Australia, as well as benefiting our foreign relations partnerships, must be protected. Any formulation of industry's regulatory cost burden must consider the necessity of a sustained and growing livestock export industry.

ALEC acknowledges and appreciates the Australian Government's recent concessions relating to export cost recovery arrangements, including:

- providing government supplementation to support a phased transition to full cost recovery
- removing certain activities from cost recovery arrangements where they primarily serve broader community expectations
- providing funding for a regulatory improvement project to assess and strengthen the live animal export regulatory framework.

These decisions represent an important step toward ensuring that regulatory costs are appropriately shared between government and industry where activities serve broader public policy purposes.

While this consultation focuses on the structure of cost recovery arrangements, industry's primary concern is the underlying cost and efficiency of the regulatory system itself and the impact these have on the industry's international competitiveness. Effective cost recovery requires transparency regarding how regulatory costs are generated and how efficiently regulatory services are being delivered and will be delivered in the future.

ALEC supports the principle that exporters should contribute to the efficient cost of regulatory services that directly support export certification and market access. However, as the regulatory system transitions toward full cost recovery, it is essential that the framework demonstrates transparency, efficiency, accountability and proportionality. Notwithstanding, it is critically important to also decrease regulatory complexity wherever possible, as unnecessary complexity only increases compliance costs.

This submission outlines industry concerns regarding the growth in the regulatory cost base, the transparency of cost allocation, and the performance of regulatory services, which all negatively impact Australian agricultural export competitiveness, placing increased pressure on productivity and profitability throughout the value chain.

This submission supports the following livestock export industry recommendations:

- A. An independent audit of DAFF's export cost recovery expenses is required with the eventual report made public.
- B. Implement a recruitment and replacement freeze within the DAFF Live Animal Export Branch, allowing staffing levels to reduce progressively through natural attrition as efficiency improvements are realised.
- C. Maintain current government appropriation funding arrangements while the export regulatory cost base and efficiency outcomes from recent reforms are more fully understood and the global trading environment stabilises.
- D. Revise export regulatory cost recovery settings to ensure the international competitiveness of Australian exporters is paramount.
- E. The regulatory improvement project to include a review of how live export regulatory activities are structured and delivered.
- F. DAFF should publish clearer information on the allocation of regulatory resources and the activities included within the live animal export cost recovery arrangement.
- G. DAFF should publish clear performance reporting against client service standards, ensuring service standards include measurable processing timeframes and incorporate client satisfaction measures within regulator performance reporting.
- H. DAFF should undertake a formal international benchmarking exercise comparing Australia's live animal export cost recovery arrangements with those applied in comparable livestock-exporting countries. Such benchmarking would provide an evidence base to ensure that Australia's regulatory framework remains efficient, proportionate and internationally competitive while maintaining high standards of animal welfare and regulatory assurance.

2. DAFF's systemic financial performance

The draft CRIS highlights what industry considers to be a broader, systemic issue in the management of DAFF's regulatory cost base. This is a structural concern impacts not only the livestock export industry, but every agricultural export industry and therefore warrants careful attention by the Australian Government.

Industry remains deeply concerned about the sustained increase in DAFF's regulatory costs across every agricultural export industry, as well as the apparent expansion in the proportion of departmental overheads being recovered from industry. These increases have direct and compounding impacts across the supply chain. Costs incurred by exporters must ultimately be passed down through the supply chain to Australian producers and international customers, reducing the global competitiveness of Australian livestock exports. In an increasingly price-sensitive global market and as a direct result of regulatory cost increases, Australia is becoming a less attractive supplier, with flow-on consequences for regional economies and national export performance.

Industry is increasingly concerned that cost recovery is being used to fund core departmental functions and overheads that fall outside the scope of export regulatory services. This represents an unsustainable shift in funding responsibility and reflects a broader systemic budget shortfall within the department, which cannot and should not be remedied through increased charges on industry.

As a result, the Australian livestock export industry supports the Australian Meat Industry Council's call for an independent audit of DAFF's export cost recovery expenses.

Recommendation A

An independent audit of DAFF's export cost recovery expenses is required with the eventual report made public.

Addressing the underlying cost base will require a sustained focus on efficiency and modernisation. There is a clear opportunity for DAFF to leverage digital technologies, streamline regulatory processes, and reduce administrative complexity. Over time, these reforms should enable a more efficient operating model with a reduced reliance on labour-intensive processes.

Industry is not advocating for abrupt workforce reductions. Rather, a more measured approach by implementing a recruitment and replacement freeze which would allow staffing levels to adjust gradually through natural attrition. This would support a transition to a more efficient regulatory model while maintaining operational continuity and capability.

Recommendation B

Implement a recruitment and replacement freeze within the DAFF Live Animal Export Branch, allowing staffing levels to reduce progressively through natural attrition as efficiency improvements are realised.

3. Global uncertainty

Consultation on the draft CRIS is taking place against a backdrop of increasing global instability and rising costs across international trade. Recent conflict in the Middle East has already disrupted key

livestock export markets and is expected to place upward pressure on critical inputs such as fuel and fertiliser. The duration and full economic impact of these developments remain highly uncertain.

At the same time, exporters are continuing to navigate a range of external pressures, including fluctuating demand, constrained shipping availability, and broader geopolitical risks, which are materially affecting margins across the supply chain.

In this environment, it is particularly important that domestic policy settings do not compound these pressures. While global volatility is beyond Australia's control, the regulatory cost burden imposed on exporters is not. Increasing export charges at a time of heightened uncertainty risks further eroding competitiveness and placing additional strain on producers, exporters, and regional economies.

The livestock export industry already faces substantial competition in our export markets from other exporting countries that do not place equivalent regulatory burdens on their exporters. The Exporter Supply Chain Assurance Scheme (ESCAS) is one such example that imposes significant competitive risk on exporters. The risk is not only in terms of costs but also making trading with Australia less attractive to importers as they are, in turn, required to comply with Australian government requirements in their feedlot, transport and processing operations. Brazil as an example, does not impose equivalent regulatory impositions.

A cautious and measured approach to cost recovery is therefore warranted, ensuring that any changes are aligned with both industry capacity and prevailing global conditions.

Recommendation C

Maintain current government appropriation funding arrangements while the export regulatory cost base and efficiency outcomes from recent reforms are more fully understood and the global trading environment stabilises.

4. The regulatory cost burden has increased disproportionately

Over the past decade, the regulatory cost burden on the livestock export industry has increased substantially relative to the value of the industry.

While regulatory costs have continued to rise, export volumes and industry turnover have declined or fluctuated significantly due to external factors including drought, the COVID-19 pandemic, changing global demand, and regulatory constraints. As export volumes fall, fixed regulatory costs are spread across a smaller export base, increasing the cost burden on individual exporters.

This dynamic has resulted in regulatory costs increasing significantly as a share of industry revenue. In contrast to many other agricultural export sectors, the live animal export industry operates within a regulatory framework where:

- costs are largely fixed rather than volume-responsive
- regulatory resources do not appear to decrease in response to declining industry activity
- cost recovery arrangements therefore become increasingly disproportionate to industry turnover.

The draft CRIS indicates that revenue recovered from industry is expected to increase significantly over the forward estimates as the system transitions to full cost recovery.

At the same time, structural changes are likely to further reduce the industry's scale. In particular, the legislated phase-out of live sheep exports by sea from May 2028 will reduce industry turnover and export volumes.

Unless regulatory costs decrease proportionately, the burden of cost recovery will become increasingly concentrated on a smaller sector of exporters. The concentration of exports among a small number of operators also means that fixed regulatory costs may fall disproportionately on individual exporters as industry volumes fluctuate. This raises important questions about the long-term sustainability of the current cost recovery model.

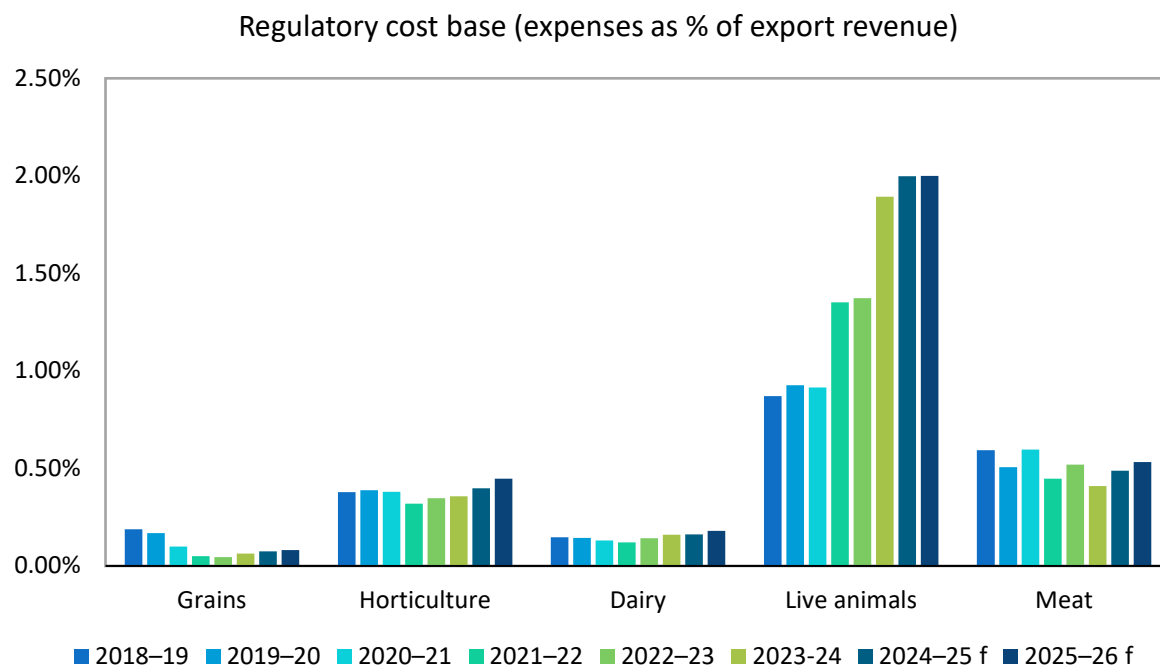
5. Regulatory costs relative to industry activity

The most significant concern for ALEC members is the growing disconnect between regulatory costs and the scale of the live animal export industry.

Over recent years, regulatory costs have continued to rise while export volumes and industry revenue have fluctuated or declined due to external factors such as drought, global market conditions and regulatory changes. As a result, the regulatory burden is becoming increasingly disproportionate relative to the size of the industry.

Figure 1 shows the regulatory cost base as a percentage of export revenue for the live animal export industry compared with other agricultural export sectors.

Figure 1 – Regulatory costs as a share of export revenue



Sources: DAFF 2026-27 CRIS Statements, ABARES

The live animal export industry faces substantially higher regulatory costs relative to export value than most other agricultural export sectors. While exporters accept the need for robust regulatory oversight, this disparity raises important questions about:

- the efficiency of regulatory delivery

- whether regulatory resources are appropriately scaled to industry activity
- whether the complexity, scope and reach of regulations are appropriately tailored to the operating environment
- whether costs are being allocated proportionately across export sectors.

This issue becomes particularly important as the system transitions to full cost recovery, which will further increase the share of regulatory costs borne directly by exporters.

Recommendation D

Revise export regulatory cost recovery settings to ensure the international competitiveness of Australian exporters is paramount.

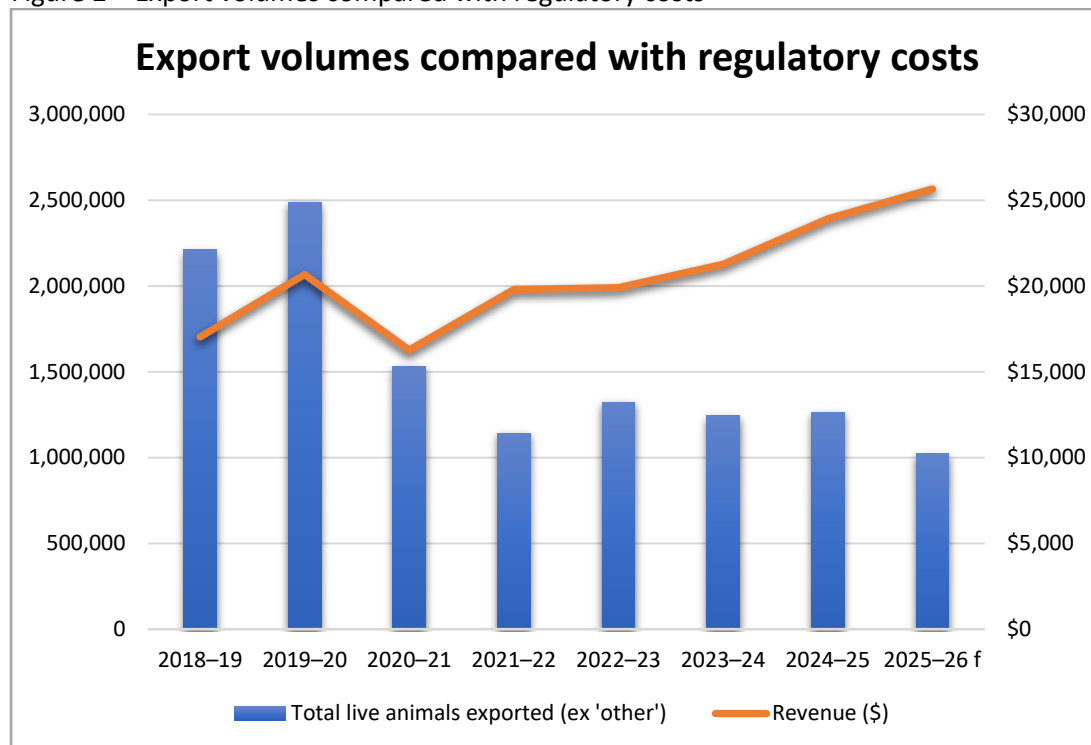
6. Regulatory costs versus export volumes

A second indicator shown in Figure 2 outlines the structural challenge facing the industry, highlighting the divergence between export volumes and the regulatory cost base over time.

Over this period:

- export volumes declined significantly due to drought, pandemic disruptions and changing market conditions
- the regulatory cost base continued to increase.

Figure 2 – Export volumes compared with regulatory costs



Sources: DAFF 2026-27 CRIS Statements, ABARES

This indicates that regulatory resourcing has not adjusted proportionately to industry activity. As a result, exporters are facing rising regulatory costs per animal exported, increasing the overall cost burden on the industry.

Another factor causing livestock export volume fluctuation is the availability of livestock vessels. Livestock vessels are owned and operated by either charter companies or overseas entities who can be traders in livestock themselves. The demand for livestock around the globe is and has always been unwaveringly strong, but the regions in which livestock vessels tend to operate is driven by commercial factors. Gaps in availability materially impact the volume of livestock exported from Australia and the associated supply fluctuations are often confused as drops in demand for livestock, particularly by activists and DAFF. This is not accurate. The increased regulatory costs outlined draft CRIS will, however, further erode the industry's competitiveness, diminishing our ability to attract livestock vessels to Australia and negatively impacting livestock export volumes.

7. Structural implications for the industry

The industry has undergone significant structural evolution over recent years, with:

- Growth in cattle exports, particularly feeder and slaughter cattle
- Consolidation of exporters (approximately six exporters now account for ~90% of cattle export volumes)
- Concentration of export markets (four markets representing ~90% of cattle exports)
- Concentration of export ports (four Australian ports handling almost 90% of cattle exports)
- Simplification of the trade with the planned cessation of sheep exports by sea

The planned phase-out of live sheep exports by sea from May 2028 which will further reduce industry scale and turnover occurs within the draft CRIS outlook period. While this is acknowledged in the proposed regulatory pricing schedule, there is no corresponding step reduction in the forecast regulatory cost base within the financial estimates.

Indeed, total regulatory expenses are projected to increase between FY2028 and FY2029 despite the removal of an entire export species and associated regulatory pathway. Industry had reasonably expected that the cessation of sheep exports would provide an opportunity for the department to review the structure and scale of the regulatory program supporting the live export sector, including the associated cost base.

Without adjustments to the cost base or improvements in regulatory efficiency, the cost recovery model will become increasingly disproportionate relative to industry activity. In other words, the cost base must decrease in direct relation to the size and scope of the industry being regulated.

The above reinforces the importance of the Government's regulatory improvement project, which provides an opportunity to examine whether regulatory systems and processes can be streamlined while maintaining Australia's high standards of animal welfare and market assurance.

Over the past decade the regulatory cost base for live animal exports has increased significantly while industry turnover has remained volatile. As the system moves toward full cost recovery, ensuring regulatory costs remain proportionate to industry activity will be essential to maintaining the long-term sustainability of the sector.

8. Positive steps taken by government

ALEC welcomes several recent decisions that improve the balance between government and industry funding of export regulation. In particular, ALEC supports the decision to remove certain

activities from cost recovery arrangements and fund them through government appropriation, including:

- reviews and maintenance of the Australian Standards for the Export of Livestock (ASEL)
- departmental reporting obligations including reporting to Parliament
- governance and coordination activities associated with regulatory oversight
- elements of the Independent Observer program.

These activities support broader community expectations regarding animal welfare and regulatory transparency and are therefore appropriately funded by government rather than industry participants.

ALEC also supports the Government's investment in a regulatory improvement project to assess the existing regulatory framework. This project provides an important opportunity to evaluate whether existing regulatory approaches remain the most efficient and effective way to achieve regulatory objectives and is critical to any chance of achieving a sustainable cost recovery arrangement. Industry recommends that the regulatory improvement project include a review of how live export regulatory activities are structured and delivered.

Given that the project involves \$7.5 million of public investment over multiple years, it would benefit from clearly defined performance indicators demonstrating how the project will reduce regulatory burden, improve efficiency, or streamline regulatory processes.

ALEC encourages the department to work closely with industry to identify opportunities to:

- streamline regulatory processes
- reduce administrative burden
- improve digital systems and information sharing
- better align regulatory activity with actual risk.

Improving regulatory efficiency will be essential as the system transitions toward full cost recovery.

Recommendation E

The regulatory improvement project to include a review of how live export regulatory activities are structured and delivered.

9. Transparency of the regulatory cost base

It is difficult for industry to provide meaningful feedback on the department's proposed fees and charges structure without greater visibility of the underlying cost base and cost drivers. Sadly, detailed information regarding the construction of the regulatory cost base was not provided prior to the release of the draft CRIS. Earlier and greater transparency regarding cost drivers and allocation methodologies would materially improve the quality of industry feedback during consultation.

While the draft CRIS sets out the total regulatory cost base, industry does not currently have sufficient transparency to understand how these costs are constructed or allocated across regulatory activities. This makes it difficult for industry to assess whether the proposed cost recovery structure reflects the minimum efficient cost of regulation, as required under the Australian Government Charging Framework.

The importance of transparency is heightened in the live export sector because almost 70% of costs are recovered via levy-based charges rather than direct fee-for-service activities. Levy-based charges fund program-level activities that cannot be readily linked to specific regulatory services. This contrasts with other export sectors such as meat, where a larger proportion of regulatory costs (greater than 70%) are associated with identifiable service transactions.

Industry remains concerned with the limited transparency regarding:

- how resources are allocated across regulatory functions
- what methodologies are employed to determine whether particular activities or roles are directly attributable to the livestock export industry and therefore subject to inclusion in a cost recovery calculation
- how indirect costs are apportioned to the live animal export arrangement
- the activities undertaken by units such as the Animal Welfare Branch that contribute to the cost base.

Over recent years, the responsibilities of the Animal Welfare Branch have expanded beyond the live export industry to include broader national animal welfare initiatives. While these activities may provide important policy outcomes, it is not clear which activities are funded by government appropriation, and which are recovered from industry. To be clear, it is ALEC's view that only activities directly related to regulatory outcomes should be included in cost recovery calculations.

Greater transparency would provide industry with confidence that cost recovery arrangements accurately reflect the regulatory services provided to exporters.

Recommendation F

DAFF should publish clearer information on the allocation of regulatory resources and the activities included within the live animal export cost recovery arrangement.

10. Cost recovery fees and charges structure

While it is difficult for industry to provide detailed feedback on the proposed fees and charges structure without greater visibility of the underlying cost allocation methodology, one feature that stands out is the variation in the rate of increase across different regulatory charges.

For example, certain levy-based charges, such as establishment (premises) registration and non-livestock permit fees, increase by approximately 9% and 26% respectively across the five-year outlook period. In contrast, most livestock-related levy-based charges increase by more than 60% over the same period.

It would assist industry to understand the basis for this differential increase and the cost drivers that have resulted in higher price growth for livestock-related regulatory activities.

Sea freight cattle as one category

The proposed levy structure differentiates cattle exports by air and sea, however cattle exported by sea are treated as a single category regardless of voyage or consignment characteristics. Under the current structure, a consignment of feeder cattle exported from Darwin to Jakarta would incur a higher total (absolute) throughput fee (potentially 50% higher) than a consignment of breeder cattle exported from southern Australia to China, despite the latter typically involving a substantially longer voyage and potentially different regulatory monitoring requirements.

While a simple per-head throughput fee has practical advantages, it would be helpful for industry to understand whether factors such as voyage duration, cattle class (feeder versus breeder) or importing country protocols materially affect the level of regulatory effort required by the department.

Ultimately, industry needs greater transparency around cost drivers and regulatory effort to assist in understanding how the proposed charges align with the minimum efficient cost of regulation and support constructive engagement on the long-term sustainability of the regulatory framework.

11. Performance and accountability of regulatory services

The Australian Government's cost recovery framework assumes that regulatory activities are delivered efficiently and effectively. For this reason, transparency around regulator performance is essential.

Under the *Public Governance, Performance and Accountability Act 2013 (Cth)* (PGPA Act), Commonwealth entities are required to promote the proper use of public resources, defined as efficient, effective, economical and ethical use. Transparent reporting on regulatory performance is therefore a core element of the cost recovery framework.

Where historical benchmarks are available, they indicate that the department has struggled to meet some of its own service standards, particularly in relation to processing timeframes for regulatory applications. Delays in processing export documentation, approved arrangements or ESCAS approvals can have significant operational and financial impacts on exporters and may create logistical risks for livestock consignments.

As exporters move toward paying the full cost of regulatory services, it is reasonable that they should expect clear performance reporting and accountability.

Recommendation G

DAFF should publish clear performance reporting against client service standards, ensuring service standards include measurable processing timeframes and incorporate client satisfaction measures within regulator performance reporting.

12. Ensuring regulatory approaches are efficient

The Independent Observer (IO) program was introduced in 2018 in response to community concerns regarding livestock export voyages. While ALEC supports appropriate regulatory assurance mechanisms, the IO program represents one of the costliest components of the regulatory framework, irrespective of whether it is an exporter who pays or the Australian taxpayer.

Since the program was introduced, the regulatory environment has evolved significantly, including:

- expanded reporting requirements
- strengthened accreditation and oversight of Accredited Veterinarians
- improved voyage data collection through digital systems such as LIVEXCollect.

These developments mean the department now has access to more comprehensive data on animal welfare outcomes than at any time previously. Given these changes, there is an opportunity to

consider whether alternative approaches to regulatory assurance could deliver equivalent oversight at lower cost.

International experience in sectors such as fisheries has demonstrated the potential for technology-based monitoring systems to supplement or replace observer programs while reducing costs.

13. International benchmarking of regulatory cost structures

International benchmarking is important not only for competitiveness but also as an indicator of regulatory efficiency and proportionality.

International benchmarking indicates that Australia's regulatory cost recovery framework for live animal exports is far more structurally complex than those applied in several comparable livestock-exporting jurisdictions. Australia's system combines multiple layers of cost recovery including annual exporter licensing, approved arrangement approvals, establishment registration, per-head throughput charges and time-based audit and inspection fees.

By comparison, regulatory cost structures in other exporting countries tend to rely on simpler or more transactional fee models.

For example, Ireland applies a straightforward per-animal veterinary inspection fee of approximately €4.80 per bovine and €0.50 per sheep or goat. Canada publishes transparent per-animal inspection and certification fees that scale with the number of animals on a certificate, while the United States generally concentrates government charges on export health certificate endorsement fees. New Zealand primarily recovers regulatory costs through hourly veterinary service charges rather than a combination of fixed annual approvals and per-head levies.

These structural differences can lead to materially different cost outcomes for exporters. Back of the envelop calculations suggest that for a shipment scenario example of 60,000 cattle exported annually, Australian government regulatory costs may average around AUD\$7–8 per head, compared with approximately AUD\$0.30 per head in New Zealand and only a few cents per head for United States federal certification fees. For lower-volume exporters, the impact of fixed annual approvals is even more pronounced. In a small mixed air-freight scenario of approximately 1,400 animals per year, Australian regulatory costs may exceed A\$40 per head once fixed approvals are allocated across the shipment volume.

These comparisons highlight the significance of fixed regulatory costs within Australia's framework and the potential for per-animal costs to increase when export volumes decline or when exporters operate at smaller scale. As the industry undergoes structural change and export volumes fluctuate, ensuring that regulatory costs remain proportionate to industry activity will become increasingly important.

Recommendation H

DAFF should undertake a formal international benchmarking exercise comparing Australia's live animal export cost recovery arrangements with those applied in comparable livestock-exporting countries. Such benchmarking would provide an evidence base to ensure that Australia's regulatory framework remains efficient, proportionate and internationally competitive while maintaining high standards of animal welfare and regulatory assurance.

14. Data collection and regulatory efficiency

Exporters provide substantial operational and welfare data to the department as part of regulatory reporting requirements. However, industry often receives limited feedback or analysis derived from this data.

More proactive use of regulatory data could help:

- identify operational improvements
- reduce bottlenecks in regulatory processes
- improve voyage outcomes
- support continuous improvement across the industry.

Ensuring that data collected for regulatory purposes is also used to improve efficiency would provide tangible value to exporters and strengthen confidence in the regulatory system.

15. Conclusion

ALEC appreciates the department's engagement with industry on the development of the draft CRIS and acknowledges the Government's decision to provide transitional funding and undertake a regulatory improvement review.

As the system transitions toward full cost recovery, it will be critical that regulatory arrangements demonstrate:

- transparency in the allocation of regulatory costs
- accountability through clear performance reporting
- proportionality between regulatory effort and risk
- ongoing collaboration with industry on regulatory reform.

ALEC looks forward to continuing to work with the department to ensure that Australia's live animal export regulatory framework remains efficient, transparent and sustainable while maintaining high standards of animal welfare and market assurance.

Yours Sincerely



Mark Harvey-Sutton
Chief Executive Officer
Australian Livestock Exporters Council

