Regulator Performance Framework 2017–18

Departmental Statement

The Department of Agriculture and Water Resources works with governments and industry partners to grow the value of agricultural trade and reduce risk to the agricultural sector.

Our department has a diverse role as a policy adviser to government, regulator, researcher, market access negotiator, program administrator and service provider. Collectively, this work contributes to maintaining and improving market access for primary producers, encouraging agricultural productivity in Australia's primary industries and supporting sustainable, high-quality natural resources to benefit producers and the community.

Regulation is a central part of our role and includes:

- the delivery of biosecurity functions
- the control of exports, including certification
- the regulation of the importation of timber products and processing of raw logs to combat illegal logging
- the monitoring of imported food
- the collection of levies for research, development and marketing
- the implementation of the Water Efficiency Labelling and Standards Scheme.

We recognise that to be an effective regulator we need to administer regulation in a way that reflects best practice. This requires us to be best practice in considering the impact of regulation on regulated entities and the broader community, providing our communication and engagement activities, undertaking efficient and coordinated monitoring, implementing risk-based and proportionate approaches, and delivering transparency and continuous improvement.

We undertake an annual assessment of our performance as a regulator, using the Government's mandated Regulator Performance Framework (RPF) and its outcomes-based key performance indicators (KPIs).

We have considered our systems and processes and have assessed that we are relatively mature in our planning and delivery of a range of activities in relation to most of our regulatory frameworks. However, we recognise that there is scope for further improvement. This will require an ongoing focus on improving our communication and engagement, streamlining our regulatory activities, and targeting our regulatory practice to the highest risks.

We also recognise that there is more work to do in the regulation of live animal exports. This is a significant challenge. We are working on a range of measures to ensure that we place animal welfare at the center of the regulatory system. In addition, we have established an interim Inspector-General of Live Animal Exports (as a precursor to the establishment of a statutory position), to provide independent oversight and evaluation of the department as the live animal export regulator.

We are also looking to ensure effective quality assurance of all our regulatory activities. We recently appointed a Principal Regulatory Officer (PRO) who will oversee the implementation of the live animal export regulation reforms and provide greater oversight of our other regulatory systems and processes. This will bring better coordination of our regulatory activities across the department, an improved focus on culture and performance and a consistent response to non-compliance. The PRO

will be supported by a whole-of-department regulatory practice framework and a program of work aimed at improving our performance as a regulator.

In the previous two RPF reports, we provided a consolidated assessment of the department's regulatory performance. To improve our accountability and transparency, this year's report provides a standalone assessment for each of the six regulatory frameworks we administer. It also provides an overview of reform in the live animal exports regulation function, which we have rated as a 'regulator in transition'. As noted above, we have initiated a major program to identify deficiencies and make changes to our regulatory framework and practice in relation to live animal export regulation.

We have taken into account ongoing feedback from our regulated entities and specific feedback on this 2017–18 self-assessment. We used our *Have Your Say* online platform, which is open to all our regulated entities and the broader community, to gather feedback on our self-assessments. We received a small number of responses—some with positive feedback, and some that highlighted concerns with aspects of our systems and processes. We will consider those issues during the department's reforms as outlined above.

We have assessed our performance for each of the six regulatory frameworks using a maturity rating of 'optimal, 'managed', 'sound', 'in transition' or 'not meeting expectations'. We recognise that the experience of regulated entities may differ from our self-assessment. Our assessment is based on the overall systems and processes. Each of the ratings is accompanied by evidence to justify this rating and measures being taken to improve performance where relevant. Table 1 describes the ratings.

Table 1 Definitions of self-assessment ratings

Maturity rating	Requirement
Optimal	Comprehensive regulatory systems and processes. Demonstrated achievement.
Managed	Comprehensive regulatory systems and processes. Minor achievement issues. Corrective action in place.
Sound	Sound regulatory systems and processes. Some achievement issues or limitations in assessing regulator performance.
In transition	Limited regulatory systems and processes. Significant achievement issues and/or limitations in assessing regulator performance.
Not meeting expectations	Regulatory systems and processes highly limited. Performance not assessed or limited.

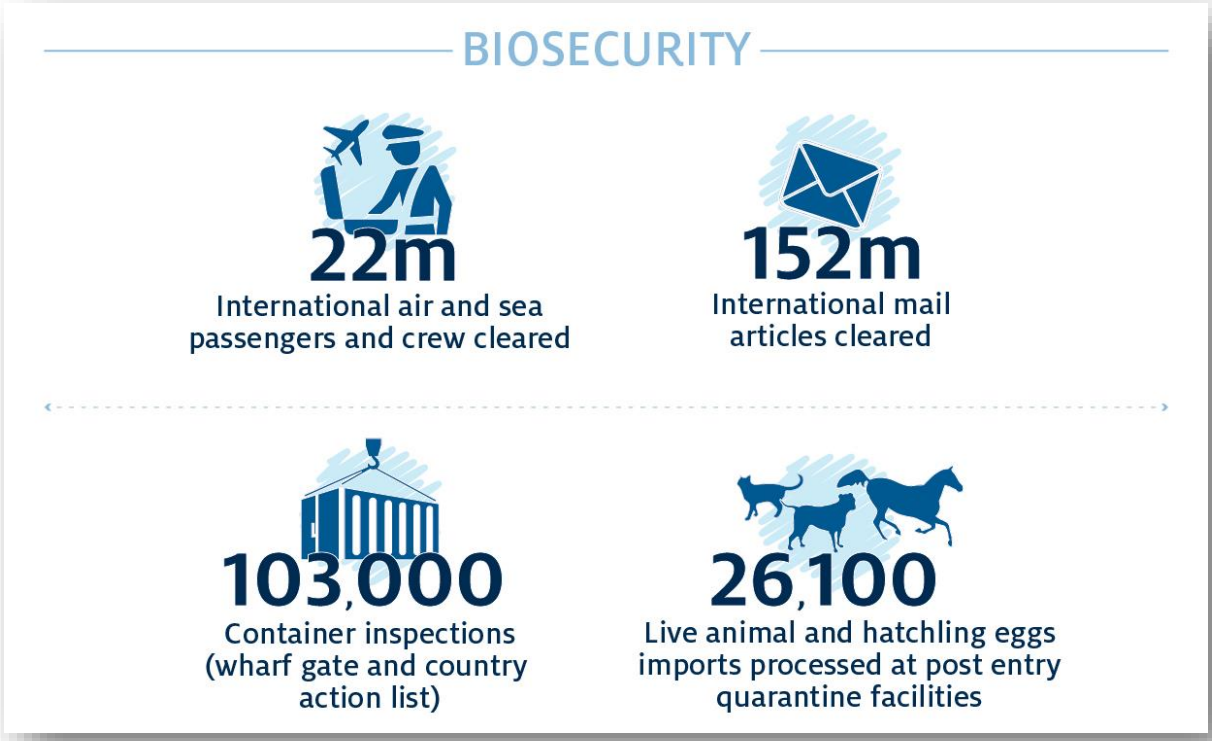
Completing this Regulator Performance Framework self-assessment is an important part of our accountability framework for the department. Further information on our department's role and our activities is available on our website and in our annual report, published in October each year.

Delivering biosecurity functions

Australia's biosecurity system aims to anticipate, prevent, prepare, detect and respond to and recover from biosecurity risks. Biosecurity controls at Australia's borders minimise the risk of exotic pests and diseases entering Australia and protect our $63 billion agriculture industries as well as our unique environment, native flora and fauna, tourism industries and lifestyle.

We use a risk-based approach across the biosecurity continuum—offshore, at the border and onshore. This is supported by research, science and intelligence gathering, helping us target what matters most. Surveillance and monitoring of risk areas is also critical, along with border control activities, which focus on assessing and managing potential biosecurity threats at Australia's airports, seaports, and international mail centres. Figure 1 summarises our biosecurity activities in 2017–18.

Figure 1 Biosecurity regulatory activities, 2017–18



Source: Department of Agriculture and Water Resources

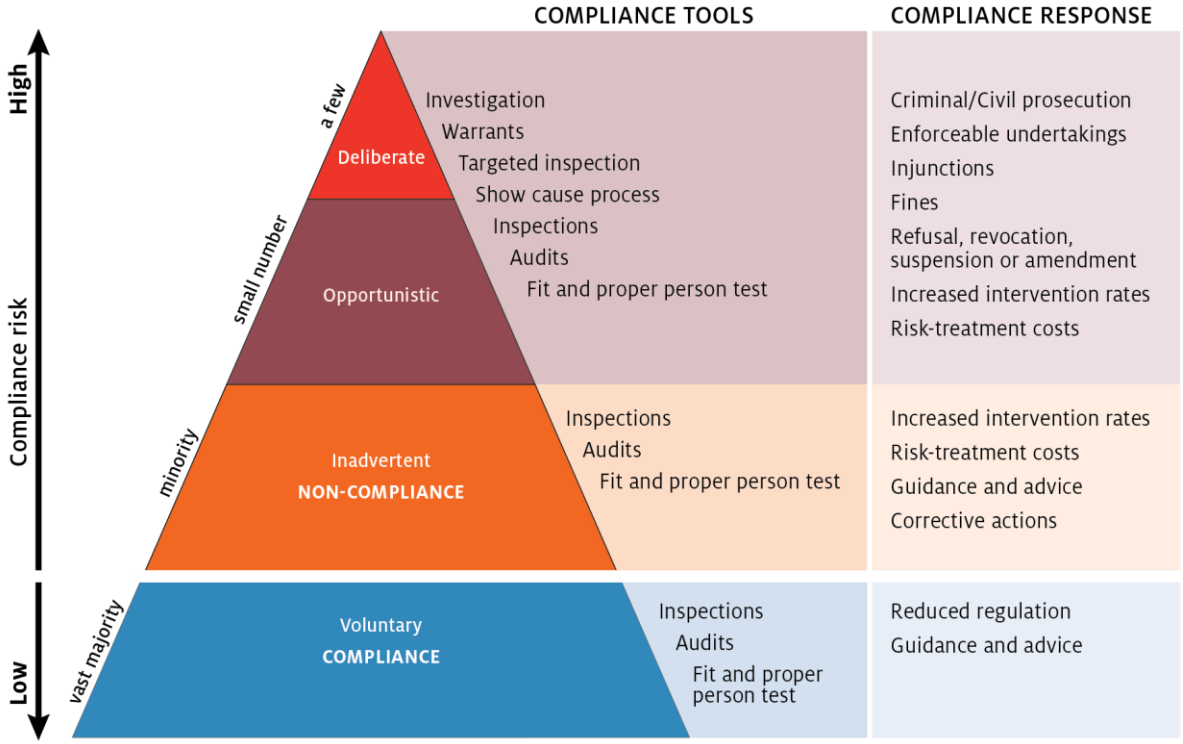
Our biosecurity system is underpinned by the *Biosecurity Act 2015*, which came into force on 16 June 2016. The legislation is designed to be flexible and responsive to changes in technology and future challenges. It promotes a shared responsibility between government and industry, provides a modern regulatory framework, reduces duplication and regulatory impacts, and allows for current and future trading environments. We are guided by our international obligations and our appropriate level of protection (ALOP). The ALOP is a high level of sanitary and phytosanitary protection aimed at reducing biosecurity risks to a very low level, but not to zero.

The *Biosecurity Act 2015* has been in force for two years, and in that time we have updated and strengthened our regulatory tools and administration. The initial implementation phase was completed in 2017–18, but we continue to explore how powers under the Act can be used to the best effect to help our industries comply while providing benefits through improved processes.

The increasing demand on resources to manage biosecurity is an ongoing challenge. During 2017–18 we addressed major border incidents and pest and disease incursions and strengthened our surveillance and biosecurity preparedness to prevent and respond to incursions. We continued to work with trading partners to reduce biosecurity risk material coming to Australia, and to manage the increasing workload of import permits, biosecurity screening and post-entry quarantine. We will continue to build capabilities to support our risk-based approach and to ensure we are able to anticipate and respond to the challenges of managing biosecurity into the future.

We use a risk-based and responsive regulatory model in managing biosecurity. This means we take a risk-based approach when setting and monitoring regulatory requirements, and respond proportionately to regulated people and businesses in the context of compliance risk (Figure 2). Our Biosecurity Compliance Statement sets out our approach to biosecurity compliance management and specifies how compliance management tools work.

Figure 2 Approach to biosecurity compliance management



Source: Department of Agriculture and Water Resources

We know that the majority of those we regulate will choose to comply with biosecurity requirements or try to comply. To support these, and all regulated entities, we provide education, guidance and advice to facilitate voluntary compliance and by minimising the regulatory intervention where possible.

We assess documentary evidence and applications, undertake targeted and verification inspections, send material for diagnostic tests, and conduct routine and random audits. We use regulatory and trade intelligence, and work with industry and border and enforcement agencies to constantly improve the focus and effectiveness of our interventions.

We continuously look for innovative opportunities and invest in business improvements so that, by working smarter, we are better placed to fulfil our regulatory function to manage changing biosecurity risks that comes with the increasing volumes of goods and people entering Australia. For example, through the Biosecurity Innovation Program, we are investing in accelerating the identification, development and implementation of innovative technologies and approaches that can enhance the capacity of the national biosecurity system to manage biosecurity.

KPI 1—We do not unnecessarily impede the efficient operations of regulated entities

Objective: We understand the operating environment of our regulated entities and stakeholders.

Performance Measures	Targets	Results
Our regulatory practices minimise the impact of regulation on stakeholders and regulated entities.	❖ New and amended regulations are supported by regulatory impact analysis.	**Rating: Managed** ➢ We consider the regulatory burden for individuals, businesses and community organisations before we amend or make new regulations. This work is overseen by the Office of Best Practice Regulation (OBPR). ➢ Where the regulatory impacts are deemed significant by OBPR we prepare regulation impact statements (RISs) and consult with stakeholders and regulated entities on the impacts of proposed changes. ➢ We routinely consult stakeholders and regulated entities on a range of regulatory and related matters, even where a RIS is not required. This takes account of the impact of regulations on our regulated entities.
	❖ We engage with our stakeholders on implementation and compliance approaches.	**Rating: Managed** ➢ We adopt a risk and evidence-based approach to setting biosecurity requirements as part of implementing the legislation. We undertake significant stakeholder consultation when establishing and advising on new or revised requirements. We work with regulated entities and related industries to ensure that the requirements can effectively and efficiently manage the risks in different operating environments. ➢ We support shared compliance responsibility with Biosecurity Industry Participants whose commercial systems meet biosecurity requirements under an approved arrangement. These arrangements allow operators to conditionally manage biosecurity risks and/or perform the documentary assessment of goods in accordance with departmental requirements, using their own premises, facilities, equipment and people. ➢ We advise our stakeholders of our approach to compliance so that they are aware of the consequences of breaching biosecurity requirements, and provide avenues for industry and the community to report suspected breaches and risks.

KPI 2 & 5—Our communication with regulated entities is clear, concise and targeted; we are effective, accountable and transparent.

Objective: Our communication with regulated entities and stakeholders is effective.

Performance Measures	Targets	Results
Our guidance and information is tailored to the needs of regulated entities and accessible.	❖ Risk-based frameworks, strategies and service standards are available on our website and the information is regularly reviewed to ensure currency.	**Rating: Managed** ➢ All relevant legislation is publicly available on the Federal Register of Legislation. Our sunsetting program ensures periodic review of our regulation to ensure that it remains relevant and appropriate. ➢ Stakeholders can access legislation, guidance, import risk analysis framework, import conditions, approved arrangement requirements, standards, industry advice notices, compliance advice notices and the service charter on the departmental website. From January to October 2018 the department issued 144 advice notices, many of which related to biosecurity. We also provide subscribers with regular e-updates. ➢ We periodically review and update biosecurity requirements and compliance plans and strategies, which are available on our website.
We engage with regulated entities on potential changes to regulatory policies, practices or services.	❖ Advice notices and guidance material are up to date, accurate, accessible and in plain English.	**Rating: Managed** ➢ We maintain up to date advice on biosecurity import requirements and processes through online platforms, including social media, to advise regulated entities ahead of change implementation wherever possible. ➢ The department also continued to maintain a number of phone and email help lines for technical and operational information, including a translation and interpreter service and a national relay service. ➢ Our website includes the Biosecurity Matters webpage that promotes biosecurity information to a range of travellers. In 2017–18, we rolled out the *Don't be a Jeff*, *Dirt girl* and in-flight videos to educate the public on their responsibilities. We delivered biosecurity education campaigns with TV personalities (Costa and Dirt Girl) to promote appropriate behaviours to manage risk. ➢ Information relating to importing goods is made available through a range of platforms such as the Biosecurity Import Conditions System (BICON), public awareness campaigns, through industry and other stakeholder engagement groups, information roadshows, the Australian Biosecurity Facebook and industry advice notices ➢ We continue to collaborate with other border agencies on the *Border Security* TV show that educates the community about requirements of incoming travellers.
	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice	**Rating: Managed** ➢ We maintain close contact with industry stakeholders through Industry consultative committees (ICCs). ICCs are a vehicle for operational responses to government policy for our programs. We also meet with other stakeholders, including international trading partners, global logistics and offshore treatment providers, on changes to regulation and delivery arrangements and on significant regulatory changes. We consult with and advise trading partners of significant sanitary and phytosanitary

Performance Measures	Targets	Results
	on significant changes and explain our decisions.	measures through the International Plant Protection Convention, the World Organisation for Animal Health and the Codex Alimentarius Commission. ➢ We regularly participate in industry forums across our regulatory responsibilities. We also conduct targeted consultations and engage experts and industry representatives as appropriate. ➢ We used the department's online '*Have Your Say*' platform to consult a broad range of stakeholders and the general public on amendments to the *Biosecurity Act 2015* made by the *Biosecurity Legislation Amendment (Miscellaneous Measures) Act 2018*. Feedback was considered and incorporated where appropriate.

Objective: We make decisions in a manner that is timely, consistent and supports predictable outcomes.

Performance Measures	Targets	Results
When we make decisions we provide reasons and our advice is timely and consistent.	❖ Our advice to regulated entities explains the reasons for decisions and provides information about avenues for review or complaint (as provided for in relevant legislation).	**Rating: Managed** ➢ The *Biosecurity Act 2015* determines the information that authorised officers provide regarding decisions and their basis that will impact individual regulated entities. The law sets out which decisions are reviewable and we have established processes in place for these reviews. ➢ As part of our *Client service charter*, all other concerns or complaints can be raised through our *Suggestions, Compliments and Complaints* contact lines, and responded to in accordance with our *Service standard* that sets out the response timeframes and standards of advice that can be expected.

Department of Agriculture and Water Resources
Regulator Performance Framework 2017–18

Objective: Our performance measurement results are published in a timely manner to ensure accountability to the public.

Performance Measures	Targets	Results
Reports on regulator performance are published in the required timeframes.	❖ We publish an annual self–assessment of our performance by the required timeframes.	**Rating: Managed** ➢ Our Regulator Performance Framework report provides a high level assessment of our performance as a regulator. The Department's annual report also provides significant performance information on biosecurity operations and related activities.
	❖ Our regulators publish performance information specific to their regulatory frameworks.	**Rating: Managed** ➢ As a regulator we publish a range of material on our regulatory activities and related programs. This is available in multiple formats, and discussed in other performance measures. Where feasible we provide targeted information that supports specific regulated entities. We have published the review of the biosecurity system and the role of jurisdictions in delivery.

KPI 3—Our actions are proportionate to the regulatory risk being managed.

Objective: We apply a risk-based, proportionate approach to compliance, engagement and enforcement activities.

Performance Measures	Targets	Results
Our regulatory frameworks are supported by best practice compliance strategies that are risk based.	❖ We employ intelligence-based approaches to determine risk, and consider the circumstances of regulated entities.	**Rating: Managed** ➢ We apply a risk-based and responsive regulatory model in managing biosecurity. This means we take a risk-based approach when setting and monitoring regulatory requirements, and respond proportionately to regulated entities and businesses depending on the seriousness of the risks involved. ➢ Under the risk based approach, we place more stringent requirements and intervention rates on goods, conveyances and people that pose a higher biosecurity risk. These requirements are based on scientific evidence and practicality of implementation. To support best practice, we engage international experts and financially invest in systems and process improvements to enhance risk surveillance and foresighting. ➢ We use regulatory and intelligence processes to determine risks and vulnerabilities, the circumstances in which they may occur, and the associated regulated entities. These activities are audited and continuously enhanced to support best practice.
Our regulators appropriately employ a range of graduated compliance and enforcement tools.	❖ Our staff are provided with appropriate training and guidance materials to support their compliance roles.	**Rating: Managed** ➢ We offer a range of online and on-the-job training courses to staff, including introduction to risk management, biosecurity risk, and specific training on related legislation and regulations. Detailed work instructions and guidelines are available to all staff and these are reviewed periodically to ensure currency. ➢ We recruit staff with relevant expertise and qualifications, and ensure training needs are identified. ➢ We conduct annual internal surveys to ensure staff understand their duties under the *Biosecurity Act 2015*. We use survey results to identify gaps in training or the need for changes to tools and work instructions.
Eligible regulated entities receive tailored approaches based on an understanding of their operating environment and risk profile.	❖ We apply a graduated approach to compliance activities that provides for earned autonomy, within legislative parameters.	**Rating: Managed** ➢ We apply a proportionate and targeted approach to our regulatory interventions that takes into account the nature of the risks and how they may arrive. ➢ When an entity, whether as an importer, traveller or Biosecurity Industry Participant, has a high level of compliance they are more likely to have the least regulatory intervention, minimising their administrative costs. Only compliant regulated businesses, that are fit and proper, can apply to enter into an approved arrangement to operate a business in this restricted market.

KPI 4—Our compliance and monitoring approaches are streamlined and coordinated

Objective: We base our monitoring and inspection approaches on assessed risk and where possible, we take into account the operating context

Performance Measures	Targets	Results
Demonstrated benefits to regulated entities from our efforts to streamline and coordinate our regulatory activities.	❖ We regularly review our business processes with a view to streamlining where possible.	**Rating: Managed** ➢ In 2017–18 we continued the development of modern technology to improve regulatory information and services as part of our ongoing modernisation program. We use surveys and consultation processes to gather feedback on proposed improvements. We find significant satisfaction from stakeholders and regulated entities with the biosecurity services provided. While there is high level of acceptance we know that our systems are still to fully mature and require ongoing development. ➢ This included the upgrade of the Cargo Online Lodgement System (COLS) that enabled COLS to retrieve consignment and broker data from the Australian Import Management System (AIMS). This significantly reduced the effort required by clients to lodge and pay for their documentation assessment. ➢ We expanded the range of products that can be processed through the Automatic Entry Processing for Commodities (AEPCOMM) by customs brokers, which reduced cargo clearance times and costs at the border, whilst continuing to maintain biosecurity integrity.
	❖ Our published service standards are met or exceeded.	**Rating: Managed** ➢ Our service charter outlines our service commitments and establishes benchmarks for delivering biosecurity related services. The quality of service we provide to our clients is measured against client service standards. In 2017-18 we expanded the range of client service standards beyond our client contact services to include our import services. ➢ We are delivering most of our services within agreed timeframes: ➢ Client contact services—three of three met ➢ Import services—four of seven met ➢ The inspection of goods at an approved premise, treatments, and inspection of non-commercial vessels standards were not met in two locations because of periods of significant short-term increases in unplanned inspection activity driven by external factors. ➢ We are progressing a range of initiatives to create additional capacity to meet the forecast increase in demand for biosecurity regulatory services, including the integrated inspector model and trialling innovative technologies such as the real-time high-throughput CT scanning of crew and traveller baggage.

Objective: We share information and coordinate our compliance activities within the department and with other regulators as appropriate, to minimise duplication and increase efficiency.

Performance Measures	Targets	Results
Business processes and services are improved through the better use of modern technology, and agreed service standards.	❖ We analyse complaints information and other feedback from our regulated entities to understand trends and make improvements where possible.	**Rating: Managed** ➢ As noted above, we have established consultative arrangements and processes for gaining feedback and performance information. We use this information to make business improvements.
	❖ We collaborate with other relevant regulators to reduce compliance costs and improve efficiency where possible.	**Rating: Managed** ➢ We work closely with other border and enforcement agencies and the Department of Health on our regulatory response approach and response actions, including amendments made to biosecurity legislation, to ensure that efficiencies across portfolio objectives and stakeholders are considered. ➢ We collaborated with the border agencies on shared ICT platforms, passport readers and scanning equipment that will streamline the experience for regulated entities. ➢ We collaborated with other border agencies to assist with special events, such as the Commonwealth Games, joint military exercises, and Guests of Government, to ensure that large or complex contingencies visiting Australia are best prepared to minimise introducing biosecurity risks to Australia and to be compliant with the rules and conditions. ➢ We also work closely with agencies responsible for existing and new first ports of entry into Australia as they are being designed and built to ensure biosecurity risks can be managed efficiently.

KPI 6—We actively contribute to the continuous improvement of our regulatory frameworks.

Objective: We establish cooperative and collaborative relationships with regulated entities and stakeholders to promote trust and improve the efficiency and effectiveness of our regulatory frameworks.

Performance Measures	Targets	Results
We take into account feedback from our regulated entities and performance information to improve operations of our regulatory frameworks.	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes and explain our decisions (this target also applies for KPIs 2&5).	**Rating: Managed** ➢ As noted above, we maintain commodity-based ICCs as a key engagement process. We also use *Have Your Say,* an online platform to support engagement with external stakeholders. We used the platform to consult stakeholders about changes to policies, programs and regulations. ➢ Consistent with the above, we worked with the forest and citrus industries to develop new national surveillance strategies. These were launched in March 2018. We have begun the next phase of work with the grains industry and temperate fruits industry. ➢ In 2017–18, we continued to strengthen Australia's surveillance systems to achieve early warning and early detection of high-risk pathways and pests, to delimit pest incursions and to support Australia's pest-freedom claims to its trading partners. These activities are part of a new surveillance framework for plant pests, to provide a coordinated and consistent approach to data collection, analysis and decision-making.
	❖ We have a program of review for our regulatory frameworks and we suggest legislative change / implement operational change as appropriate, as a result of these reviews.	**Rating: Managed** ➢ In 2017–18, we updated our legislative framework for biosecurity, to ensure that it enables appropriate management of biosecurity risk. For example, the *Biosecurity Act 2015* was amended by the *Biosecurity Legislation Amendment (Miscellaneous Measures) Act 2018*, and the Biosecurity (Prohibited and Conditionally Non-prohibited Goods) Determination 2016 was also amended by a number of instruments to ensure that alternative conditions for importing goods without a permit remains appropriate for the level of biosecurity risk posed by the goods. ➢ Our work to build the Biosecurity Integrated Information System and Analytics initiative is establishing an integrated, forward-looking system to help us identify and plan for risks, respond more quickly to incursions and more effectively target our compliance activities. ➢ The Inspector-General of Biosecurity reviews the Director of Biosecurity's performance of functions The IGB makes recommendations for system improvements and provides an assurance framework for stakeholders. If requested by stakeholders, the IGB may also review the department's process for preparing draft biosecurity import risk assessments. ➢ In early 2017, the Australian National Audit Office released its report *Implementation of the Biosecurity Legislative Framework*. The audit found that we effectively engaged with stakeholders, including relevant government entities and key industry bodies on the introduction of the new framework legislation.
	❖ Our RPF self-assessment reports identify	**Rating: Managed** ➢ As a regulator we publish a range of material on our regulatory activities and related programs and provide targeted information that supports specific regulated entities.

Performance Measures	Targets	Results
	areas for improvement in our systems and processes.	➢ We are seeking to make continuous improvement in biosecurity regulation, for example, through the legislative amendments as set out above. This self-assessment provides an overarching assessment of progress.

CASE STUDY

Automatic Entry Processing for Commodity (AEPCOMM) enhancement

We consulted industry about how we could reform biosecurity approved arrangements to increase efficiency for regulated businesses and for the department as the regulator.

The biosecurity AEPCOMM approved arrangement enables Customs Brokers to perform assessments on import documentation and self-direct specified goods through the border clearance processes without requiring direct departmental regulatory intervention.

AEPCOMM is a well-established voluntary arrangement that has delivered considerable time and cost savings to both industry and the department, however, a number of technical limitations were identified as preventing or discouraging increased uptake by industry.

The changes implemented for AEPCOMM provides the following outcomes/benefits:

- reduced systems complexity to make it easier for industry participants to comply
- greater flexibility to enable more use of the system
- expanded commodities available for the arrangement (phase 1)
- increased capacity for the department to expand the arrangement by adding further commodities onto the arrangement (phase 2)
- greater assurance for commodity programs around entities compliance with performing the approved activities for a particular commodity.
- greater decision-making support and guidance for industry participants
- recorded compliance history of industry participants
- quicker response time to non-compliance
- a more measured and transparent approach to managing non-compliance.

Based on the system's enhancement and additional flexibility, the project conducted modelling on the expected uptake over three years post-implementation. It estimated in the first year of the reform (2018/19) there will be 132,091 AEPCOMM lodgements, or an increase of 36,830 entries (31 percent) from the previous year. This will provide significant time and cost savings to both industry and the department. With increased industry uptake, driven through active marketing and positive industry endorsement, and further commodity expansion planned over the next 12 months, there is potential to drive AEPCOMM documentary clearances to above 40 percent of all biosecurity document clearances.

AEPCOMM Phase 2 went live on 22 June 2018, delivering on all planned objectives.

This work has reduced the complexity of the system while providing greater flexibility for both regulated entities and regulatory staff. It has increased our ability to more effectively monitor compliance and has been designed so that we can continue to expand the type and number of goods that can processed under the AEPCOMM arrangement, providing further efficiencies for industry.

Based on data modelling it is expected the reforms will save industry a minimum of $334K in the first year post implementation of AEP phase 2 (FY19). These savings are only on assessment fees, faster clearance of goods will provide more savings.

The AEPCOMM reform project has contributed strongly to the government's regulatory reform agenda by promoting greater participation of industry and delivering time and cost savings. The changes allow for continuous improvement and help to position the department to face the challenges of increasing cargo volumes.

Paul Zalai, director of the Freight and Trade Alliance (FTA), a key industry stakeholder described the AEPCOMM project in the following terms in the August 2018 edition of the *Across Borders* publication:

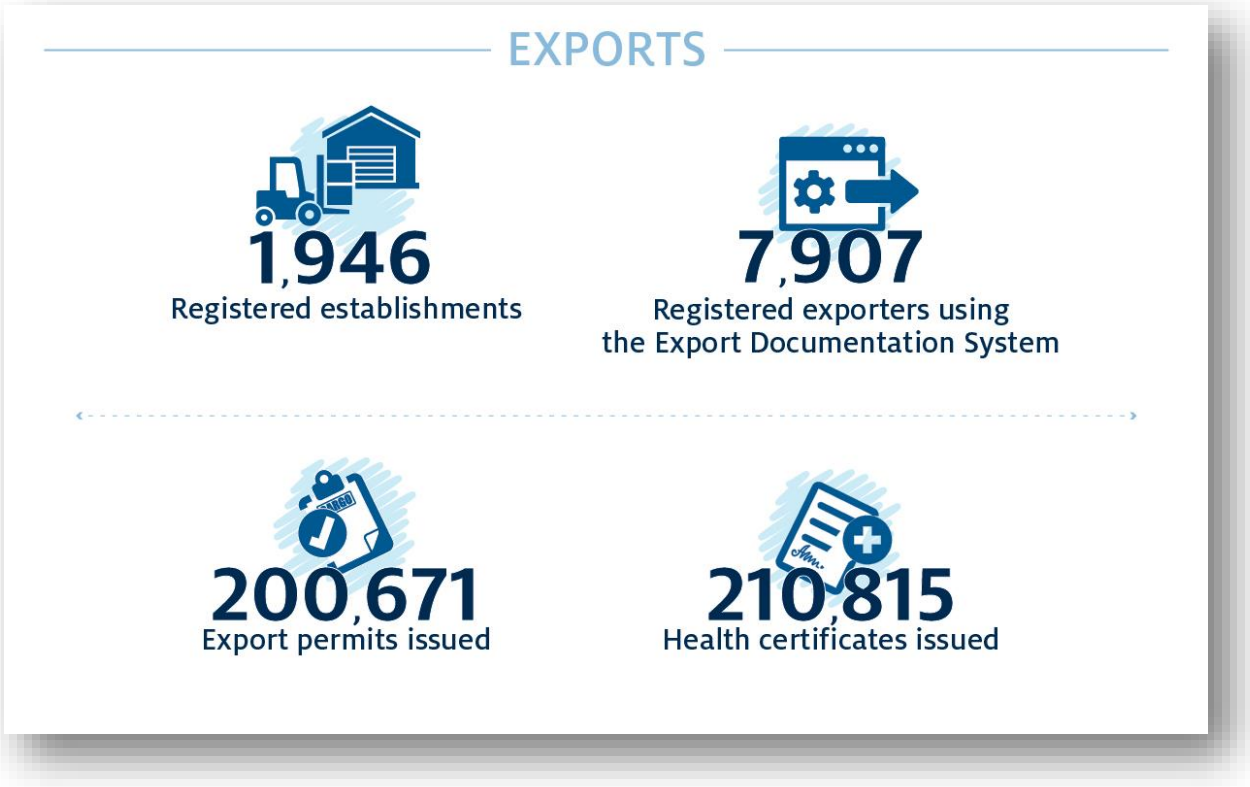
> "The NCCC and AEPCOMM have delivered significant benefits to importers and customs brokers moving selected low risk biosecurity tasks from the department to an Approved Arrangement self-assessment program. The expansion of the program to new commodities will no doubt increase uptake and save industry processing times and costs.
> We applaud the department for their industry engagement, not just with peak industry bodies, but also involving respected industry professionals in the co-design of the program. The associated Continued Biosecurity Competency (CBC) training program has been an effective means of keeping participants up to date with changes and to assist in maintaining compliance. The department co-ordinates CBC activities through a truly collaborative working relationship including Freight & Trade Alliance (FTA) and other recognised training entities."

Export certification

Australian exports various agricultural goods, with the major commodities exported including: meat, grains, horticulture, dairy, fish and egg products. Our responsibilities and powers are defined in the *Export Control Act 1982* (Export Act) and associated legislation. The legislation underpins our export certification system and ensures that goods exported will meet importing country requirements. Note that we report on aspects of livestock exports separately - under the live animal exports chapter of this report.

We certify the compliance of exported goods with importing country food safety and plant health requirements. Figure 1 summarises our main export certification activities for 2017-18.

Figure 1. Main export certification activities, 2017-18



Source: Department of Agriculture and Water Resources

Our export certification system involves a range of regulatory activities that include registration of establishments and identification of exporters. All registered establishments are audited regularly to ensure ongoing compliance with the legislation. We identify exporters to ensure traceability of goods prior to export. For exporters to obtain export certification, the goods must remain in the export supply chain.

Compliance with the export chain is critical in ensuring the department regulates prescribed goods for the purpose of managing biosecurity risk through phytosanitary and sanitary measures. This provides assurances that the goods meets the destination country's import requirements when issuing the relevant export documentation. Food safety regulation is generally a state government jurisdiction.

In 2017–18, less than 1 per cent of consignments were rejected as a result of export certification failure. Consignments can be detained by the importing country from time to time, but few if any are technically 'rejected'. When appropriate, we work closely with agricultural counsellors and exporters to facilitate the release of goods in a timely manner. During this period, no markets were adversely affected as a consequence of detained consignments.

As an agency we seek to negotiate technical market access protocols that make it possible for exporters to benefit from negotiated trade agreements. While the increasing volume of market opportunities makes it a challenge to meet the demand for new access arrangements, we are working with industry to prioritise this work. We continue to negotiate with trading partners on arrangements to open, maintain and improve access for commodities, and providing expert advice in negotiations to restore markets if trade is disrupted.

In December 2017, the Export Control Bill 2017 was introduced into Parliament. The revised legislation is an important body of work to better support primary producers, manufacturers and exporters and Australia's commitment to meeting the requirements of importing countries. If enacted, the legislation will streamline regulations under 17 different Acts to provide simpler export rules and to reduce the costs of complying with export controls. Subject to the Bill being passed, we plan to implement the new export control laws by April 2020. We are drafting export control rules to replace the export control orders, and reviewing our export systems to identify improvements to our operational controls in line with the new Bill.

We also manage quota arrangements for commodities (including dairy and meat) exported to the European Union, Japan and the United States. In 2017–18 we worked to update the legal, IT systems and administrative systems we use to manage export quotas. Following consultation with all industries and exporters who use the quotas, we developed a new option for streamlined arrangements for the Government's consideration.

KPI 1—We do not unnecessarily impede the efficient operations of regulated entities

Objective: We understand the operating environment of our regulated entities and stakeholders.

Performance Measures	Targets	Results
Our regulatory practices minimise the impact of regulation on stakeholders and regulated entities.	❖ New and amended regulations are supported by regulatory impact analysis.	**Rating: Managed** ➢ We consider the regulatory burden for individuals, businesses and community organisations before we amend or make new regulations. This work is overseen by the Office of Best Practice Regulation (OBPR). ➢ Where the regulatory impacts are deemed significant by OBPR we prepare regulation impact statements (RISs) and consult with stakeholders and regulated entities on the impacts of the proposed changes. In 2017-18 we finalised RISs for streamlining of export tariff quotas and export legislation. The Regulatory Impact Statements (RISs) were deemed best practice by OBPR. ➢ We routinely consult stakeholders and regulated entities on a range of regulatory and related matters, even where a RIS is not required. This identifies the impact of regulations on our regulated entities.
	❖ We engage with our stakeholders on implementation and compliance approaches.	**Rating: Sound** ➢ We are proposing the expanded function of Authorised Officers (AOs). AOs are individuals appointed under the *Export Control Act 1982* to perform specific export inspection functions. Once trained, they are able to conduct a range of regulatory functions. As these may be industry based, there are significant benefits to business, with reduced delays arising in the inspection process. ➢ We work closely with trading partners to support export outcomes. This includes development of electronic export certificates that will help streamline administrative processes for exporters and the department.

KPI 2 & 5—Our communication with regulated entities is clear, concise and targeted, we are effective, accountable and transparent.

Objective: Our communication with regulated entities and stakeholders is effective.

Performance Measures	Targets	Results
Our guidance is accessible and information is tailored to the needs of regulated entities.	❖ Risk-based frameworks, strategies and service standards are available on our website and the information is regularly reviewed to ensure currency.	**Rating: Managed** ➢ All relevant legislation is publicly available on the Federal Register of Legislation. Stakeholders can access legislation, guidance, industry advice notices and compliance advice notices on the department's website. We also provide stakeholders and subscribers with regular e-updates. ➢ We periodically review and update materials accessible via the department's website. Scheduled periodic review and verification of guidance material ensures that it remains relevant and appropriate. ➢ We are also reviewing and updating key legislation to ensure relevance and simplify regulatory requirements associated with export certification. This will simplify and streamline legislative obligations of regulated entities.
We engage with regulated entities on potential changes to regulatory policies, practices or services.	❖ Advice notices and guidance material are up to date, accurate, accessible and in plain English.	**Rating: Managed** ➢ At the start of 2017–18 we launched *Have Your Say,* an online platform to support engagement with external stakeholders. The platform enables consultation with stakeholders about changes to policies, programs and regulations, and to seek their feedback on our services. ➢ We ensure stakeholders are aware of changes to regulatory policies and strategies through Industry Advice notices and Market Access Advice notices. We make these notices publicly available on the department's website.
	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes.	**Rating: Optimal** ➢ The department's engagement with key export industry representatives and peak bodies is ongoing and operates through formal and informal processes. We maintain commodity-based industry consultative committees (ICCs) as a key engagement process. ICCs are instrumental in developing effective operational responses to government policy for the department's export programs. This includes the ICCs for meat, seafood, dairy, horticulture and grains exports. ➢ We also conduct targeted consultations and engage with experts and industry representatives as appropriate.

Objective: We make decisions in a manner that is timely, consistent and supports predictable outcomes.

Performance Measures	Targets	Results
When we make decisions we provide	❖ Our advice to regulated entities	**Rating: Managed**

Performance Measures	Targets	Results
reasons and our advice is timely and consistent.	explains the reasons for decisions and provides information about avenues for review or complaint (as provided for in relevant legislation).	➢ The legislation allows regulated entities formal application for a reconsideration and review of decisions made. Further information is available on the department's website. ➢ We provide advice in accordance with the relevant service standards outlined by the department's client service charter. The client service charter and standards are published on the department's website. ➢ Decisions are made in accordance with legislative requirements and are provided to clients in writing and in a timely fashion.

Objective: Our performance measurement results are published in a timely manner to ensure accountability to the public.

Performance Measures	Targets	Results
Reports on regulator performance are published in the required timeframes.	❖ We publish an annual self–assessment of our performance by the required timeframes.	**Rating: Sound** ➢ Our Regulator Performance Framework report provides a high level assessment of our performance as a regulator. The department's annual report also provides performance information on export certification and related activities.
	❖ Our regulators publish performance information specific to their regulatory frameworks.	**Rating: Managed** ➢ As a regulator we publish a range of material on our regulatory activities and related programs that provide targeted information that supports specific regulated entities.

KPI 3—Our actions are proportionate to the regulatory risk being managed.

Objective: We apply a risk-based, proportionate approach to compliance, engagement and enforcement activities.

Performance Measures	Targets	Results
Our regulatory frameworks are supported by best practice compliance strategies that are risk based.	❖ We employ a current best practice approach to determine risk, and consider the circumstances of regulated entities.	**Rating: Sound** ➢ We adopt a regulatory approach that considers compliance history and overall risk of regulated entities activities. This is set out in our regulatory policies and operating procedures. This includes measures that provide flexibility to assist inadvertent non-compliance and to reward compliant entities. ➢ We use compliance and enforcement tools tailored to the identified risks and behaviour of our regulated entities. These include inspections, audits, fit and proper person tests, warrants and investigations. Enforcement tools such as additional audits, infringement notices or court action are only employed when a cooperative approach has been unsuccessful.
Staff making regulatory decisions appropriately employ a range of graduated compliance and enforcement tools.	❖ Our staff are provided with appropriate training and guidance materials to support their compliance roles.	**Rating: Managed** ➢ We offer a range of training courses to staff, including introduction to risk management, export food requirements and specific training on relevant legislation and regulations. Detailed work instructions and guidelines are available to all staff and these are reviewed periodically to ensure relevance. We seek to recruit staff with relevant expertise and ensure training needs are identified. We use verification activities to identify gaps in training or the need for changes to tools and work instructions.
Eligible regulated entities receive tailored approaches based on an understanding of their operating environment and risk profile.	❖ We apply a graduated approach to compliance activities that provides for earned autonomy, within legislative parameters.	**Rating: Managed** ➢ We adopt a regulatory approach that takes into account compliance history and overall risk of the activities. This is set out in our operating procedures. This includes measures that provide flexibility to assist inadvertent non-compliance and to reward compliant entities. ➢ We provide opportunities for exporters to efficiently obtain appropriate export certification through streamlined processes that recognises compliance.

KPI 4—Our compliance and monitoring approaches are streamlined and coordinated

Objective: We base our monitoring and inspection approaches on assessed risk and where possible, we take into account the operating context

Performance Measures	Targets	Results
Demonstrated benefits to regulated entities from our efforts to streamline and coordinate our regulatory activities.	❖ We regularly review our business processes with a view to streamlining where possible.	**Rating: Managed** ➢ In 2017–18, we continued the development of modern technology to improve regulatory information and services as part of the department's ongoing modernisation program. The department uses surveys and consultation to gather feedback on proposed improvements. We find significant satisfaction from stakeholders and regulated entities with the export services. While there is high level of acceptance we know that our systems are still to fully mature and require ongoing development.
	❖ Our published service standards are met or exceeded.	**Rating: Optimal** ➢ The department's service charter outlines our service commitments and establishes benchmarks for delivering export related services. The quality of service we provide to our clients is measured against client service standards. In 2017–18, we expanded the range of client service standards beyond our client contact services to include our export services. We met all our export service standards.

Objective: We share information and coordinate our compliance activities within the department and with other regulators as appropriate, to minimise duplication and increase efficiency.

Performance Measures	Targets	Results
Business processes and services are improved through the better use of modern technology, and agreed service standards.	❖ We analyse complaints information and other feedback from our regulated entities to understand trends and make improvements where possible.	**Rating: Managed** ➢ As noted above, we report on standards for responding to stakeholder requests through the client service charter. We seek to improve our responsiveness through business improvements
	❖ We collaborate with other relevant regulators to reduce compliance costs and improve	**Rating: Managed** ➢ We routinely engage with relevant internal organisations on Australia's regulatory interests. We are also a member of relevant international organisations and routinely engage in relevant policy and standards setting. ➢ We have agreements for conducting regulatory activities with external regulators including State regulators this reduces regulatory burden for registered establishments

Performance Measures	Targets	Results
	efficiency where possible.	

KPI 6—We actively contribute to the continuous improvement of our regulatory frameworks.

Objective: We establish cooperative and collaborative relationships with regulated entities and stakeholders to promote trust and improve the efficiency and effectiveness of our regulatory frameworks.

Performance Measures	Targets	Results
We take into account feedback from our regulated entities and performance information to improve operations of our regulatory frameworks.	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes and explain our decisions (this target also applies for KPIs 2&5).	**Rating: Optimal** ➢ As noted above, we maintain commodity based ICCs as a key engagement process. We also use *Have Your Say,* an online platform to support engagement with external stakeholders. ➢ The department is the secretariat on a number of consultative committee meetings with key industry stakeholders to provide progress on program areas' regulatory activities. We also make industry aware of important policy and legislative changes. We seek their advice and also provide opportunities for feedback prior to implementation of changes.
	❖ We have a program of review for our regulatory frameworks and we suggest legislative change / implement operational change as appropriate, as a result of these reviews.	**Rating: Sound** ➢ We actively engage in formal and informal legislative reviews, including the investigation of, and amendment where appropriate of legislation outside of the formal review process when changes to the trade environment of our regulated entities indicates review is required. ➢ We work collaboratively with service delivery areas within the department to ensure that operational activities meet legislative outcomes in a way that does not unnecessarily impede the operations of the regulated entity.
	❖ Our RPF self-assessment reports identify	**Rating: Managed**

Performance Measures	Targets	Results
	areas for improvement in our systems and processes.	➢ As a regulator we publish a range of material on our regulatory activities and related programs and provide targeted information that supports specific regulated entities.

CASE STUDY

Accredited Properties Amendment—Export Control (Plants and Plant Products) Order 2011

In 2017–18, our Plant Export Operations Branch completed amendments to the Export Control (Plants and Plant Products) Order 2011 (Plants Order) to include the accreditation of properties for the export of horticulture products to protocol markets.

The purpose of the amendment was to provide for the regulation of properties that produce or prepare horticulture products for export to protocol markets.

The department, as Australia's National Plant Protection Organisation, has entered into an increasing number of protocol agreements with international trading partners in recent years, reflecting increased demand for Australian horticulture products. Previously, the department relied on administrative policy arrangements to implement some of these protocol agreements, which were not underpinned by legislation. This resulted in deficiencies in our ability to effectively regulate these properties and ensure compliance, which was a key component in maintaining market access under the protocol agreements.

The amendment clearly articulates the obligations of both the department and industry, and provides a means to assure trading partners that horticulture products have been produced and prepared in accordance with importing country requirements. The amendment was designed in a flexible way to allow the department and industry to respond to the diverse range of importing country requirements, and a changing trade environment.

The amendment included provisions to support a smooth transition for industry from administrative arrangements to legislated accreditation of properties, from commencement. The provisions reduced unnecessary regulatory burden on managers of properties and their operations, and mitigated the risk of disrupting trade during Australia's horticulture product export seasons.

This amendment contributes to improving the current agricultural export legislative framework and forms part of wider regulatory improvement of the Plant Export Operations Branch to streamline and strengthen the regulation of agricultural exports, with the goal of improving the department and industry's capability to maintain and grow Australia's market access.

Regulating timber product imports and raw log processing

The *Illegal Logging Prohibition Act 2012* and the *Illegal Logging Prohibition Regulation 2012* seek to reduce the harmful environmental, social and economic impacts of illegal logging by restricting the importation and sale of illegally logged timber products in Australia.

The legislation makes it a criminal offence to import illegally logged timber and timber products into Australia, or to process domestically grown raw logs that have been illegally logged. Importers and processors are also required to undertake a structured risk assessment and mitigation process before importing a 'regulated timber product' (defined by their customs tariff codes) into Australia, or processing domestically grown raw logs. This is known as 'due diligence', the specifics of which are set out in the 2012 Regulation.

Figure 1 Illegal logging regulatory activities

Source: Department of Agriculture and Water Resources

As shown in Figure 1**,** the legislation affects a wide range of importing and processing businesses. In 2017, 20,563 importers imported approximately $7.2 billion worth of regulated timber products into Australia. These products were imported from 135 different countries in more than 200,000 regulated consignments and included more than one million product lines. At a domestic level, in 2017 approximately 350 businesses processed Australian grown raw logs, worth a total of $2.5 billion in 2016–17.

The department has adopted similar principles to managing our illegal logging compliance program to those we used for broader biosecurity compliance. As a result, we focus our efforts on encouraging and prompting voluntary compliance, while responding to non-compliance in a way that is commensurate with the behaviours involved.

When the due diligence requirements came into force in December 2014, we implemented a 'soft-start' compliance period. During this period, we did not penalise importers or processors for not complying with the legislation's due diligence requirements. This ended on 1 January 2018. After this date, businesses and individuals who fail to comply with the requirements could be penalised.

In February 2018, we published our 2018 Illegal Logging Compliance Plan. This included a specific focus on products from fragile and conflict-affected regions; the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) listed species and other timber species of concern; complex supply chains; suppliers identified in non-government organisation's reports; and previous instances of non-compliance.

In 2017 and 2018, we conducted 102 individual audits of due diligence systems. There was a mixed level of understanding of the due diligence requirements, with around a third of audited importers found to be compliant with their due diligence obligations. At the same time, the majority of audited domestic processors were found to be compliant with the legislation. Where incidents of non-compliance occurred, we provided the non-compliant entity with further guidance to help them become compliant. In a number of instances, the non-compliance was resolved by the entity working with us. In 2017, approximately 90 per cent of importers assessed were non-compliant with their due diligence requirements, but in 2018 that number dropped to approximately 45 per cent after advice was provided to several importers that were reassessed. Where an entity did not respond to such a cooperative approach, further compliance actions were pursued. This led to the legislation's first infringement notice being issued in November 2018.

Throughout the reporting period, we conducted a range of activities to increase awareness and understanding of the legislation and the due diligence requirements. This included a refresh of the department's illegal logging webpages; working with industry bodies to develop new due diligence toolkits; the development of new multimedia materials; a targeted social media advertising campaign; information alerts on applicable Biosecurity Import Conditions system (BICON) cases; and hosting a series of webinar-based training events.

We also continued to work with key trading partners to develop new Country Specific Guidelines (CSGs). This saw the publication of the new CSG for the Republic of Korea in October 2018. Work was also undertaken to review and update our existing CSGs.

In October 2017, we published the 'Reforming Australia's illegal logging regulations' Regulation Impact Statement (RIS). The RIS built on the earlier KPMG led 'Independent review of the impact of the illegal logging regulations on small business' and examined options for reducing the costs of complying with the due diligence requirements. This resulted in a series of regulatory amendments being tabled in Parliament. The key proposed reform was the establishment of a new 'deemed to comply' arrangement for products certified under the Forest Stewardship Council (FSC) and Programme for Endorsement Certification (PEFC) schemes.

On 8 February 2018, the proposed 'deemed to comply' arrangement was debated in the Senate and the associated regulatory amendments were disallowed. Other minor technical amendments progressed in the same package were not affected by the disallowance.

During 2017–18, we also progressed a statutory review of the legislation's first five years of operation. This assessed the extent to which it had met the government's policy objectives. It also looked at any operational issues encountered during the first five years and identified potential options for improving the legislation's operation. A finalised report was provided to the Assistant Minister for Agriculture and Water Resources on 28 November 2018.

KPI 1—We do not unnecessarily impede the efficient operations of regulated entities

Objective: We understand the operating environment of our regulated entities and stakeholders.

Performance Measures	Targets	Results
Our regulatory practices minimise the impact of regulation on stakeholders and regulated entities.	❖ New and amended regulations are supported by regulatory impact analysis.	**Rating: Managed** ➢ We use a range of approaches to identify and detect non-compliance concerning the illegal logging laws. We use the findings together with gathered intelligence and shared information to improve the focus and effectiveness of our interventions. We aim to reduce unnecessary intervention on importers dealing with low risk products and more effectively prevent illegally logged products ending up in Australia's domestic market. ➢ We have adopted a regulatory approach that takes into account the compliance history of our regulated community and the risk of the imported product/s in relation to illegal logging. More information on how we apply this approach can be found in the illegal logging compliance plan. ➢ Where we make significant regulatory changes, we prepare regulation impact statements (RIS) and consult with stakeholders on the impacts of any proposed changes. During 2017–18, we finalised the 'Reforming Australia's Illegal Logging Regulations' RIS process. The RIS was assessed as compliant and consistent with best practice by the Office of Best Practice Regulation.
	❖ We engage with our stakeholders on implementation and compliance approaches.	**Rating: Managed** ➢ We are working with organisations internationally and domestically to increase our intelligence about the complex supply chains associated with forest products. ➢ We continue to engage in a range of domestic and international forums to improve administration of the illegal logging laws. This includes: o regular discussions with Australian based industry associations, environmental and social groups, forest certification bodies and other interested parties o participation in the APEC Expert Group on Illegal Logging and Associated Trade (EGILAT) o participation in the European and Asian meetings of the Timber Regulation Enforcement Exchange (TREE) forum o participation in the Global Timber Tracking Network (GTTN) o participation in the Interpol Forestry Crime Working Group o engagement on illegal logging with key forest product trading partners via regular bilateral discussions.

KPI 2 & 5—Our communication with regulated entities is clear, concise and targeted, we are effective, accountable and transparent.

Objective: Our communication with regulated entities and stakeholders is effective.

Performance Measures	Targets	Results
Our guidance and information is tailored to the needs of regulated entities and accessible.	❖ Risk-based frameworks, strategies and service standards are available on our website and the information is regularly reviewed to ensure currency.	**Rating: Managed** ➢ We use a range of approaches to ensure that the legislation and supporting guidance materials are readily available to our regulated community. This includes information on the department's illegal logging webpages, the provision of regular illegal logging e-updates (sent to more than 1,100 subscribers), industry advice notices, and other supporting media. ➢ In August and September 2018, we delivered a series of webinar events to introduce people to the illegal logging laws and their requirements. The webinars had strong engagement with over 500 industry participants. Recordings of the webinars are available on the department's website. ➢ In February 2018, we published our 2018 Illegal Logging Compliance Plan. This outlined how we would ensure compliance with the illegal logging legislation and the focus for our compliance activities throughout 2018. ➢ We manage the illegal logging hotline and illegal logging mailboxes to ensure we are effectively and consistently providing services for clients. We periodically review our client service procedures and practices, and make improvements where necessary.
We engage with regulated entities on potential changes to regulatory policies, practices or services.	❖ Advice notices and guidance material are up to date, accurate, accessible and in plain English.	**Rating: Managed** ➢ We have developed a range of information and guidance materials to improve awareness and understanding of the due diligence requirements. We worked with selected industry associations to ensure effective targeting and content of resources and guidance material. ➢ Associated work instructions and guidelines are also reviewed periodically to ensure they are relevant and up-to-date.
	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes and explain our decisions.	**Rating: Managed** ➢ Please see the information provided in KPI1 on the recently completed RIS process. This included significant consultations with industry stakeholders and other relevant parties on potential regulatory changes. ➢ Our stakeholders regularly engage with the department via the illegal logging hotline, illegal logging inbox, or in response to a request for information as part of a compliance audit. Staff monitoring these avenues are directly involved in the department's compliance activities and have comprehensive understanding of the relevant legislation and regulatory requirements. ➢ Illegal logging regulation is regularly discussed at the Department of Agriculture and Water Resources Cargo Consultative Committee. This provides the department and international trade and international logistics service providers industries with a consultative forum to ensure that effective biosecurity/illegal logging/imported food outcomes are delivered without unnecessary impediments to trade.

Objective: We make decisions in a manner that is timely, consistent and supports predictable outcomes.

Performance Measures	Targets	Results
When we make decisions we provide reasons and our advice is timely and consistent.	❖ Our advice to regulated entities explains the reasons for decisions and provides information about avenues for review or complaint (as provided for in relevant legislation).	**Rating: Optimal** ➢ We conduct compliance-based assessments on regulated entities to determine their due diligence compliance in accordance with the legislation. Based on the outcomes of the assessments entities are either informed of their compliance or advice is provided with an explanation of where the entity is non-compliant and how full compliance can be achieved. ➢ The department maintains a phone hotline and email account where the public and stakeholders can seek information and make complaints.

Objective: Our performance measurement results are published in a timely manner to ensure accountability to the public.

Performance Measures	Targets	Results
Reports on regulator performance are published in the required timeframes.	❖ We publish an annual self–assessment of our performance by the required timeframes.	**Rating: Optimal** ➢ We self-assess regulatory performance annually, seek external validation and publish the results. We have also published our regulatory impact statement and compliance plans in 2017–18.
	❖ Our regulators publish performance information specific to their regulatory frameworks.	**Rating: Managed** ➢ We publish comprehensive information on our regulatory frameworks.

KPI 3—Our actions are proportionate to the regulatory risk being managed.

Objective: We apply a risk-based, proportionate approach to compliance, engagement and enforcement activities.

Performance Measures	Targets	Results
Our regulatory frameworks are supported by best practice compliance strategies that are risk based.	❖ We employ intelligence-based approaches to determine risk, and consider the circumstances of regulated entities.	**Rating: Managed** ➢ The department uses similar principles and the same differentiated approach to managing illegal logging compliance as we do for biosecurity compliance. The approach focuses on encouraging and prompting voluntary compliance and responding to non-compliance in a way that is commensurate with the behaviours of those involved. ➢ During the 2017–18 period, our compliance audits focused on higher risk pathways and products, this included products from fragile and conflict-affected regions, CITES-listed species and other species of concern, complex supply chains, suppliers identified in non-government organisation reports, and previous instances of noncompliance. These pathways and products were identified in our 2017 and 2018 Illegal Logging Compliance Plans, available on the department's website. ➢ The department's illegal logging compliance audits are conducted in accordance with the Regulation's requirements and the best available science and advice from the compliance Division. This is informed by intelligence and data generated through internally and externally, and may include illegal logging reports; shared intelligence; discussions with experts; and engagement in relevant forums. ➢ In addition, we continue to develop the data that underpins our illegal logging risk assessments and due diligence requirements of regulated entities. This is informed by intelligence and data generated from multiple sources.
Our regulators appropriately employ a range of graduated compliance and enforcement tools.	❖ Our staff are provided with appropriate training and guidance materials to support their compliance roles.	**Rating: Optimal** ➢ We offer a range of online training courses to our compliance and enforcement staff, including introduction to risk management, regulatory practices and specific training on various legislation and regulations. ➢ Detailed work instructions and guidelines are available to all staff and these are reviewed periodically to ensure relevance.
Eligible regulated entities receive tailored approaches based on an understanding of their operating environment and risk profile.	❖ We apply a graduated approach to compliance activities that provides for earned autonomy, within legislative parameters.	**Rating: Managed** ➢ The department uses a risk-based approach to guide its illegal logging compliance program. The regulatory framework includes a range of graduated compliance and enforcement tools. The broad principles are set out in our compliance plans and relevant statements published on our website. ➢ Where non-compliance is detected the department provides guidance and advice to facilitate voluntary compliance. The department may also utilise a range of regulatory actions such as, targeted education, issuing of Notice of Advices, increased compliance audits, Infringement Notices and where necessary, prosecution.

Performance Measures	Targets	Results
		➢ We adopt a regulatory approach that takes into account compliance history and overall risk of the activities. This is set out in our regulatory compliance plans and operating procedures.

KPI 4—Our compliance and monitoring approaches are streamlined and coordinated

Objective: We base our monitoring and inspection approaches on assessed risk and where possible, we take into account the operating context

Performance Measures	Targets	Results
Demonstrated benefits to regulated entities from our efforts to streamline and coordinate our regulatory activities.	❖ We regularly review our business processes with a view to streamlining where possible.	**Rating: Managed** ➢ As a result of the 'Reforming Australia's Illegal Logging Regulations' RIS process, the government amended the *Illegal Logging Prohibition Regulation 2012* in February 2018. As a result personal or non-commercial importers and processors no longer need to include business information in their due diligence system. This occurred in February 2018. ➢ Entities deemed to be non-compliant with their due diligence requirements are provided with advice on how to comply and offer the opportunity to correct the non-compliance. Previously entities that were unable to demonstrate compliance in the first instance were recorded as non-compliant and targeted in future assessment rounds.
	❖ Our published service standards are met or exceeded.	**Rating: Sound** ➢ There are no published service standards under the illegal logging prohibition legislation. However, advice regarding assessment outcomes and responses to enquiries are completed in a timely manner consistent with other areas of the department. ➢ Entities are selected for compliance audits in accordance with our illegal logging compliance plan. ➢ We assess due diligence requirements for regulated entities in accordance with the information available on the illegal logging website.

Objective: We share information and coordinate our compliance activities within the department and with other regulators as appropriate, to minimise duplication and increase efficiency.

Performance Measures	Targets	Results
Business processes and services are improved through the better use of modern technology, and agreed service standards.	❖ We analyse complaints information and other feedback from our regulated entities to understand trends and make	**Rating: Managed** ➢ We manage the illegal logging hotline and illegal logging mailboxes to ensure we are effectively and consistently providing service. The department also continues to periodically review and improve its illegal logging service procedures and practices.

Performance Measures	Targets	Results
	improvements where possible.	
	❖ We collaborate with other relevant regulators to reduce compliance costs and improve efficiency where possible.	**Rating: Managed** ➢ We have forged strong relationships with our counterparts in foreign and state governments. With the move to full compliance mode in 2018 these relationships alert us to potential high risk products entering supply chains and instances where suspected trafficking in illegally logged timber is occurring. This information is also used to focus our communication and compliance activities—including any associated investigations. ➢ In addition to working with our partner agencies domestically and internationally, we are also active members of major international and national level fora on forestry and wildlife crime enforcement. These include, for example, the INTERPOL Forestry Crime Working Group, the two Timber Regulation Enforcement Exchange (TREE) forums and the Australasian Environmental Law Enforcement and Regulators Network (AELERT) Forest Working Group. ➢ We also collaborate closely with other Australian agencies involved in monitoring forest related crime. This includes, in particular, the Department of the Environment and Energy which regulates the importation of internationally endangered plants and animals under the CITES.

KPI 6—We actively contribute to the continuous improvement of our regulatory frameworks.

Objective: We establish cooperative and collaborative relationships with regulated entities and stakeholders to promote trust and improve the efficiency and effectiveness of our regulatory frameworks.

Performance Measures	Targets	Results
We take into account feedback from our regulated entities and performance information to improve operations of our regulatory frameworks.	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes and explain our decisions (this target also applies for KPIs 2&5).	**Rating: Managed** ➢ Engagement and discussion with industry stakeholders on potential changes to regulatory policies, practices or service standards is undertaken, as outlined in KPI 1. ➢ We continue to work with key industry associations to improve understanding and awareness of the illegal logging laws. This includes the development of new industry-generated due diligence guidance materials and targeted outreach activities.
	❖ We have a program of review for our regulatory	**Rating: Managed** ➢ The department's Compliance Division provides regular feedback on emerging issues to the Forestry Branch. This is provided via weekly inter-branch meetings, regular SES level discussions, written briefs/reports (as required) and the Illegal Logging

Performance Measures	Targets	Results
	frameworks and we suggest legislative change / implement operational change as appropriate, as a result of these reviews.	Project Board (which is chaired and attended by senior officials from across the department on a quarterly basis). Briefs are also provided to the Assistant Minister for Agriculture and Water Resources re: the department's compliance activities. ➢ Our Enterprise Risk Management Policy and Framework is administered in accordance with the requirements of the Commonwealth Risk Management Policy. We require our Divisions to prepare annual risk management plans. We regularly review our risk governance arrangements, including our strategic risks and the department's risk appetite statement. We are undertaking a review to ensure that regulatory risks are adequately considered. ➢ Our compliance plans and strategies for illegal logging are available on our website and periodically reviewed.
	❖ Our RPF self-assessment reports identify areas for improvement in our systems and processes.	**Rating: Managed** ➢ We provide a rating of our performance as part of this report.

CASE STUDY

Illegal Logging Education and Awareness Raising

The department has conducted a range of activities to increase awareness and understanding of the laws and the due diligence requirements around illegal logging regulation. This includes:

- publishing a range of education and guidance materials such as a series of factsheets (several of which were translated into key trading partner languages), supporting templates, industry notices, and other guidance materials and tailored materials for key industry groups
- undertaking workshops for overseas suppliers in key supply countries, illegal logging 'roadshows' and webinars to educate importers and processors. This includes engagement in industry hosted events and domestic conferences
- providing updates on the laws through a dedicated illegal logging E-update service. Published on a two to three month basis, the E-updates provides subscribers with regular updates on the illegal logging laws, upcoming events and relevant publications
- providing supporting advice and guidance through our dedicated illegal logging inboxes (illegallogging@agriculture.gov.au and ILCA@agriculture.gov.au) and illegal logging hotline (1800 900 090)
- using the Twitter and Facebook social media platforms and paid advertising in other media platforms.

Despite the department's efforts over the review period to raise awareness and understanding of the *Illegal Logging Prohibition Act 2012*, inadvertent non-compliance remains high. We will therefore need to continue to dedicate resources to educating the regulated community about the Act and the due diligence obligations, including additional efforts to reach out to the regulated community, their representative associations and other stakeholders, to educate and discourage in-advertent non-compliance.

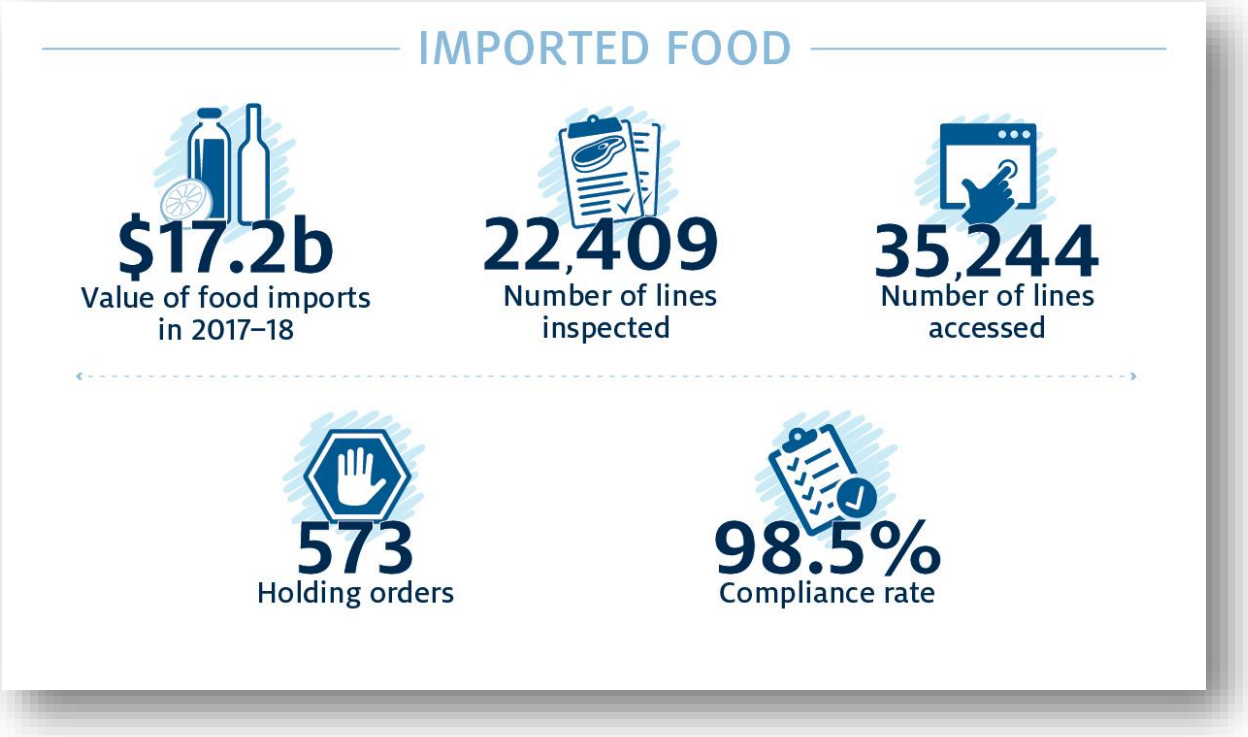
Monitoring imported food

We are responsible for administering the regulation of food imported into Australia. These requirements are designed to:

- protect Australia against biosecurity risks (*Biosecurity Act 2015*)
- address food safety (*Imported Food Control Act 1992)*.

All imported food must meet Australia's biosecurity requirements. Once it enters the country, it is monitored for compliance with the Australia New Zealand Food Standards Code. The *Imported Food Control Act 1992* provides for inspection and control of imported food using the Imported Food Inspection Scheme (IFIS), a risk-based border inspection program. Eligible businesses can participate through the Food Import Compliance Agreement Scheme. The scheme reduces regulatory burden by providing an alternative to the routine inspection and testing of food products. Figure 3 summarises our food import regulatory activities in 2017–18.

Figure 3 Imported food regulatory activities, 2017–18



Source: Department of Agriculture and Water Resources

Food Standards Australia New Zealand (FSANZ) provides advice to the department on food that poses a medium or high risk to human health and safety. It is then classified as 'risk food' under the IFIS. State and territory regulators are responsible for monitoring all food (including imported food) at point of sale.

We are strengthening Australia's imported food safety system to better protect consumer health. The changes will reduce the regulatory burden for compliant food importers and uphold Australia's international obligations. The *Imported Food Control Amendment Act*, was given Royal Assent in September 2018. The new legislation is designed to:

- increase importer accountability for food safety
- strengthen importer sourcing of safe food
- improve monitoring and management of new and emerging food safety risks
- improve incident response.

These changes have been developed in consultation with food importers, industry representatives and trading partners. They will enable a response through the IFIS to risks posed by the growing complexity of globalised food supply chains and increasing consumer demand for imported food.

We work extensively with industry and other jurisdictions to ensure the changes achieve the right balance and that business is not burdened with unnecessary regulation. We consulted domestically and internationally on the regulation impact statement and the proposed legislative changes. Our approach to compliance falls within the Compliance Plan discussed under biosecurity regulation above.

Department of Agriculture and Water Resources
Regulator Performance Framework 2017–18

KPI 1—We do not unnecessarily impede the efficient operations of regulated entities

Objective: We understand the operating environment of our regulated entities and stakeholders.

Performance Measures	Targets	Results
Our regulatory practices minimise the impact of regulation on stakeholders and regulated entities.	❖ New and amended regulations are supported by regulatory impact analysis.	**Rating: Optimal** ➢ Where the regulatory impacts are deemed significant by the Office of Best Practice Regulation (OBPR) we prepare regulation impact statements (RISs) and consult with stakeholders and regulated entities on the impacts of the proposed changes. ➢ A preliminary assessment RIS has been completed for each proposed Imported Food Control Order amendment. Discussions with OBPR have been held following submission of these preliminary assessments. ➢ The *Imported Food Control Amendment Act 2018* was tabled in the House of Representatives on 1 June 2017 and received Royal Assent on 21 September 2018. ➢ Consultation on these proposed changes to our completed food regulation are discussed with the Imported Food Consultative Committee and through publication of Imported Food Notices and the making of World Trade Organisation Sanitary and Phyto-Sanitary (WTO SPS) notifications.
	❖ We engage with our stakeholders on implementation and compliance approaches.	**Rating: Optimal** ➢ We routinely consult stakeholders and regulated entities on a range of regulatory matters, even where a RIS is not required. This takes account the impact of regulations on our regulated entities. Information on changes to the Imported Food Inspection Scheme is published on the department's website and notification of these changes is emailed to subscribers. ➢ Consultation with industry representatives has occurred through the department's Cargo Consultative Committee and the Imported Food Consultative Committee. Wider consultation has occurred through industry roundtable events held in Sydney and Melbourne. ➢ Public calls for submissions on changes to the Imported Food Control Regulations and Imported Food Control Act amendments occurred through the department's website. ➢ The department also consulted internationally on changes through the WTO SPS notification process.

KPI 2 & 5—Our communication with regulated entities is clear, concise and targeted; we are effective, accountable and transparent.

Objective: Our communication with regulated entities and stakeholders is effective.

Performance Measures	Targets	Results
Our guidance and information is tailored to the needs of regulated entities and accessible.	❖ Risk-based frameworks, strategies and service standards are available on our website and the information is regularly reviewed to ensure currency.	**Rating: Managed** ➢ The department publishes information on requirements of the *Imported Food Control Act* on the department's website. ➢ The website is complex and was subject to an internal review which identified how it may be improved to enable ease of access to relevant information. These changes will be considered and implemented in 2019. ➢ Our compliance plans and strategies for biosecurity are available on our website and periodically reviewed.
We engage with regulated entities on potential changes to regulatory policies, practices or services.	❖ Advice notices and guidance material are up to date, accurate, accessible and in plain English.	**Rating: Managed** ➢ At the start of 2017–18 we launched *Have Your Say,* an online platform to support engagement with external stakeholders. We used the platform to consult stakeholders about changes to policies, programs and regulations, and to seek their feedback on our services. ➢ The department publishes industry notices specific to activities under the Imported Food Control Act as Imported Food Notices. These are up to date, accurate and accessible. The department's email notification process is used to advise registered stakeholders when these notices are published.
	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes and explain our decisions.	**Rating: Optimal** ➢ The department holds two meetings of the Imported Food Consultative Committee each year. This committee is the primary industry consultative committee on issues associated with the administration of the Imported Food Control Act. ➢ The department commenced a new initiative during 2017, holding industry roundtable events in the major cities. These events provide an opportunity for food importing businesses and service providers to meet directly with department officials to discuss issues associated with the administration of the Imported Food Control Act. Roundtable events have been held in Sydney, Melbourne and Brisbane.

Objective: We make decisions in a manner that is timely, consistent and supports predictable outcomes.

Performance Measures	Targets	Results
When we make decisions we provide reasons and our advice is timely and consistent.	❖ Our advice to regulated entities explains the reasons for decisions and provides information about avenues for review or complaint (as provided for in relevant legislation).	**Rating: Managed** ➢ As noted, the department advises industry of changes to import requirements through the Imported Food Consultative Committee, the department's Cargo Consultative Committee, imported food website and Imported Food Notices. The department also provides officials to attend industry association meetings to present on changed import requirements and answer questions. ➢ Regulated entities are informed in writing of outcomes of food inspections. Where an inspection identifies non-compliant or unsafe food, the entity is provided with the reasons for why the department has made that decision. ➢ The department has published information on how industry participants may seek a review of an initial decision where they are directly affected by the regulatory decision. This information is available on the department's website. ➢ The department provides a means for submitting a suggestion, compliment or complaint through the department's website. This process is subject to tracking and timelines to ensure each submission is assessed and actioned appropriately.

Objective: Our performance measurement results are published in a timely manner to ensure accountability to the public.

Performance Measures	Targets	Results
Reports on regulator performance are published in the required timeframes.	❖ We publish an annual self–assessment of our performance by the required timeframes.	**Rating: Sound** ➢ We report on imported food management. In addition, our Regulator Performance Framework report provides a high level assessment of our performance as a regulator. The department's annual report also provide significant performance information on imported foods and related biosecurity activities.
	❖ Our regulators publish performance information specific to their regulatory frameworks.	**Rating: Managed** ➢ The department publishes summaries of inspection data on a regular basis to keep industry and the wider community informed on activities under the *Imported Food Control Act*. These are available from the department's website. ➢ The department publishes monthly failing food reports to advise of foods that have failed border inspection processes for food safety or non-compliance with Australian food standards. These are available from the department's website. ➢ The department's annual self-assessment of regulatory performance contains measures for the administration of the Imported Food Control Act.

KPI 3—Our actions are proportionate to the regulatory risk being managed.

Objective: We apply a risk-based, proportionate approach to compliance, engagement and enforcement activities.

Performance Measures	Targets	Results
Our regulatory frameworks are supported by best practice compliance strategies that are risk based.	❖ We employ intelligence-based approaches to determine risk, and consider the circumstances of regulated entities.	**Rating: Optimal** ➢ We have compliance plans and strategies in place. These are explicitly risk-based, mandating a differentiated approach to identified risks. Our compliance strategies have been reviewed within the past two years. ➢ Our approach to compliance management involves recognising regulated client behaviours and adjusting our compliance posture accordingly. The principles underpinning our approach are set out in our compliance plans. ➢ The Imported Food Inspection Scheme is a risk based inspection scheme informed by the science based food safety risk assessments conducted by Food Standards Australia New Zealand.
Our regulators appropriately employ a range of graduated compliance and enforcement tools.	❖ Our staff are provided with appropriate training and guidance materials to support their compliance roles.	**Rating: Managed** ➢ We offer a range of online training courses to staff, including introduction to risk management, biosecurity risk, export food requirements and specific training on various legislation and regulations. Detailed work instructions and guidelines are available to all staff and these are reviewed periodically to ensure relevance. We seek to recruit staff with relevant expertise and ensure training needs are identified. We recognise that maintaining the currency of our guidelines can be challenging in meeting all requirements. ➢ We conduct imported food surveys to estimate industry compliance with Australian food standards or to gather evidence as to whether there is a food safety issue that requires a specific border response. The department conducted a survey for evidence of gas flushing with carbon monoxide in imported tuna in response to claims that this was occurring to change the colour of the tuna flesh. Results of the survey were used to educate industry on the need to comply with the Australia New Zealand Food Standards Code and that carbon monoxide is not permitted as a food additive to change the colour of fish flesh. Border testing was then implemented following a transition period to allow industry to voluntarily comply.
Eligible regulated entities receive tailored approaches based on an understanding of their operating environment and risk profile.	❖ We apply a graduated approach to compliance activities that provides for earned autonomy, within legislative parameters.	**Rating: Optimal** ➢ We adopt a risk-based approach to regulation where it is feasible and supported by evidence. This means our inspection regimes may vary with the risk of a regulated activity. The broad principles are set out in our compliance plans and relevant statements published on our website. ➢ We use compliance and enforcement tools tailored to the identified risks and behaviour of our regulated entities. These include inspections, audits, fit and proper person tests, warrants and investigations. Enforcement tools such as compliance audits, infringement notices or court action are only employed when a cooperative approach has been unsuccessful. ➢ We adopt a regulatory approach that takes into account compliance history and overall risk of the activities. This is set out in our regulatory compliance plans and operating procedures.

Performance Measures	Targets	Results
		➢ Food importing businesses that have demonstrated their capability and competence to import safe and compliant food may apply to the department to enter into a food import compliance agreement. Where approved, the department may recognise this capability and competence and no longer subject the food business' consignments to a border inspection under the Imported Food Inspection Scheme. The department will conduct audits of the food business to verify their ongoing capacity and compliance with importing safe and compliant food.

KPI 4- Our compliance and monitoring approaches are streamlined and coordinated

Objective: We base our monitoring and inspection approaches on assessed risk and where possible, we take into account the operating context

Performance Measures	Targets	Results
Demonstrated benefits to regulated entities from our efforts to streamline and coordinate our regulatory activities.	❖ We regularly review our business processes with a view to streamlining where possible.	**Rating: Managed** ➢ The department continues to review use of electronic systems to provide efficiencies in delivery of services. One example is where the department has transitioned to enabling field inspection staff to be connected to various IT systems for clearance of goods. This has enabled inspection staff to action inspection outcomes whilst in the field, negating the need for in office data entry activities enabling efficiencies in the release of compliant consignments. ➢ The department has considered how to facilitate importer's requests to have their imported food inspected and cleared for requirements under the *Biosecurity Act 2015* and *Imported Food Control Act 1992* in one inspection. To achieve this outcome, assessment and inspection officers are being trained in both import requirements to allow improved coordination of these services.
	❖ Our published service standards are met or exceeded.	**Rating: Managed** ➢ Our service charter outlines our service commitments and establishes benchmarks for delivering biosecurity related services. The quality of service we provide to our clients is measured against client service standards. In 2017–18 we expanded the range of client service standards beyond our client contact services to include our import and export services.

Department of Agriculture and Water Resources
Regulator Performance Framework 2017–18

Objective: We share information and coordinate our compliance activities within the department and with other regulators as appropriate, to minimise duplication and increase efficiency.

Performance Measures	Targets	Results
Business processes and services are improved through the better use of modern technology, and agreed service standards.	❖ We analyse complaints information and other feedback from our regulated entities to understand trends and make improvements where possible.	**Rating: Managed** ➢ We engage in a number of collaborative arrangements that promote engagement with relevant domestic and international regulators. We seek to address regulatory impacts that are unnecessary and/or disproportionate. We inform ourselves regarding adverse impacts on stakeholders and regulated entities through regular stakeholder consultation. We seek to apply international standards and risk assessments where they meet regulatory requirements. ➢ The department has published information on how industry participants may seek a review of an initial decision where they are directly affected by the regulatory decision. This information is available from the website. ➢ The department provides a means for submitting a suggestion, compliment or complaint through the department's website. This process is subject to tracking and timelines to ensure each submission is assessed and actioned appropriately.
	❖ We collaborate with other relevant regulators to reduce compliance costs and improve efficiency where possible.	**Rating: Managed** ➢ We engage with relevant domestic and international regulators to address relevant impacts that are unnecessary and/or disproportionate. We inform ourselves regarding adverse impacts on stakeholders and regulated entities through regular stakeholder consultation. For example, the department regularly consults state food authorities on regulation of food businesses through the Implementation Sub-committee for Food Regulation. We also sit on working groups that report to this body to support consistent food regulation. ➢ The department has regular meetings with Food Standards Australia New Zealand to discuss application of food standards to imported food and whether food safety risk assessment advice requires review to address food hazards. ➢ We engage overseas government authorities on the regulation of food for food safety and compliance with Australian food standards. Where satisfactory equivalence with Australia's food regulatory system is established, reduced border interventions for food imported from that country may be implemented given these additional assurances. Examples include certification arrangements with the Thai Department of Fisheries and an arrangement with the US Food and Drug Administration.

KPI 6—We actively contribute to the continuous improvement of our regulatory frameworks.

Objective: We establish cooperative and collaborative relationships with regulated entities and stakeholders to promote trust and improve the efficiency and effectiveness of our regulatory frameworks.

Performance Measures	Targets	Results
We take into account feedback from our regulated entities and performance information to improve operations of our regulatory frameworks.	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes and explain our decisions (this target also applies for KPIs 2&5).	**Rating: Managed** ➢ As noted above, we maintain commodity based industry consultative committees (ICCs) as a key engagement process. We also use *Have Your Say*, an online platform to support engagement with external stakeholders. We will use this new platform to consult stakeholders about changes to policies, programs and regulations.
	❖ We have a program of review for our regulatory frameworks and we suggest legislative change / implement operational change as appropriate, as a result of these reviews.	**Rating: Managed** ➢ Our work to build the Biosecurity Integrated Information System and Analytics initiative is establishing an integrated, forward-looking system to help us identify and plan for risks and respond more quickly to incursions and more effectively target our compliance activities under the Biosecurity Act. The department undertakes reviews of the imported food legislation and implements changes to improve the management of imported food for food safety. In September 2018, the *Imported Food Control Amendment Act 2018* was passed by the Australian Government and received Royal Assent. This introduced a range of changes to improve management of imported food. ➢ Imported food legislation is amended where necessary in response to new or emerging hazards based on risk assessment reviews conducted by Food Standards Australia New Zealand.
	❖ Our RPF self-assessment reports identify areas for improvement in our systems and processes.	**Rating: Managed** ➢ We operate with a continuous improvement program, discussed in other parts of this report. This self-assessment provides an overarching assessment of progress.

CASE STUDY

Imported Food Control Amendment Act 2018

The safety of food imported to Australia is regulated by the department through its administration of the *Imported Food Control Act 1992*. This Act requires food imported to Australia to be safe for human consumption and to comply with Australian food standards. The frozen berries incident in 2015 showed there were limitations with the existing regulatory framework.

To address these limitations the Australian Government made legislative and non-legislative changes to strengthen the management of imported food safety risks to better protect the health of Australian consumers, while reducing the regulatory burden for compliant food importers.

These changes will:

- require a food safety management certificate for certain food where at-border testing alone is insufficient to provide assurance of food safety
- require all importers to provide documents on request, demonstrating the traceability of imported food, one step forward and one step backward along the food supply chain
- establish differentiated enforcement provisions to enable regulatory interventions at a lower threshold to prevent noncompliance escalating, and to align with the *Regulatory Powers Act 2014*
- broaden Australia's emergency powers to allow food to be held at the border for up to 28 days where there is uncertainty about the safety of a particular food
- provide capacity to monitor and manage new and emerging imported food safety risks through the application of a variable rate of inspection or inspection and analysis for a period of up to six months
- enable recognition of a foreign country's food safety regulatory system where there is equivalence with Australia's food safety system. Food imported from these countries will be subject to a reduced rate of inspection.

The changes were developed in consultation not only with industry representatives, but also state and territory food authorities, trading partners and key Commonwealth agencies and departments. A decision regulatory impact statement (RIS) was completed in October 2016 following a public consultation period that commenced in August 2016.

The *Imported Food Control Amendment Act 2018* was tabled in the House of Representatives on 1 June 2017 and received Royal Assent on 21 September 2018.

We are currently developing implementation plans for the new measures and will continue to consult with the food importing industry and overseas trading partners as the new measures take effect. Information will continue to be made available through the department's website.

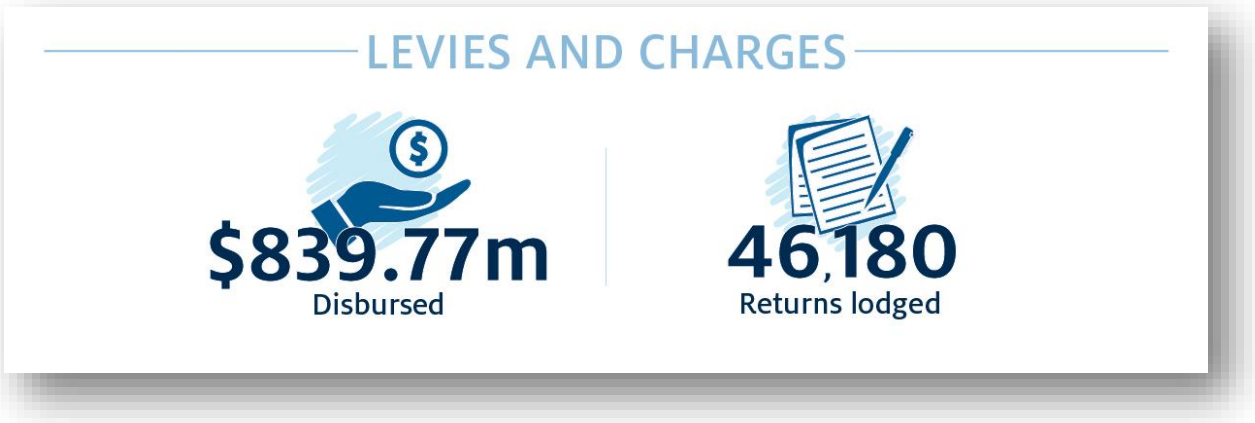
Collecting levies for research, development and marketing

We collect, administer and disburse agricultural levies and charges on behalf of Australia's primary industries. These are used to fund activities such as research and development (R&D), marketing and promotion, residue testing and plant and animal health programs.

The levy system is a partnership between government and industry. By pooling their physical, financial and research resources, industries can work together to find better farming methods and increase demand for their products. As a result, industries that invest in the levies system are often better equipped to respond to emerging trends and the challenges of operating in highly competitive world markets.

In 2017–18, we disbursed $839.77 million to industry, comprising $523.99 million in levies and charges and $315.78 million in Commonwealth matching funds. Figure 4 summarises money disbursed to entities and returns lodged. Most of the funds are disbursed to research and development corporations (RDC).

Figure 4 Levies and charges regulatory activities, 2017-18



Source: Department of Agriculture and Water Resources

In 2017–18, the Parliament passed the *Primary Industries Levies and Charges Collection Amendment Act 2018*, making changes to the *Primary Industries Levies and Charges Act 2018.* The changes will see increased responsiveness and flexibility of levy administration and clarify aspects of levy payer registers and their operation. Levy payers are central to our agenda to reform levies and improve service delivery. The registers will improve Australian Rural Research and Development Corporations' (RDCs) ability to connect and consult levy payers on research and development, marketing and biosecurity initiatives. Levy payers will have the added benefit of knowing how much they have paid and to whom they have paid it, adding further transparency and accountability to the levy system.

We are also delivering a work program focused on improving how levies processes operate. This work brings together several priority levies-related tasks. The scope of this work includes the processes, policy and legislation associated with R&D, marketing, residue testing, biosecurity and emergency response levies. We continue to review and reform the levies system to adapt to technological advancements and disruptions.

Since commencing this program of work, we have consulted almost 70 levies system stakeholders on five options for levies reform. These are:

- a new guide to levies processes
- demonstrating industry support for levy proposals
- streamlining levies legislation
- greater flexibility for existing levies
- reviewing the names of industry bodies in legislation.

On the basis of feedback from stakeholders we will be revising our levies principles and guidelines. We are taking a user-centric approach and will seek feedback from stakeholders and industry representatives with a view to publishing the new guide in 2019.

The integrity of the levies system is supported through a national risk-based compliance program that covers 20 per cent of levy and charges collected, on a three year average. We have reduced the level of coverage from 30 percent. This recognises the important role that other monitoring and reporting activities contribute to assurance.

KPI 1—We do not unnecessarily impede the efficient operations of regulated entities

Objective: We understand the operating environment of our regulated entities and stakeholders.

Performance Measures	Targets	Results
Our regulatory practices minimise the impact of regulation on stakeholders and regulated entities.	❖ New and amended regulations are supported by regulatory impact analysis.	**Rating: Optimal** ➢ When we make new levies or make changes to existing levies we work with industry organisations to ensure that there is majority industry support for the changes. ➢ Where the regulatory impacts are significant we prepare regulation impact statements (RISs) and consult with stakeholders and regulated entities on the regulatory impacts of the proposed changes. During 2017–18, we finalised RISs relating to the Thoroughbred horse breeding and Tea tree oil levies. Our RISs were deemed best practice by the Office of Best Practice Regulation. ➢ As noted above we engage industry in decisions to make changes to levies, even for minor changes. In 2017–18, we consulted on levy changes relating to almonds, apples, honey and laying chickens.
	❖ We engage with our stakeholders on implementation and compliance approaches.	**Rating: Managed** ➢ We adopt a regulatory approach that takes into account compliance history and overall risk of the activities. This is set out in our operating procedures. This includes measures that provide flexibility to assist inadvertent non-compliance and to reward compliant entities. We engage industry in development of our compliance programs. ➢ Our levies team work on improvements to better engage with our stakeholders. We have already established personalised delivery time frames based on an initial assessment of queries received, and we are continuing to provide regular updates on the development of features and functionality of levy payer registers.

KPI 2 & 5—Our communication with regulated entities is clear, concise and targeted, we are effective, accountable and transparent.

Objective: Our communication with regulated entities and stakeholders is effective.

Performance Measures	Targets	Results
Our guidance and information is tailored to the needs of regulated entities and is accessible.	❖ Risk-based frameworks, strategies and service standards are available on our website and the information is regularly reviewed to ensure currency.	**Rating: Managed** ➢ We provide comprehensive guidelines and information sheets on our webpages. There are up to date and reviewed regularly. ➢ We regularly assess and report on service delivery. For example, we report on time taken to respond to phone calls and the effectiveness of web based engagement. We are finding improved value in our web pages, and high levels of satisfaction with our reporting (97%) and engagement (85%). ➢ We conduct the *Levies stakeholder engagement survey* annually and engage with levy payers on a regular basis to improve our service standards.
We engage with regulated entities on potential changes to regulatory policies, practices or services.	❖ Advice notices and guidance material are up to date, accurate, accessible and in plain English.	**Rating: Managed** ➢ We consulted almost 70 levies system stakeholders on five initial options for levies regulation and policy improvement. We are now drawing on stakeholder views to refine options and identify next steps. On the basis of feedback stakeholders we will be revising our levies principles and guidelines. We are taking a user-centric approach and will seek feedback from stakeholders and industry representatives with a view to publishing the new guide in 2019.
	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes and explain our decisions.	**Rating: Optimal** ➢ We engage stakeholders through channels including face-to-face engagement, our website and dedicated phone lines. In 2017–18, we ran the *Levies stakeholder engagement survey*, giving us an opportunity to gauge our performance in levies administration and understand how our services could be improved. ➢ As noted, we have consulted almost 70 levies system stakeholders on five initial options for levies regulation and policy improvement.

Department of Agriculture and Water Resources
Regulator Performance Framework 2017–18

Objective: We make decisions in a manner that is timely, consistent and supports predictable outcomes.

Performance Measures	Targets	Results
When we make decisions we provide reasons and our advice is timely and consistent.	❖ Our advice to regulated entities explains the reasons for decisions and provides information about avenues for review or complaint (as provided for in relevant legislation).	**Rating: Managed** ➢ Where possible, we adhere to the department's client service charter, responding to stakeholder queries and requests within 10 working days. ➢ For more complex activities, such as completing a record inspection, we maintain regular contact with our stakeholders to keep them up to date with the progress of the work. ➢ When a stakeholder requests reconsideration of a penalty charge, we respond, in writing, about the result of our reconsideration and the reasons for our decision.

Objective: Our performance measurement results are published in a timely manner to ensure accountability to the public.

Performance Measures	Targets	Results
Reports on regulator performance are published in the required timeframes.	❖ We publish an annual self-assessment of our performance by the required timeframes.	**Rating: Optimal** ➢ We provide comprehensive public reporting on levies management twice a year. In addition, we prepare our regulator performance report, these provide a high level assessment of our performance as a regulator. The department's annual report also provide performance information on levies operations and related activities.
	❖ Our regulators publish performance information specific to their regulatory frameworks.	**Rating: Optimal** ➢ We provide comprehensive public reporting on levies management twice a year. This includes information on the activities that are carried out under the national compliance program.

KPI 3—Our actions are proportionate to the regulatory risk being managed.

Objective: We apply a risk-based, proportionate approach to compliance, engagement and enforcement activities.

Performance Measures	Targets	Results
Our regulatory frameworks are supported by best practice compliance strategies that are risk based.	❖ We employ intelligence-based approaches to determine risk, and consider the circumstances of regulated entities.	**Rating: Managed** ➢ We deliver a risk-based compliance program that encourages and supports levy payers to comply voluntarily with legislation and which provides assurance to the department and industry that levy collections are materially complete. Our compliance activities and risk treatments are tailored to be cost effective and efficient. Where feasible they encourage voluntary compliance by levy payers and apply compliance treatment strategies that address underlying causal behaviour. ➢ The program includes inspection and desktop review of the records of levy agents across each state and territory. Inspections are determined on the basis of factors such as risk classification, industry and demographic considerations. We are also assessing emerging and future risks that may impact on the levies program. ➢ We use compliance and enforcement tools tailored to the identified risks and behaviour of our regulated entities. Enforcement tools such as letters of demand or court action are only employed when a cooperative approach has been unsuccessful. ➢ We employ a dedicated analyst to assess and review the compliance behaviour of our stakeholders to ensure that the ongoing risk of non-compliance is monitored at an industry, geographic or organisational structure level.
Our regulators appropriately employ a range of graduated compliance and enforcement tools.	❖ Our staff are provided with appropriate training and guidance materials to support their compliance roles.	**Rating: Managed** ➢ We offer an extensive induction program to staff and conduct regular workshops on various pieces of legislation and regulations. Detailed work instructions and guidelines are available to all staff and these are reviewed periodically to ensure relevance. We recruit staff with relevant expertise and ensure training needs are identified. We identify gaps in training or the need for changes to tools and work instructions. ➢ A sample of all inspection reports is reviewed by the national compliance director as a part of the national quality assurance program.
Eligible regulated entities receive tailored approaches based on an understanding of their operating environment and risk profile.	❖ We apply a graduated approach to compliance activities that provides for earned autonomy, within legislative parameters.	**Rating: Managed** ➢ We adopt a regulatory approach that takes into account compliance history and overall risk of the activities. This is set out in our national compliance program report. This included 499 inspections (providing a coverage of 26%). ➢ We adopt the general principles associated with best practice compliance. This provides flexibility to assist inadvertent non-compliance and to reward compliant entities. We place a priority on engaging with regulated entities. This includes improving the supporting information available to regulated entities and the availability of advice and support.

KPI 4- Our compliance and monitoring approaches are streamlined and coordinated

Objective: We base our monitoring and inspection approaches on assessed risk and where possible, we take into account the operating context

Performance Measures	Targets	Results
Demonstrated benefits to regulated entities from our efforts to streamline and coordinate our regulatory activities.	❖ We regularly review our business processes with a view to streamlining where possible.	**Rating: Managed** ➢ In 2017–18, we continued the development of online services. This included streamlining transactions through Levies Online. We find significant satisfaction from stakeholders and regulated entities with the services provided. ➢ We review all aspects of the national compliance program to ensure their relevance and currency. We ensure that any adjustments made to the compliance program are address any emerging potential or real risks in levy collections. ➢ We engage our industry stakeholders on an annual basis to share information, intelligence and seek feedback on all aspects of the compliance program.
	❖ Our published service standards are met or exceeded.	**Rating: Managed** ➢ While we don't publish service standards, we report our performance and have established online information services. A dedicated inbox for levy payers, agents and stakeholders provides guidance about general levy matters, calculating levies, lodging returns and making payments. Stakeholders can also phone the levies management and Levies Online hotlines. In 2017–18, 5,108 calls were made to the hotlines. We responded to 3,639 calls within five minutes.

Objective: We share information and coordinate our compliance activities within the department and with other regulators as appropriate, to minimise duplication and increase efficiency.

Performance Measures	Targets	Results
Business processes and services are improved through the better use of modern technology, and agreed service standards.	❖ We analyse complaints information and other feedback from our regulated entities to understand trends and make improvements where possible.	**Rating: Optimal** ➢ We work closely with our stakeholders and regulated entities on levies regulation and program improvement. This includes the development reform and improvement options. We have taken account of feedback into account in our regulatory processes and ensure any new or changed levies align with improvements made to our program. ➢ Our cost-recovery arrangement promotes the transparent, sustainable and efficient allocation of resources. In 2017–18, the cost of the levies administration function was $4.62 million (or 0.9% of total levies collected). We report on our administrative costs on an annual basis. ➢ To reduce unnecessary impact on regulated entities, we have revised our target for levy agent inspections from 30 to 20 % of annual levy collections. The change recognises the important role that activities not classified as record inspections contribute to assurance of levy revenue collection. ➢ In 2017–18, we surveyed our stakeholders to assess satisfaction with our services and engagement. The survey found a high level of satisfaction with our regulatory services. We are continuing to work on specific improvements in the way we deliver levies. We report on improvements and are working with regulated entities on implementation.

Performance Measures	Targets	Results
	❖ We collaborate with other relevant regulators to reduce compliance costs and improve efficiency where possible.	**Rating: Managed** ➢ We engage regularly with other parts of the department with a regulatory role. We are seeking to increase this engagement to other Commonwealth agencies to ensure our work continues to be viewed as best practice. ➢ As noted above, we work with stakeholders to reduce administrative costs and inspections. We continue to investigate options for administrative improvements.

KPI 6—We actively contribute to the continuous improvement of our regulatory frameworks.

Objective: We establish cooperative and collaborative relationships with regulated entities and stakeholders to promote trust and improve the efficiency and effectiveness of our regulatory frameworks.

Performance Measures	Targets	Results
We take into account feedback from our regulated entities and performance information to improve operations of our regulatory frameworks.	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes and explain our decisions (this target also applies for KPIs 2&5).	**Rating: Optimal** ➢ As noted under other criteria, we have a comprehensive engagement with our stakeholders and regulated entities, and extensive reporting and feedback processes.
	❖ We have a program of review for our regulatory frameworks and we suggest legislative change / implement operational	**Rating: Managed** ➢ In 2017–18, we effected regulatory changes. We are working with our industries to make additional changes that improve the levies system overall, and address the specific levy needs of our industries.

Performance Measures	Targets	Results
	change as appropriate, as a result of these reviews.	
	❖ Our RPF self-assessment reports identify areas for improvement in our systems and processes.	**Rating: Managed** ➢ We operate with a continuous improvement program and are undertaking significant reform of our levies system. This self-assessment provides an overarching assessment of progress.

CASE STUDY

Engaging Stakeholders on Levy Regulation

Many of Australia's primary industries rely on the levy system and the support it provides for research and development, marketing and promotion, residue testing and plant and animal health programs. This has enabled our industries to compete in global markets. We engage industries on the levy system and provide comprehensive public reporting on the administration of levy administration.

In addition we have established:

- an industry online portal.
- published a new guide to levies processes.
- compliance education and awareness programs.
- regular surveys of our stakeholders and regulated entities.

The results of our stakeholder surveys suggest that these initiatives have been well received, with 97 percent of our stakeholders reporting they are satisfied with our reporting.

Water Efficiency Labelling and Standards scheme

The *Water Efficiency Labelling and Standards Act 2005* (WELS Act) aims to:

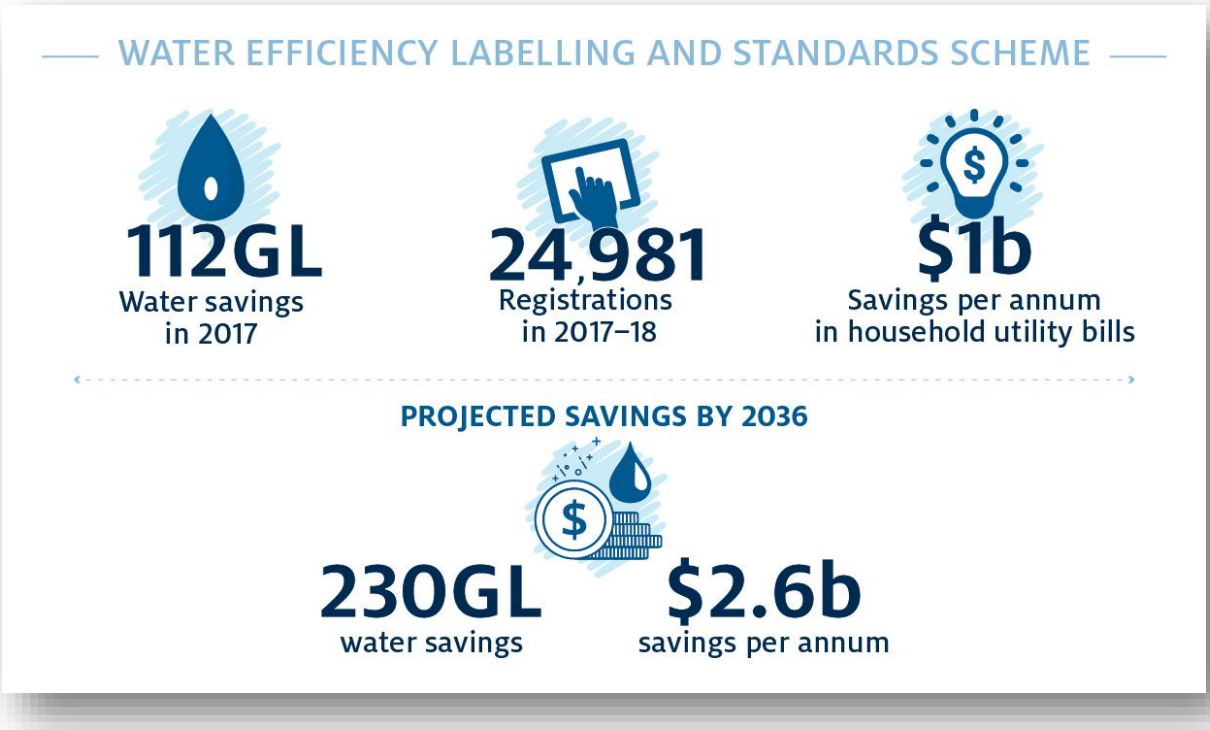
- conserve water supplies by reducing water consumption
- provide information for purchasers of water-use and water-saving products
- promote adoption of efficient and effective water-use and water-saving technologies.

The WELS Act and corresponding state and territory legislation provide for the operation of the Water Efficiency Labelling and Standards scheme (WELS). The Australian Government administers the scheme on behalf of state and territory governments.

The scheme applies to dishwashers, washing machines, taps, showers, lavatories, urinals and flow controllers. To be legally supplied, these products must meet the performance and testing requirements of the WELS standard and must be registered and labelled correctly.

The scheme is delivering annual domestic water savings estimated at 112 gigalitres in 2017, and water efficiency improvements have resulted in consumer savings of $1 billion per annum in household utility bills (water, electricity and gas). Annual savings are expected to increase to 230 gigalitres and $2.6 billion by 2036. As at 30 June 2018, there were 24,981 registrations (21,152 products and 3,829 variants).

Figure 5 WELS regulatory activities



Source: Department of Agriculture and Water Resources

The approach to compliance with the WELS Act is outlined in the WELS Compliance and Enforcement Policy. It encourages suppliers of regulated products to meet their legislated obligations through cooperation and collaboration, targeted communication and education activities, and timely

provision of information and advice. The policy details the compliance model we use to address individual supplier compliance. Overall compliance with WELS obligations is high and continues to improve, with a growing group of suppliers integrating WELS requirements into their business processes to ensure compliance.

The WELS Compliance and Enforcement Strategy was developed in consultation with industry and was published in December 2017. It identifies six key areas of focus for compliance and enforcement activities from 2018 to 2020, including a strong focus on online sellers and the building industry.

An ISO standard based on the WELS standard was championed by the Department in 2017–18 and on 19 February 2018 the ISO Technical Management Board agreed to establish a new committee to develop a standard for water efficiency labelling. The ISO standard is expected to reduce costs for Australian businesses, improve access to overseas markets for Australian manufacturers and increase compliance with the WELS scheme in Australia. It will also provide a tool that can be used by other countries to save water through similar consumer labelling schemes.

Department of Agriculture and Water Resources
Regulator Performance Framework 2017–18

KPI 1—We do not unnecessarily impede the efficient operations of regulated entities

Objective: We understand the operating environment of our regulated entities and stakeholders.

Performance Measures	Targets	Results
Our regulatory practices minimise the impact of regulation on stakeholders and regulated entities.	❖ New and amended regulations are supported by regulatory impact analysis.	**Rating: not applicable in 2017-18** ➢ We did not make any changes to the WELS regulatory framework in 2017–18. Where we make changes we assess regulatory burden for individuals, businesses and community organisations before we amend or make new regulations. This work is overseen by the external regulator, the Office of Best Practice Regulation (OBPR) and supported by regulatory impact assessment (RIS). ➢ We routinely consult stakeholders and regulated entities on a range of regulatory and related matters, even where a Regulatory Impact Statement (RIS) is not required. This takes account of the impact of regulations on our regulated entities.
	❖ We engage with our stakeholders on implementation and compliance approaches.	**Rating: Optimal** ➢ We routinely consult stakeholders and regulated entities on compliance approaches, such as in developing our Compliance and Enforcement Strategy for 2018-2020. We have a WELS industry advisory group, WELSAG, which meets as needed to discuss WELS matters, including compliance approaches. We recognize regulated entity behaviours and adjust our compliance posture accordingly. The principles underpinning our approach are set out in our compliance plans. Stakeholders are engaged in the development of the standards that set out water efficiency testing and labelling requirements.

KPI 2 & 5—Our communication with regulated entities is clear, concise and targeted, we are effective, accountable and transparent.

Objective: Our communication with regulated entities and stakeholders is effective.

Performance Measures	Targets	Results
Our guidance and information is tailored to the needs of regulated entities and accessible.	❖ Risk-based frameworks, strategies and service standards are available on our website and the information is regularly reviewed to ensure currency.	**Rating: Optimal** ➢ The WELS website was updated in November 2017. The re-developed website is based on user feedback and testing to better assist supply chain participants in meeting registration and labelling requirements. The website includes compliance and enforcement policies and strategies and is reviewed regularly. The WELS scheme newsletter (InkWELS) is published quarterly. ➢ WELS has two Freecall (1800) numbers and two email addresses that stakeholders can use to provide us with feedback or ask questions.

We engage with regulated entities on potential changes to regulatory policies, practices or services.	❖ Advice notices and guidance material are up to date, accurate, accessible and in plain English.	**Rating: Optimal** ➢ Our legislation is publicly available on the Federal Register of Legislation. Stakeholders can access legislation, guidance, standards industry advice notices and compliance advice notices and our compliance strategy is available on the water rating website and/or departmental web pages. We pay a fee to make the standard that underpins WELS available free of charge to the public.
	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes and explain our decisions.	**Rating: Optimal** ➢ We maintain close contact with industry stakeholders and regulated entities. Increasing communication with the building, construction and development industry is improving industry awareness of responsibilities under the WELS Act. ➢ We regularly participate in industry forums and maintain industry consultative forums across our regulatory responsibilities. We also conduct targeted consultations and engaged with experts and industry representatives as appropriate, often through our WELSAG. We also meet with key stakeholders on changes to regulation and delivery arrangements and on significant regulatory changes. ➢ We consulted with industry in developing our Compliance and Enforcement Strategy for 2018–2020 and sought endorsement from WELSAG before finalising the document. ➢ WELS has two free call (1800) numbers and two email addresses that stakeholders can use to provide us with feedback or ask questions.

Objective: We make decisions in a manner that is timely, consistent and supports predictable outcomes.

Performance Measures	Targets	Results
When we make decisions we provide reasons and our advice is timely and consistent.	❖ Our advice to regulated entities explains the reasons for decisions and provides information about avenues for review or complaint (as provided for in relevant legislation).	**Rating: Managed** ➢ WELS has internal documents that set out processes and rationales for making compliance and enforcement decisions, and templates for providing advice to regulated entities. These templates require advice to entities to include the reasons for decisions and avenues for review or complaint. ➢ Occasionally resourcing constraints mean there is a time lag between identifying non-compliance and taking action or providing advice to help the entity correct the non-compliance.

Objective: Our performance measurement results are published in a timely manner to ensure accountability to the public.

Performance Measures	Targets	Results
Reports on regulator performance are published in the required timeframes.	❖ We publish an annual self–assessment of our performance by the required timeframes.	**Rating: Optimal** ➢ Our regulator performance report provides a high level assessment of our performance as a regulator. The department's annual report also provide significant performance information on WELS and related activities.
	❖ Our regulators publish performance information specific to their regulatory frameworks.	**Rating: Optimal** ➢ As noted above, we publish an annual report on our performance in our department's annual report. This is a mandated reporting requirement. We also undertake an external review of the WELS scheme every five years, as mandated in WELS legislation. The report is published and must be tabled in Parliament and given to each participating state and territory. ➢ We have published reports from other scheme evaluations, including a 2015 report from the Institute for Sustainable Futures evaluating the environmental and economic benefits of the WELS scheme, which will be updated in early 2019. ➢ As a regulator we publish a range of material on our regulatory activities and related programs. This is available on our website and in hard copy on request. Where feasible we provide targeted information that supports specific regulated entities.

KPI 3—Our actions are proportionate to the regulatory risk being managed.

Objective: We apply a risk-based, proportionate approach to compliance, engagement and enforcement activities.

Performance Measures	Targets	Results
Our regulatory frameworks are supported by best practice compliance strategies that are risk based.	❖ We employ intelligence-based approaches to determine risk, and consider the circumstances of regulated entities.	**Rating: Managed** ➢ We adopt a regulatory approach that takes into account compliance history and overall risk of regulated entities activities. This is set out in our regulatory compliance plans and operating procedures. This includes measures that provide flexibility to assist entities to fix inadvertent non-compliance and to reward compliant entities. ➢ We use compliance and enforcement tools tailored to the identified risks and behaviour of our regulated entities. These include inspections, audits, warrants and investigations. Enforcement tools such as compliance audits, infringement notices or court action are only employed when a cooperative approach has been unsuccessful. This is set out in our compliance and enforcement policy. ➢ Consultation with industry was undertaken in May to July 2017 to identify industry views on risks to the WELS scheme and where compliance and enforcement efforts should be applied to address those risks. Thirteen organisations provided submissions, and their input was used to shape the Compliance and Enforcement Strategy 2018–2020, which sets out areas of focus for WELS compliance and enforcement activities. In 2017–18, compliance activities focused on internet-based sales and on the building and property development industry. Decision

Performance Measures	Targets	Results
		processes and escalation pathways were formally documented internally, and used in addressing non-compliance identified by WELS inspectors. ➢ The joint compliance program with eBay continued to work effectively, with eBay removing more than 3,000 non-compliant listings of WELS products in the second half of 2017. In late 2017, WELS commenced work towards a similar joint program with Amazon. ➢ More than 100 new property display units were inspected and found to have almost no WELS information available for prospective purchasers. Since the inspections 78 of these have since become compliant, with another 19 in progress and working with WELS inspectors. Communication materials were provided to building and property industry groups, and WELS inspectors shared information and discussed linkages with state and territory building and plumbing regulators. ➢ All inspections and follow-up enforcement actions were undertaken in accordance with the WELS Compliance and Enforcement Policy.
Our regulators appropriately employ a range of graduated compliance and enforcement tools.	❖ Our staff are provided with appropriate training and guidance materials to support their compliance roles.	**Rating: Managed** ➢ We offer a range of relevant online training courses to staff, including introduction to risk management and specific training on various legislation and regulations. Detailed work instructions and guidelines are available to all staff and these are reviewed periodically to ensure relevance. We seek to recruit staff with relevant expertise and ensure training needs are identified. Staff involved primarily in compliance and enforcement are required to have or obtain a Certificate IV in investigations or equivalent.
Eligible regulated entities receive tailored approaches based on an understanding of their operating environment and risk profile.	❖ We apply a graduated approach to compliance activities that provides for earned autonomy, within legislative parameters.	**Rating: Managed** ➢ We adopt a risk-based approach to regulation where feasible and supported by evidence. This means that our inspection regimes may vary with the risk of a regulated activity. The broad principles are set out in our compliance plans and relevant statements published on our website. ➢ We use compliance and enforcement tools tailored to the identified risks and behaviour of our regulated entities. These include inspections, audits, fit and proper person tests, warrants and investigations. Enforcement tools such as compliance audits, infringement notices or court action are only employed when a cooperative approach has been unsuccessful. ➢ We adopt a regulatory approach that takes into account compliance history and overall risk of the activities. This is set out in our regulatory compliance plans and operating procedures. This includes measures that provide flexibility to assist in addressing inadvertent non-compliance.

KPI 4- Our compliance and monitoring approaches are streamlined and coordinated

Objective: We base our monitoring and inspection approaches on assessed risk and where possible, we take into account the operating context

Performance Measures	Targets	Results
Demonstrated benefits to regulated entities from our efforts to streamline and coordinate our regulatory activities.	❖ We regularly review our business processes with a view to streamlining where possible.	**Rating: Managed** ➢ We are progressively modernising the delivery of the WELS. This includes progressive upgrade in the capability of our online systems. Significant changes in infrastructure and service delivery are subject to internal assessment regarding benefits and costs for business and there is external consultation on impacts. We are also working with related programs (WaterMark and the Equipment Energy Efficiency program) on streamlined approaches to product registrations.
	❖ Our published service standards are met or exceeded.	**Rating: Managed** ➢ We seek to respond in a timely manner consistent with service standards for the department. We provide direct assistance to product manufacturers and suppliers, including frequent guidance on product registrations through telephone and online enquiries. We are progressively improving and publishing information documenting our assessment process to better inform and enable product manufacturers to meet the requirements of WELS.

Objective: We share information and coordinate our compliance activities within the department and with other regulators as appropriate, to minimise duplication and increase efficiency.

Performance Measures	Targets	Results
Business processes and services are improved through the better use of modern technology, and agreed service standards.	❖ We analyse complaints information and other feedback from our regulated entities to understand trends and make improvements where possible.	**Rating: Managed** ➢ We respond to complaints and feedback and use provided information to make improvements where possible. We consider suggested changes in terms of whether they support the objectives of the WELS Act, with an aim to meet the objectives at the least regulated cost to industry. We provide direct assistance to product manufacturers and suppliers, including frequent guidance on product registrations through telephone and online enquiries. ➢ Our ability to analyse trends would be enhanced by better automation of case tracking.
	❖ We collaborate with other relevant regulators to reduce compliance costs and improve efficiency where possible.	**Rating: Optimal** ➢ We seek to apply international standards and risk assessments where they meet regulatory requirements. In collaboration with Standards Australia and several interested countries, WELS staff began work on an ISO International Standard for water-efficient product testing, rating and labelling. ➢ WELS held workshops with the WaterMark Conformity Assessment Bodies (WMCABs) on streamlined application processes for WELS registration and WaterMark certification. The WMCABs undertake WaterMark certification for plumbing products and can also submit applications for WELS registration on behalf of their clients. By doing so, the WMCABs can provide a 'one-stop-shop' application process for WELS and WaterMark.

Performance Measures	Targets	Results
		➢ We have cooperative arrangements with the Equipment Energy Efficiency (E3) program, which shares results of its product check testing program when a washing machine or dishwasher fail the water consumption component of testing.

KPI 6—We actively contribute to the continuous improvement of our regulatory frameworks.

Objective: We establish cooperative and collaborative relationships with regulated entities and stakeholders to promote trust and improve the efficiency and effectiveness of our regulatory frameworks.

Performance Measures	Targets	Results
We take into account feedback from our regulated entities and performance information to improve operations of our regulatory frameworks.	❖ We routinely consult with stakeholders on administration of regulation, and seek their advice on significant changes and explain our decisions (this target also applies for KPIs 2&5).	**Rating: Optimal** ➢ As noted above, we maintain a range of consultative arrangements, this includes our WELS industry advisory group, our website and our quarterly newsletter. We also have two Freecall phone lines and two email addresses for stakeholders.
	❖ We have a program of review for our regulatory frameworks and we suggest legislative change / implement operational change as appropriate, as a result of these reviews.	**Rating: Optimal** ➢ The WELS Act requires a five-yearly independent review of the scheme. Following the second independent review of the WELS Scheme in June 2015, a joint government response to the review's recommendations and the 2016–2019 WELS Scheme Strategic Plan was prepared in consultation with all governments. All states and territories have agreed to the strategic plan. The review included administrative streamlining measures which we have implemented. This included measures to streamline administration. It did not recommend regulatory changes. We expect another review in 2019, for completion in 2020.
	❖ Our RPF self-assessment reports identify areas for improvement in our systems and processes.	**Rating: Optimal** ➢ We provide a rating of our performance and this is reported in this report.

CASE STUDY

WELS risk based compliance and enforcement—a responsive approach to regulation

WELS is an industry-government partnership that encourages advances in and adoption of water-saving technologies. WELS helps business and consumers to make decisions that reduce household water use and save money on water and energy bills.

The WELS compliance and enforcement policy establishes a responsive approach to regulation. The policy requires that compliance and enforcement actions are undertaken in a manner that is proportionate to the risks, cost effective, maximises compliance and achieves the objectives of the WELS Act. Enforcement tools such as compliance audits, infringement notices or court action are only employed when a cooperative approach has been unsuccessful.

The aim of the policy is to combine a responsive approach to non-compliant entities with a risk-based approach to application of resources and enforcement tools, and to engage our regulated entities and stakeholders in implementation. This ensures:

- compliance and enforcement resources are directed to the types of businesses and types of non-compliance that pose the greatest risk to the scheme
- decisions about applying specific compliance and enforcement tools are made in a manner that takes into account the risk posed to the scheme by the non-compliance.

In consultation with industry, we have developed a series of strategies to ensure the best outcomes from our programs. These are:

- continue inspections and follow-up activities with a range of businesses, with a stronger focus on online sellers
- address widespread non-compliance in the building industry and expand the building industry project to include modular units
- continue to communicate WELS requirements to industry, improve products and tools for communication, education and industry support, ensure tools are effective for a range of suppliers of WELS products, and participate in industry seminars, workshops and conferences
- apply WELS compliance and enforcement tools in a risk-based, responsive, consistent manner to effectively address non-compliance and increase visibility of WELS regulation in the Australian market
- streamline activities and increase cooperation with other regulators
- consider developing and implementing a product check-testing program.

Regulatory performance report – Live Animal Exports

The Australian Government requires the Department of Agriculture and Water Resources to exercise the required powers, regulatory capabilities, investigative capacity and culture to ensure that animal welfare standards are met and that export markets remain open. The department works to ensure that participants of the trade understand and comply with their regulatory obligations, that it is able to take appropriate and proportionate action when non-compliance is suspected or detected, and to provide assurance as to the ongoing integrity of the live animal export regulatory system.

We regulate the export of live animals under the *Export Control Act 1982*, the *Australian Meat and Live-stock Industry Act 1997* and associated orders, regulations and standards. This includes the Australian Standards for the Export of Livestock (ASEL) and the Exporter Supply Chain Assurance System (ESCAS).

Live animal export includes commercial livestock, companion and assistance animals, horses, and genetic material. This includes embryos, eggs or ova, semen and anything from which a complete live animal can be produced. Under the *Export Control Act 1982* and its supporting legislation, an export permit and health certificate issued by the department is required for any live animal export.

Livestock export is a valuable component of Australia's livestock industry. In 2017–18, the total value of livestock export was more than $1.5 billion. We are responsible for regulating the export of live animals from Australia to ensure that animals meet importing country requirements, to minimise the risk of rejection by the importing country, and to ensure animals are handled according to international animal health and welfare standards while protecting Australia's reputation as a reliable and trusted source of live animals.

The introduction in July 2011 of ESCAS, first for the export of feeder and slaughter cattle to Indonesia, and later extended to all feeder and slaughter livestock to all destinations, was a significant reform for the livestock export industry. ESCAS gives transparency and accountability to how exported livestock are treated, starting from the farm and extending to slaughter in the importing country. Australia is the only country, out of more than 100 countries that export livestock, which requires its exporters to achieve specific animal welfare outcomes for exported livestock in the importing country.

The ASEL outlines the animal health and welfare requirements for the livestock export industry, from farm to the discharge of animals in the country of export. The ASEL sets out how exporters must care for livestock along the livestock export chain to discharge. This includes planning the consignment, transporting livestock from farm to registered premises, and port and vessel preparation.

In April 2018, the department received video footage taken in 2017 that uncovered unacceptable animal welfare outcomes on some shipments of live sheep to the Middle East. In response to the footage, we took immediate steps to improve animal welfare outcomes on vessels by increasing pen space allocation for live sheep exports and placing independent observers on live sheep export voyages to the Middle East. The independent observer reports are designed to provide the department with information to enable the effective regulation of the live animal export trade. Their primary use is an information source for the regulator. The government currently has a Bill before the Parliament to increase penalties for those who breach live animal export laws. In late 2018, we took regulatory action by cancelling two export licences. The government also commissioned several reviews into livestock export standards and regulatory practice.

The first review, announced by the Minister for Agriculture and Water Resources, the Hon. David Littleproud MP, on 10 April 2018, examined the conditions for the export of sheep to the Middle East during the northern hemisphere summer. Dr Michael McCarthy was appointed to undertake this review and provided his final report to the government in May 2018.

The department supported all of the recommendations of the independent review. Most of the recommendations were implemented immediately, with some requiring more time to develop and implement, in particular those relating to the Heat Stress Risk Assessment Model, based on animal welfare rather than mortality indicators (see below).

The government also brought forward the reporting date of the ASEL review to the end of 2018. The independent Technical Advisory Committee conducting the ASEL review has completed its review of the standards for export by sea, with a review of the standards for export by air to commence shortly. The committee's report and the department's response to its recommendations was released on 19 March 2019.

On 13 December 2018, the independent Heat Stress Risk Assessment (HSRA) technical reference panel released its draft report and recommendations on heat stress risk in live sheep exports to the Middle East for public consultation. Consultation on the draft report closed on 1 March 2019. The department's response to the panel's recommendations will be subject to a regulation impact statement process prior to finalisation.

The department has set new conditions for live sheep exports to or through the Middle East during the next (2019) northern hemisphere summer, prior to the development of a new HSRA model.

Alongside these technical reviews, Minister Littleproud commissioned Mr Philip Moss AM to review the department's capabilities, powers, practices and culture in relation to live animal exports. Mr Moss' report was released on 31 October 2018.

The department supports (or supports in principle) all 31 recommendations of the Moss Review, as they will improve our regulatory practice and performance in delivering strong trade and animal welfare outcomes. We have made progress in implementing a number of significant recommendations from the Moss Review, including:

- strengthening our regulatory practice and performance by establishing an Animal Welfare branch to improve standard setting for the regulatory system, supported by people with the necessary skills and fit-for-purpose systems
- engaging an interim Inspector-General of Live Animal Exports (as a precursor to the establishment of a statutory position) to provide independent oversight and evaluation of the live animal export regulator and the regulatory system
- appointing a Principal Regulatory Officer who is overseeing the implementation of the Moss recommendations on live animal exports, including better coordination of regulatory activities across the department, improving culture and performance and ensuring a consistent response to non-compliance.