



Productivity Commission submission:
*Draft Report on the Regulation of
Agriculture*

AUGUST 2016

ABOUT ANIMAL HEALTH AUSTRALIA

Animal Health Australia (AHA) is a not-for-profit company that fosters an innovative partnership involving the Australian government, state and territory governments, major terrestrial livestock industries, and other stakeholders. AHA works with its Members and stakeholders to strengthen and improve Australia's national animal health and biosecurity system to ensure it delivers competitive advantage and facilitates market access by maximising confidence in the safety and quality of Australia's livestock products in domestic and overseas markets. In a joint effort with and through our Members, we:

- help keep Australia free of the major livestock diseases that are exotic to Australia
- the sustainability of our livestock industries
- build capacity to enhance emergency animal disease (EAD) preparedness and response
- ensure Australia's livestock health and biosecurity systems support productivity, competitive advantages and preferred market access for our livestock products
- contribute to the protection of human health, the environment and recreational activities.

By working together we achieve a more effective sharing of available and finite resources.

Please note that AHA is only commenting on the draft recommendations that relate to AHA's area of expertise.

AHA's members are listed in Appendix A.

5. REGULATION OF FARM ANIMAL WELFARE

DRAFT RECOMMENDATION 5.1

The Australian Government should take responsibility for ensuring that scientific principles guide the development of farm animal welfare standards. To do this, an independent body tasked with developing national standards and guidelines for farm animal welfare should be established.

The body should be responsible for determining if new standards are required and, if so, for managing the regulatory impact assessment process for the proposed standards. It should include an animal science and community ethics advisory committee to provide independent evidence on animal welfare science and research on community values.

AHA disagrees with this recommendation.

The Commission is seeking feedback on:

- the most effective governance structure for an independent body tasked with assessing and developing standards and guidelines for farm animal welfare

AHA disagrees with recommendation 5.1 regarding the creation of an Independent Office of Animal Welfare. This recommendation appears counter to the Productivity Commission's (PC) inquiry terms of reference¹ since it will add significant costs, unnecessary layers of administrative processes and regulatory red tape for no real net gain, when other options could achieve the same intent. PricewaterhouseCoopers (PwC) 2013 review² of the process for developing animal welfare standards and guidelines considered the role of AHA to be a strength of the process and identified a number of opportunities to improve the process and these remain relevant.

The PC's draft report outlines those modifications, *notably only a few* – the role of the Animal Welfare Task Group, changes to the drafting group as well as the stakeholder advisory group – that have since been put in place as a result of the PwC's review's findings and AHA notes that these changes are currently being tested in the Poultry Standards and Guidelines process. AHA contends that substantive improvements can be gained by making the appropriate modifications (and resourcing) to the existing standards and guidelines processes and framework, as per the PwC's report recommended improvements, in particular those concerning process, structure and roles³. It is also AHA's view that the single biggest barrier to achieving these needed changes is resourcing and funding.

To bring about these changes also requires a change in how we fund the standards and guidelines process; continued reliance on industry and governments to fund the entire process by animal welfare stakeholders including consumer, animal welfare and rights representative bodies, is not sustainable. AHA acknowledges there is scope for improvements in the current process and recommends that:

- The independence of the process would be improved by establishing an independent animal welfare scientific advisory body to provide independent advice on animal welfare science and values that would feed into the standards and guidelines process. Such a model is already in use in Canada⁴ and New Zealand⁵. AHA is of the view that

¹ "The inquiry will define priority areas for removing or reducing unnecessary regulatory burdens where doing so will/can contribute to improved productivity for farm businesses as well as the wider economy."

² PwC (PricewaterhouseCoopers Australia) 2013, Review of the Animal Welfare Standards and Guidelines Development Process, July, Department of Agriculture, Fisheries and Forestry, Canberra.

³ Refer to Productivity Commission Regulation of Australian Agriculture draft Report Box 5.5. p 188

⁴ <http://www.nfacc.ca/code-development-process#appendixc>

⁵ <https://www.mpi.govt.nz/protection-and-response/animal-welfare/overview/national-animal-welfare-advisory-committee/>

an Advisory Panel would be better funded by the Australian Government to address any perceptions of independence and integrity.

- The objective of the standards and guidelines needs to be clarified and refined in order to improve the progress, timeliness, outputs and outcomes of the standards and guidelines for livestock welfare.
- The undertaking of longitudinal research on community attitudes and values to better understand trends and genuine concerns for the humane treatment of animals, combined with community communication and education campaigns to improve understanding of animal welfare in general and farming practices. This is explained below.

AHA notes the PwC 2013 review stated that there is little understanding of or agreement on what community expectations are which has contributed to conflicts in the process, particularly between animal welfare groups.⁶

Currently there is a significant and critical gap on long term Australian community (and possibly consumer) research; this gap tends to be dominated for the most part by research undertaken by the animal welfare and rights groups. Whether this research is truly independent and therefore ultimately reflects Australian community expectations and values is debateable; it could be argued that it too is a flawed approach - at the very least flawed in its design - and not sufficiently independent in the process. Hence it is difficult to categorically state whether existing regulations, and standards and guidelines for livestock welfare are meeting community expectations, values (attitudes) and supportive consumer and community behaviour (such as purchasing of livestock products both domestically produced and imported). The reality is that any cost impositions from unnecessary regulation for the humane treatment of animals that are for the main based on emotion and/or arising from the politicisation of an issue rather than based on good science combined with an understanding of the complexity of animal welfare and the potential for unintended consequences, is highly likely to impart an unnecessary impact and burden on farmers and indeed possibly the community without a real net benefit to the welfare of livestock.

AHA agrees with the National Farming Federation (NFF) in its submission to the draft report where it points out, “community expectations of good animal welfare and community perceptions of whether these expectations are met are not very well understood at present.”⁷ Additionally and critically, the PC draft report notes also that community welfare attitudes do not always translate into purchasing behaviour decisions for the majority of consumers⁸; therefore the importance of substantive behavioural and attitudinal research conducted over the long term is critical to improving livestock welfare over the long term. Such research needs to be designed and conducted over the long term to be of real value

⁶ PwC (PricewaterhouseCoopers Australia) 2013, Review of the Animal Welfare Standards and Guidelines Development Process, p 188, July, Department of Agriculture, Fisheries and Forestry, Canberra.

⁷ Refer to page eight of the National Farming Federation submission

⁸ Productivity Commission Regulation of Australian Agriculture Draft Report p193

and is a key area where the Commonwealth could play an important leadership role, given its national importance.

While there is a large public spill over benefit to such research and therefore a strong case exists for government funding, in this era of partnership and shared responsibility, livestock industries (perhaps through the RD&E Animal Welfare Strategy) as well as the animal welfare and rights organisations should also directly contribute. There continues to be a role for community views to be considered through the public consultation process supporting the development of the Regulatory Impact Statement (RIS); long term research such as this would then complement the RIS and better inform both the standards and guidelines and state and territory regulation to animal welfare.

This research program would also need to incorporate an education and communication component on how to raise the community's understanding and awareness of livestock welfare and animal welfare in general.

DRAFT RECOMMENDATION 5.2

State and territory governments should review their monitoring and enforcement functions for farm animal welfare and make necessary changes so that:

- there is separation between agriculture policy matters and farm animal welfare monitoring and enforcement functions **AHA disagrees with this recommendation**
- a transparent process is in place for publicly reporting on monitoring and enforcement activities **AHA agrees with this recommendation**
- adequate resourcing is available to support an effective discharge of monitoring and enforcement activities. **AHA agrees with this recommendation**

State and territory governments should also consider recognising industry quality assurance schemes as a means of achieving compliance with farm animal welfare standards where the scheme seeks to ensure compliance (at a minimum) with standards in law, and involves independent and transparent auditing arrangements.

AHA agrees with this recommendation.

INDUSTRY-LED QUALITY ASSURANCE SYSTEMS - TRANSPARENCY OF MONITORING, ENFORCEMENT, RESOURCING AND PRACTICE CHANGE

Undoubtedly animal welfare (and food safety, traceability, and biosecurity) systems prove the integrity of Australia's food and fibre, underpin consumer (and community) confidence in the product, and strengthen the case for ongoing and improved market access. Importantly they improve animal welfare by raising awareness and bringing about practice change on-farm and through the supply chain.

The *SAFEMEAT Initiatives Review 2013* provides a substantive overview of the benefits of such an approach. It took a whole-of chain approach to assessment of the red meat industry's integrity system. The Review and red meat industry recognised that opportunities existed for better integration and increased efficiencies within the current integrity system,

to build a stronger integrated system that better meets customer expectations and will safeguard market access. Two key actions in the implementation pathway to deliver a fully auditable and responsive whole-of-chain risk management system that maintains market access, food safety and product integrity (including traceability, animal welfare and biosecurity) are:

- “That industry integrity programs and state and territory jurisdictions adopt the ‘Framework for addressing serious non-compliance with the National Standards for food safety, traceability animal welfare and biosecurity’
- That states and territories consider recognition of industry integrity programs as a means of complying with regulated National Standards for food safety, traceability, animal welfare and biosecurity”⁹

Industry integrity programs are a means of complying with regulated national standards for animal welfare, food safety, traceability and biosecurity. Hence, co-regulatory models built around accredited and verifiable industry integrity programs are a vehicle for demonstration that commercial supply chain participants are meeting agreed standards and assist in addressing the issue of monitoring, enforcement, reporting and resourcing. They deliver significant benefits and efficiencies by:

- empowering industry enterprises to jointly manage regulatory and commercial requirements under a self-managed accredited program (i.e. through independent auditors rather than government inspectors)
- working with other industry systems to identify and manage problems. Industry ownership of issues can effect lasting behavioural change
- empowering industry to demonstrate compliance with National Standards
- allowing jurisdictions to retain responsibility for setting standards including skills, qualifications etc. of people nominated by the enterprise to monitor compliance with regulatory requirements and for any necessary enforcement action
- creating a more holistic approach, which means problems can be identified and addressed effectively
- allowing jurisdictions to redirect dwindling resources to areas of greater need
- allowing industry integrity programs to still have reporting obligations to the jurisdictions particularly for serious breaches or criminal behaviour
- permitting jurisdictions to retain the power to revoke or suspend a failing or discredited program.¹⁰

AHA supports a co-regulatory approach as a key mechanism to improve monitoring, enforcement, reporting and resourcing and importantly to raise animal welfare awareness and bring about practice change on-farm and through the supply chain.

⁹ *Towards an Integrated Integrity System* A report by the SAFEMEAT Initiatives Review Steering Group August 2015 p6

¹⁰ *Towards an Integrated Integrity System* - A report by the SAFEMEAT Initiatives Review Steering Group August 2015, p19

6. REGULATION OF TECHNOLOGIES AND AGRICULTURAL AND VETERINARY CHEMICALS

KEY POINTS

- New technologies and agricultural and veterinary (agvet) chemicals can improve the productivity, competitiveness and safety of farm businesses, as well as the quality of agricultural products. Any unnecessary barriers to their access should be removed.
- Despite numerous reviews of, and subsequent reforms to, the regulation of agvet chemicals, concerns continue to be raised. These are primarily about:
 - unnecessarily lengthy, complex and duplicative registration procedures
 - interjurisdictional inconsistencies, such as in control-of-use regimes.
- The Australian Pesticides and Veterinary Medicines Authority (APVMA) could increase its use of international assessments and decisions for products already registered by trusted comparable regulators overseas.
- Reforms to achieve a national control-of-use regime are currently underway. However, progress has been slow. In addition, the proposed scheme includes only minimal harmonisation of off-label use provisions.

AHA agrees with all the key points above.

USAGE OF INTERNATIONAL DATA IN AGVET CHEMICAL REGISTRATIONS

DRAFT RECOMMENDATION 6.2

The Australian Pesticides and Veterinary Medicines Authority should make greater use of international evidence in its assessments of agricultural and veterinary chemicals (including by placing greater reliance on assessments made by trusted comparable international regulators). Reforms currently underway in this area should be expedited.

AHA supports this recommendation.

The Commission's report shows operational improvements within the Australian Pesticides and Veterinary Medicines Authority (APVMA) can deliver time and cost reductions. The national animal health system needs a chemical registration process that facilitates the introduction of new chemicals onto the Australian market in a timely and cost efficient manner. Unfortunately existing procedures do not currently achieve this and are in need of reform. The costs of registration and timeframe around this process should not deter registrants from seeking to introduce new chemicals to the Australian market.

A lack of use of international evidence has been a significant disadvantage for Australian livestock producers, who have limited access to chemicals, compared to producers operating in other nations. This is due to the higher costs associated with testing AgVet chemicals for

the relatively small Australian market. This recommendation will assist in reducing the lengthy testing process, enabling producers to access AgVet chemicals in a timelier manner by avoiding costly and unnecessary duplication of tests where these tests have been conducted in comparable environments. For example, if a product has been registered in a comparable country for an agreed period of time and has had no recorded issues, then the APVMA should hasten the AgVet chemical's registration process. Reforms that are currently underway in this area need to be expedited.

NATIONAL REGIME FOR AGVET CHEMICALS – ACCESS FOR MINOR USES

DRAFT RECOMMENDATION 6.3

The Australian, state and territory governments should expedite the implementation of a national control-of-use regime for agricultural and veterinary chemicals (which includes increased harmonisation of off-label use provisions), with the aim of having the regime in place in all states and territories by the end of 2018.

AHA supports this recommendation.

Harmonisation of the control of use of AgVet chemicals should be an objective of the regulatory bodies with the aim of having a system in place in the next three years. Off-label use currently differs dramatically between different jurisdictions, putting livestock producers operating in states and territories that have strict off-label use regulations at a competitive disadvantage.

AHA and its Members have consistently advocated for the admission of minor-use chemicals that would otherwise be too costly to register. There is a clear need to streamline the registration and approval process of minor use AgVet chemicals: there currently is a huge opportunity cost for livestock producers who are not able to access the most efficient, safer and sustainable AgVet chemicals.

The difficulty producers have accessing minor use AgVet chemicals is a burden that could be solved through regulatory reform. It is crucial though that regulation of minor use AgVet chemicals as well as of off label use of AgVet chemicals considers residue implications.

Rapid responses to new and emerging biosecurity threats will also be critical for livestock productivity and protection of trade. New and emerging biosecurity threats and the need for rapid response to contain and/or eradicate will create further need for AgVet chemicals for which we need to manage associated residue issues.

We recommend the establishment of a minor use regulatory guidelines and prioritisation framework to help livestock industries respond to new pest and disease incursions in a more timely and efficient manner.

Minor species, such as alpacas and goats¹¹, also need access to the full range of veterinary medicines available to the major species, and incentives are needed to encourage their addition to product labels. The impact on the minor species is effectively one of market failure where some minor livestock species will not be able to produce product in line with market expectations (food safety and welfare) and industry verification systems (e.g. Livestock Production Assurance). Consumers need to be confident that the products they are purchasing are safe, and have been produced from animals that have been given the very best of care.

¹¹ Please refer to the Australian Dairy Goat Association and Dairy Goats Australia Productivity Submissions

7. BIOSECURITY

KEY POINTS

- Australia's biosecurity system is critical to maintaining the competitiveness of the agricultural sector. The entry of serious exotic pests, weeds or diseases into Australia would have a major impact on Australian farmers (including loss of agricultural production and access to premium export markets), the environment and the broader community.
- Biosecurity is a shared responsibility between governments, industries and the community.
 - The Australian Government manages biosecurity risks pre-border and at-the-border (including quarantine). It also coordinates responses to outbreaks within Australia.
 - The states and territories are mainly responsible for managing risks post-border. This largely involves surveillance and diagnostics.
 - Farm businesses comply with biosecurity regulations including, for example, fumigating crops, controlling weeds, and treating infected animals, and contribute to broader measures by industry such as responses to outbreaks.
 - The community plays a role in alerting authorities to biosecurity risks.
- The Biosecurity Act 2015 (Cwlth) took effect on 16 June 2016, replacing the Quarantine Act 1908 (Cwlth). The new Act introduced approved arrangements which should reduce agricultural businesses' compliance costs by streamlining the process they must follow to obtain approval to self-monitor biosecurity risks.
- Import risk assessments evaluate the biosecurity threat of an import against the broader benefits to the community. The main concerns around the assessments are transparency. The Australian Government has sought to address this issue through the development of Biosecurity Impact Risk Analyses (BIRAs), which took effect with the commencement of the Biosecurity Act.
- Biosecurity requirements vary from state to state reflecting different risks (and therefore priorities). Different biosecurity arrangements across jurisdictions can be burdensome for farmers and add to their business costs, particularly when transporting goods and accessing markets in other states.
- While some differences in biosecurity requirements across jurisdictions may be justified based on state- or territory-specific risks, better coordination across jurisdictions could harmonise requirements, reducing the burden on businesses. Significant progress has been made towards a more co-ordinated approach, including through the Intergovernmental Agreement on Biosecurity, and the establishment of the National Biosecurity Committee. The current review of the agreement will look at the effectiveness of the agreement and avenues for improvement.
- Trespass on farms is unlawful and can lead to biosecurity risks. One way of reducing trespass is to remove the motivation for it. The Commission is interested in any strategies that could be used to discourage farm trespassing and lessen biosecurity risks.

AHA agrees with all the key points above.

Please refer to [AHA's submission](#) to the Intergovernmental Agreement on Biosecurity (IGAB) review for a comprehensive summary of AHA's views on Australia's biosecurity system; in particular the sections related to surveillance and diagnostics; shared responsibility; partnerships and roles; and, co-regulation and systems verification.

FARM TRESPASS

INFORMATION REQUEST 7.1

Participants raise concerns about farm trespass, particularly as trespass can increase biosecurity risks. What strategies could be used to discourage farm trespass? Are existing laws for trespass sufficiently enforced in relation to farm trespass?

This issue has been a concern of the AHA Livestock Industry Forum members (see *Appendix A*) for a number of years. There are numerous reports of incursions on-farm by utility (e.g. electricity, wind, water, telco) and mining companies as well as the increased illegal access by activists seeking to pursue a specific cause. AHA continues to receive complaints from producers asking what they can do in these circumstances. This is a significant concern to all signatories (livestock industries and governments) of the Emergency Animal Disease Response Agreement (EADRA), as all signatories have binding legal responsibilities for their own biosecurity. In addition, biosecurity risk management is paramount as it impacts on the short and long term sustainability of Australian livestock industries.

There should be strict and controllable measures in place to prevent any unauthorised access to farms whether by service authorities, miners, hunters or activists who illegally enter and trespass onto farms. The risks are critical from a biosecurity perspective and can undermine and compromise measures livestock producers have put in place to allow them to produce and sell food and fibre to domestic and international markets. Farm trespass by utility and mining companies may appear to be of a lesser scale but still raises a number of risks including the:

- spread of weeds
- spread of diseases
- disturbance of stock, increasing threats such as mismothering of calves/lambs
- production disturbances e.g. leaving gates open, allowing stock to stray (especially onto public thoroughfares) or mixing different groups with subsequent production loss.

Utility and mining companies must be proactive and take steps to inform farmers in advance of their arrival, so that the livestock producers can take appropriate measures and ensure that biosecurity protocols are followed. This is a shared responsibility; utility and mining companies need to be made aware of the threats they can potentially pose to commercial production systems as well as to native fauna and flora and take steps to meet their biosecurity obligations.

A national approach to increase awareness about the risks associated with farm access among mining and utility companies as well as among the general public needs to be developed and implemented.

APPENDIX A: AHA MEMBERS

AHA has 32 Members spread across four categories:

- Australian Government, state and territory governments
- Livestock Industries
- Service Providers
- Associate Members

Australian Government

Government Department of Agriculture and Water Resources

State and Territory Governments

The State of New South Wales
The State of Queensland
The State of South Australia
The State of Tasmania
The State of Victoria
The State of Western Australia
The Australian Capital Territory
The Northern Territory

Livestock Industries

Alpaca Association Limited
Australian Chicken Meat Federation Inc.
Australian Dairy Farmers Limited
Australian Duck Meat Association Inc.
Australian Egg Corporation Limited
Australian Horse Industry Council
Australian Lot Feeders' Association Inc.
Australian Pork Limited
Cattle Council of Australia Inc.
Equestrian Australia Limited
Goat Industry Council of Australia Inc.
Harness Racing Australia Inc.
Sheepmeat Council of Australia Inc.
WoolProducers Australia Limited

Service Providers

Australian Veterinary Association Limited
Commonwealth Scientific and Industrial Research Organisation (CSIRO)

Associate Members

Australian Livestock Export Corporation Limited (LiveCorp)
Racing Australia Limited
Council of Veterinary Deans of Australia and New Zealand
Dairy Australia Limited
National Aquaculture Council Inc.
Zoo and Aquarium Association Inc.
Wildlife Health Australia