

Towards an Integrated Integrity System

A report by the SAFEMEAT
Initiatives Review Steering Group

August 2015



safe *meat*



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1. Foreword

In 2011, the SAFEMEAT Initiatives Review was commissioned to assess the future requirements of Australia's through-chain systems in order to support domestic and overseas market access for red meat products into the future.

The 2013 SAFEMEAT Initiatives Review articulated a vision of:

A fully auditable and responsive whole-of-chain risk management system that maintains market access, food safety, product integrity (including traceability and animal welfare), and biosecurity.

Specific areas identified for reform included:

- Nationally consistent minimum standards for food safety, traceability, animal welfare and biosecurity
- Strengthened through-chain industry integrity programs
- Effective and integrated monitoring and compliance
- Increased adoption of integrity programs
- Flexible program frameworks
- Cost savings and operational efficiencies

Following completion of the Review in November 2013, a Steering Group was appointed to take the recommendations forward. We have worked with industry, government and experts to investigate the best ways to implement the recommendations and achieve the vision of an integrated integrity system for red meat.

In this document, we outline the pathway toward a whole of supply-chain integrated integrity system. The actions identified are interdependent and each relies on the other to build an effective system for the future.

SAFEMEAT Initiatives Review Steering Group

- John Wyld (Chair)
- Jim Cudmore
- Ron Cullen
- David Hill
- Stephen Kelly/Christian Mulders
- Hugh Millar
- Kevin Roberts

Consultation

The SAFEMEAT Initiatives Review Steering Group undertook consultation and engagement with the following groups:

- Animal Health Australia
- Animal Health Committee
- AUSMEAT Board
- Australian Dairy Farmers Ltd
- Australian Live Exporters Council
- Australian Livestock and Property Agents Association
- Australian Livestock and Rural Transporters' Association
- Australian Lot Feeders Association
- Australian Meat Industry Council
- Australian Meat Processor Corporation
- Australian Pork Limited
- Cattle Council of Australia
- Department of Agriculture
- Food Standards Australia and New Zealand
- Goat Industry Council of Australia
- Livestock Saleyards Association of Victoria
- LPA Advisory Committee
- Meat & Livestock Australia (Board and staff)
- National Biosecurity Committee
- National Residue Survey
- National Sleyard Quality Assurance program
- NVD Management Committee
- Office of the Minister for Agriculture
- Red Meat Advisory Council
- SAFEMEAT (Chairs, Executive and Partners)
- Sheepmeat Council of Australia

2. Background

Australia is among the world's largest, most successful and efficient producers of commercial livestock, and a leader in the export of red meat and livestock. The total value of Australia's beef and sheepmeat industries was estimated at A\$27 billion in 2013–14.

Australia's red meat industries are highly dependent on export markets. The domestic market for red meat is relatively static and mature so opportunities for growth lie largely overseas. Today, exports account for around 60 per cent of total sheepmeat production and almost 70 per cent of total beef production.

As Australia becomes more dependent on exports, international market requirements become increasingly important.

Both customer and government confidence in the safety of Australian red meat products is vital to the ongoing success of the Australian red meat industry, and its future growth. They are particularly important in many of our markets where food safety is rated as a high priority for consumers when making purchasing decisions.

Food safety, traceability, animal welfare and biosecurity systems prove the integrity of Australia's red meat, underpin consumer confidence in the product, and strengthen the case for ongoing and improved market access.

The red meat integrity system is a web of programs, standards and regulation developed to protect Australia's high product standards. The system spans the jurisdictions of industry, government and other relevant organisations.

SAFEMEAT, a joint partnership between government and industry, provides oversight and direction on sound management systems across the supply chain to deliver safe product to the market place.

SAFEMEAT promotes rationalisation of regulation and Standards within the industry, drives the implementation of strategies to ensure meat safety, and monitors industry performance in respect of these.

The SAFEMEAT Initiatives Review 2013 took a whole-of-chain approach to assessment of the industry's integrity system. Initiatives within the system that fall directly under the auspices of SAFEMEAT include:

The **National Livestock Identification System** (NLIS) is Australia's system for identifying livestock via the use of a permanent device designed to remain with an animal for life. It was introduced in 1999 for the beef industry, and extended to the sheep and goat industries in 2006.

The NLIS combines three elements to enable lifetime traceability of animals:

- An animal identifier (a visual or electronic eartag known as a device)
- Identification of a physical location by means of a Property Identification Code (PIC)
- A web-accessible database to store and correlate movement data and associated details

The **Livestock Production Assurance** (LPA) program is the Australian livestock industry's on-farm food safety program. It meets the stringent requirements of our export markets, providing an assurance of the safety of red meat grown on Australian farms. The program focuses on what producers need to do on-farm to ensure the red meat they produce is safe. When farmers become LPA accredited, they are promising to meet LPA's requirements and fulfil their responsibility in the safe production of red meat.

The **LPA National Vendor Declaration** (LPA NVD) is the main document behind Australia's meat and livestock food safety reputation.

LPA NVDs are required for any movement of stock — to processors, to saleyards or between properties (if they have different PICs).

LPA NVDs have two purposes:

1. Provide the buyer with a guarantee relating to the food safety status of the animals they are purchasing
2. Enable livestock movements to be traced if necessary

The SAFEMEAT Initiatives Review Steering Group has focussed directly on improving and streamlining the NLIS, the LPA program and NVDs, while working with other participants in a holistic approach to integrity system integration. Other programs such as the National Feedlot Accreditation Scheme (NFAS), National Saleyards Quality Assurance Program (NSQA), TruckCare and individual processors' quality assurance programs all play a critical part in industry integrity.

Integration, alignment and rationalisation with these other integrity programs requires significant and ongoing across-chain engagement and motivation.

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3. The need for change

The current programs and tools for delivering food safety, traceability, animal welfare and biosecurity through Australia's red meat supply chain were developed mostly in isolation, at different times and in response to different drivers.

As a result, individual sectors within the supply chain largely operate independently, despite significant overlap in integrity program requirements. This creates inefficiency and confusion for users at either end of the supply chain.

In part, this has led to a need to better support and improve competency of integrity program participants, particularly at the farm end of the supply chain, with improved education and training, and consistent and integrated communications.

This comes at a time when community scrutiny of how food is produced is heightened. Nationally agreed Standards for food safety, traceability, biosecurity, and animal welfare must become the fundamental non-negotiable building blocks of product integrity claims made by Australia and our commercial meat brands.

An integrity system of the future will also need to be flexible enough to encompass any emerging issues.

The ability to drive the change needed to build this system will require highly effective governance.

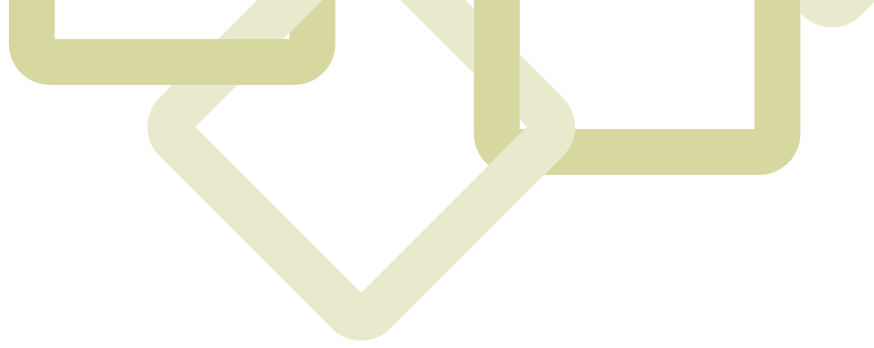
Currently we have a structurally complex governance system. Overarching policy responsibility for product integrity resides with SAFEMEAT, through 10 subcommittees which oversee various aspects of the integrity programs (five for NLIS, two for LPA and NVDs, two for residue program and one for administration). These subcommittees provide a consultative platform for industry and government to make recommendations to SAFEMEAT on standards and rules, policy, system performance and strategic direction of the system. No single entity takes carriage of strategic direction.

Service delivery of the integrity programs is also spread across different organisations including NLIS Ltd, AUS-MEAT and MLA leading to operational inefficiencies.

System funding is under significant pressure. Current programs and tools were developed through judicious expenditure of research and development funds. As they have matured, industry levy dollars, State government support mechanisms and alternate industry sources of funds have had to be utilised. Commercial opportunities to attract funds or generate revenue have been minimal.

There has been obvious decline in government grants, resourcing of compliance and enforcement activities, and research and development funding. As a result, industry has had to bear an increasing proportion of integrity system funding using existing levies and reserves. This situation is unlikely to change.





4. A system for the future

Industry recognises that opportunities exist for better integration and increased efficiencies within the current integrity system.

This will reduce the level of investment required and build a stronger, integrated system to produce a safe product, meet customer expectations, maintain our market access and provide a foundation for industry growth. It will ensure we have a system that effectively upholds the reputation of Australian red meat.

Participants acknowledge an overhaul of the structural and funding arrangements of the system is necessary to guarantee Australia's red meat integrity system continues to be world's best practice.

The SAFEMEAT Initiatives Review Steering Group has identified that a sustainable red meat integrity system must be based on a sound strategic foundation delivered through:

- Strong governance and empowered management
- Secure and adequate resourcing

Significant reform within those areas identified by the Initiatives Review has already begun (refer to Section 4.3). The establishment of a cohesive and empowered governance model (Section 4.1) backed by sustainable investment (Section 4.2) will ensure this reform can continue.

The Steering Group has identified a range of actions (see Table 1, page 6) to implement the required changes and 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 (see Figure 1, page 7).

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TABLE 1: Implementation pathway (actions)

ACTION REQUIRED	
Governance	
1	The SAFEMEAT Partnership remains the ultimate authority regarding industry's integrity system, providing ratification of system changes, and leadership in times of crisis
2	Industry governance of the integrity system is streamlined in a single Integrity System Policy Group to formulate unified policy and develop recommendations to support the operations and strategic direction of the industry integrity system, replacing the SAFEMEAT Executive and the 10 existing subcommittees
3	The management and delivery of industry integrity programs (NLIS, LPA, NVDs) becomes the responsibility of a single company operating initially as a subsidiary of MLA, under the governance of a skills-based Board
Funding	
4	Industry's integrity system is funded on an equitable basis between producers, live exporters and processors
5	A dedicated funding component within the current red meat industry levy framework is established to fund the Integrity System Company, while operating as a subsidiary of MLA
6	Industry progresses the establishment of a new levy to fund industry's integrity system into the future
Standards	
7	Animal welfare and biosecurity Standards (ref Appendix C and D) are included in the LPA program
Strengthened program elements	
8	The scope of industry integrity programs is adjusted to deliver a strengthened through-chain risk management system
9	LPA participants undergo an enhanced recommitment to the LPA program once every three years
Monitoring and compliance	
10	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'
11	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
Education and communications	
12	An eLearning process becomes a part of the LPA program, to reinforce the strengthened on-farm system and ensure familiarity with LPA requirements
13	An integrated integrity system communications strategy is delivered in consultation with industry
System enhancements	
14	Commence a phased rollout of the eNVD
15	Implement a single log-in for NLIS, LPA, eNVDs and other industry initiatives
16	Full harmonisation of PIC business rules continues nationally

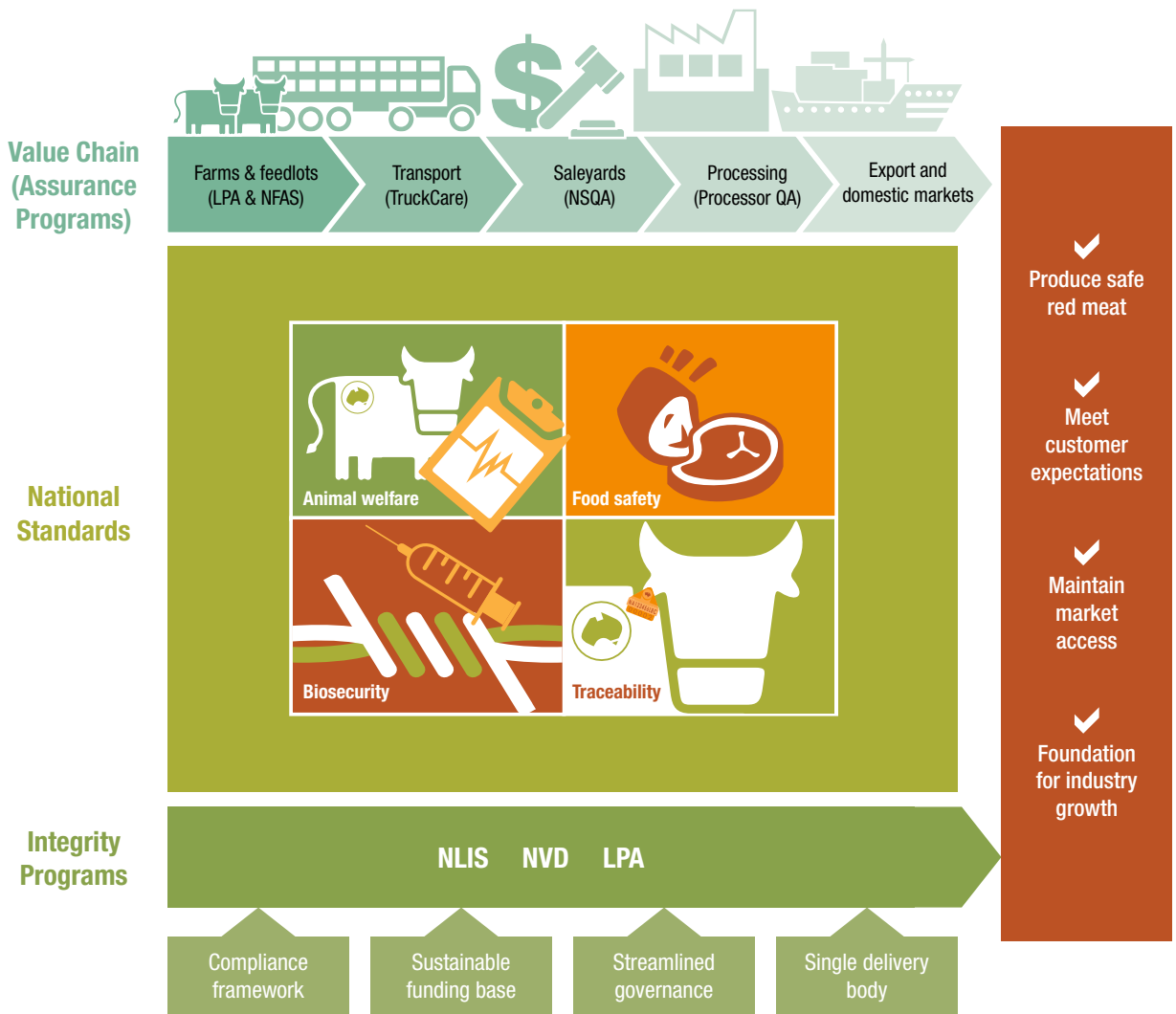


FIGURE 1: A fully integrated integrity system — a fully auditable and responsive whole-of-chain risk management system that maintains market access, food safety, product integrity (including traceability and animal welfare) and biosecurity

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4.1 System governance

A streamlined governance and management structure will consist of two key entities (see Figure 2):

- **An Integrity System Policy Group** — A consultative platform which involves industry and government representatives, and provides strategic direction and policy development for integrity system management
- **An Integrity System Company** — A single organisation given overall management responsibility for the integrated integrity system

The SAFEMEAT Partnership will remain the ultimate authority regarding industry's integrity system and provide overarching strategic advice, policy setting and ratification of system changes. It will ensure effective consultation has been undertaken and will assume a leadership role during times of crisis.

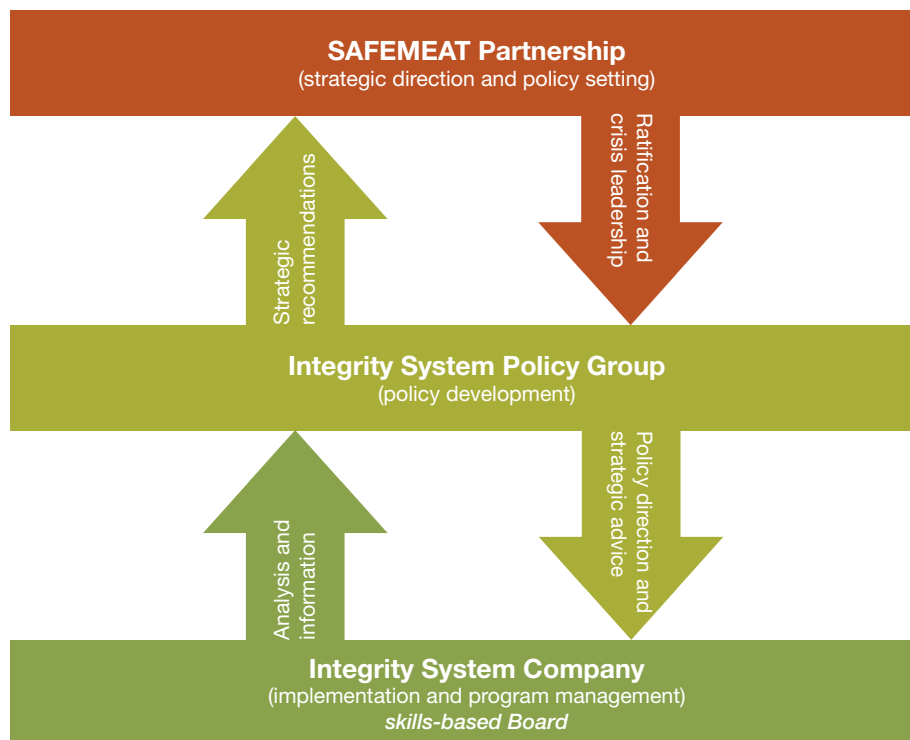


FIGURE 2: Industry integrity system governance structure

a. Integrity System Policy Group

Industry consultation and engagement will remain a priority within the integration of industry systems. The Integrity System Policy Group will replace the existing SAFEMEAT Executive and 10 subcommittees that oversee individual programs.

The Policy Group will provide a single consultative platform for industry and government to formulate unified policy and develop recommendations to support the operations and strategic direction of the integrity system.

Policy Group effectiveness will be enhanced through:

- Representative membership with practical understanding of industry and a level of authority and responsibility to make (real and binding) decisions on behalf of their sectors
- A Chair, appointed by SAFEMEAT
- An adequately funded and resourced secretariat, skilled in analysis, as a function within the Integrity System Company
- Improved agendas, well developed papers (underpinned by robust analysis) and more efficient meeting scheduling
- Formal consultation processes established by each sector to facilitate clear policy positions for consideration at the Policy Group level
- The authority to make operational decisions that can be passed directly to the program owner for implementation

Existing subcommittee Chairs will be retained within the Policy Group, as will representatives of Peak Councils, regulators and service providers (see Figure 3). The Policy Group's Chair will play a critical leadership role.

Continuation of program knowledge under the new governance framework will be facilitated by retaining Chairs of existing subcommittees as System Champions within the Policy Group. It will be a critical transitional objective to retain people with the skills and knowledge to facilitate the change in governance arrangements.

Reviewed 18 months after implementation, the System Champions' roles may then become dedicated skills-based positions within the Policy Group, responsible for driving output for specific components of the integrity system. Alternately, these functions may be transitioned to the Integrity System Company. The review process will confirm the best way forward.

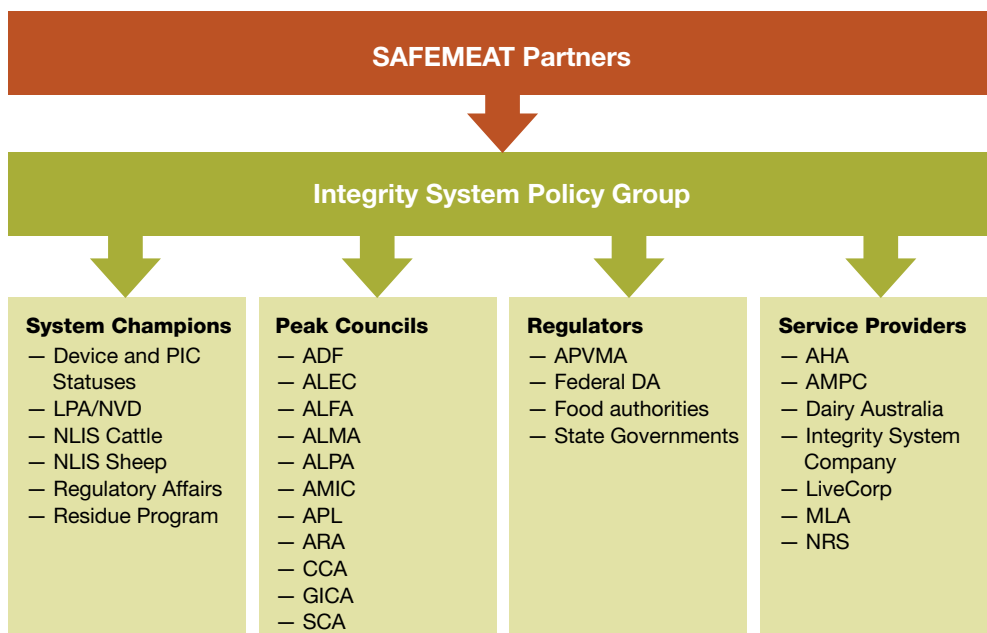


FIGURE 3: Integrity System Policy Group membership

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b. Integrity System Company

The Integrity System Company will implement the integrated integrity system.

It will initially operate as a wholly-owned subsidiary of MLA with the primary objective of bringing the existing components of the system under a single management structure.

The Company will be led by a skills-based Board that reflects the through-chain nature of the system and is appointed through a formal, selection process. The Board of the Company will be ultimately responsible for how policies and standards are incorporated into delivery of industry's integrity system. The Company and its Board will take advice on policy and program standards from the Integrity System Policy Group.

The role of the Company will be to:

- Champion the integrated integrity system
- Implement and manage industry integrity programs (NLIS, LPA, NVDs)
- Oversee implementation of the Standards
- Drive through-chain integration with related assurance programs
- Provide robust analysis and direction on the integrity system to support efficient and effective decision-making by the Policy Group
- Ensure full engagement and liaison with assurance program managers along the chain

- Be responsible for ensuring audits are carried out in the most efficient and effective way
- Establish linkages or offer services to other industry integrity initiatives
- Provide services — database management, helpdesk support, licensing, education and training (including eLearning) and communications

MLA, in its current role of delivering industry integrity programs (NLIS, NVDs and some functions of the LPA program), is best placed to house the Company in the near term. It would be able to bring about the proposed changes in order to improve the efficiency and effectiveness of industry's integrity system for levy payers.

While the Company will initially be a subsidiary of MLA, a review of this arrangement should be conducted three years after establishment to assess the effectiveness of the structure and identify optimal future ownership arrangements. The structure will be set up to allow for a change of ownership or evolution into a stand-alone entity in the future.

MLA will continue to provide R&D services to support integrity system innovation.

Figure 4 outlines the structure and responsibilities of the Integrity System Company.

✓ Actions required

1

The SAFEMEAT Partnership remains the ultimate authority regarding industry's integrity system, providing ratification of system changes, and leadership in times of crisis

2

Industry governance of the integrity system is streamlined in a single Integrity System Policy Group to formulate unified policy and develop recommendations to support the operations and strategic direction of the industry integrity system, replacing the 10 existing subcommittees

3

The management and delivery of industry integrity programs (NLIS, LPA, NVDs) becomes the responsibility of a single company operating initially as a subsidiary of MLA, under the governance of a skills-based Board

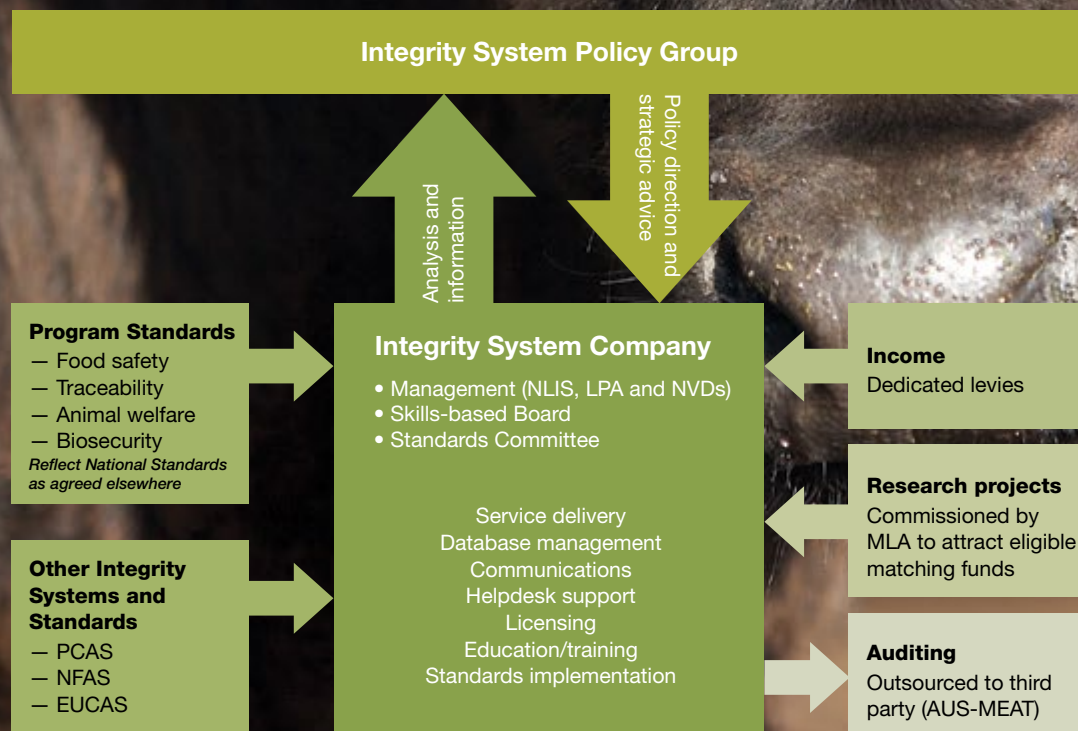


FIGURE 4: Integrity System Company structure

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4.2 Funding

The future funding of Australia's red meat integrity system must be based on a transparent, sustainable and long term partnership between industry and government.

The funding model must:

- Ensure all sectors in the value chain, and government, equitably contribute to the development and future responsibilities of the integrity system
- Provide for innovative solutions through R&D investment as technology becomes obsolete
- Provide the flexibility to ensure consistent and sustainable levy allocation to key integrity systems
- Provide improved transparency to levy payers of the collection, management and governance underpinning integrity system funds

Equitable funding

Industry's integrity system delivers significant benefits including:

- Access to certain international markets (e.g. European Union)
- Customer confidence in the safety and disease free status of Australian red meat resulting in Australian meat attracting price premiums compared to meat from competitor suppliers
- Advanced traceability systems that allow a more rapid response and greater control than in the absence of these systems, reducing the cost of animal disease or residue incidents to industry

Economic studies indicate that these benefits are substantial. The Centre for International Economics (2015)¹ has calculated that if a 5–10% premium for Australian beef and a 1–2% premium for Australian sheepmeat in developing markets can be attributed to industry funded integrity systems, the annual value of these systems would be about \$200 million.

For a major FMD outbreak, the cost to Australia's red meat and livestock industries has been estimated² at between \$9 billion and \$42.5 billion, with the variation largely dependent on the time of exclusion from important international markets. On an annualised basis, total industry losses could be in excess of \$0.5 billion. If traceability systems were able to reduce these costs by even 10%, the annual value would be greater than \$50 million.

Economic benefits derived from the integrity system are accrued in the first instance by processors, either in the form of price premiums or avoiding loss of markets and substantial price falls (in the case of a disease outbreak or residue incident). However, significant benefits are also passed down the supply chain to producers. The portion of the benefits captured by processors versus those passed onto producers depends on the market supply and demand conditions operating at any point in time.

All sectors of the Australian meat and livestock industry are substantial users of industry's integrity system. Producers use the system as a mechanism to ensure livestock are fit for purpose and returns are maximised through ongoing market access. For processors, information on the NLIS database and NVDs form an important input into both processors and government satisfying their joint responsibility to ensure that meat is fit for human consumption and eligible for certain markets.

The effectiveness of industry's integrity system relies on both on-farm and in-plant elements, coupled with through-chain support mechanisms (transport, saleyards, live export), implemented in an integrated way to provide customers with assurances on food safety and integrity. Industry resources need to be directed at addressing weaknesses in the system no matter where these arise across the supply chain.

It is recognised that all participants in the supply chain have a vital interest in industry's integrity system, and all participants use and benefit from the system. There is a need to ensure that industry's integrity system operates to its maximum potential, which requires input from all sectors to secure this result.

Funding model

The Steering Group assessed a number of funding options and funding models for industry's integrity system, including:

- Levy arrangements that provide flexibility to shift levies between levy streams (MLA, AHA, NRS) in order to direct funds to changing areas of focus
- A dedicated integrity system levy component within each current transaction levy with funds dispersed to the Integrity System Company
- Establishment of a new levy stream that directs funds to the Integrity System Company in addition to the MLA, AHA and NRS levy streams

Core to the effectiveness of industry's integrity system is the establishment of the Integrity System Company, which will implement the system. The Integrity System Company will play a leading role in the implementation of enhancements to the system with funding inextricably linked to the company.

With the Integrity System Company operating as a subsidiary of MLA, it would not be necessary to establish a separate levy for these activities. Funding could be managed through the current levy framework, allowing maximum flexibility for required funding changes, including shifts in the mix of R&D and marketing activities.

¹ Centre for International Economics 2015, *Meat Industry Strategic Plan 2015–20: Quantifying the benefits from collaborative investments by the red meat industry*, prepared for Animal Health Australia, Centre for International Economics, Canberra and Sydney, June.

² ABARES 2013 *Potential socioeconomic impacts of an outbreak of foot-and-mouth disease in Australia*; Productivity Commission 2002 *Impact of a Foot and Mouth Disease Outbreak on Australia*.

To enhance transparency, the Integrity System Company would receive a dedicated funding component within the current levy framework with costs shared equitably across all sectors. This funding mechanism would be reviewed three years after the establishment of the Integrity System Company in conjunction with the review of the effectiveness of the new structure.

Over the longer term, to affect ownership changes or the transition of the Integrity System Company into a stand-alone entity, the establishment of a new levy to fund industry's integrity system should be explored. The size of the levy would be dependent on the agreed split across sectors and the methods for allocating joint costs between species. The size of the R&D and marketing components of the levy would be dependent on the type of activities to be undertaken. The following steps would need to be taken in order to calculate the levy:

- Determine contributions from processors (and live exporters)
- Identify method/s for allocating joint costs between species
- Develop a Strategic Plan for industry's integrity system to identify the marketing and R&D activities going forward.

Species split

Joint costs across species (cattle, sheep and lambs, goats) are associated with the design and implementation of industry's integrity system. An equitable method to split joint costs between species is Gross Value of Production (GVP). GVP is a measure of the size of the industry and, in many cases, acts as a good proxy for use of these systems.

On the basis of GVP figures over the past five years and anticipated developments over the next five years, a reasonable split on the basis of GVP would be cattle 73%, sheep 7%, lambs 18.5% and goats 1.5%.

Investment quantum

Industry currently invests \$10 million annually in the operation of the industry integrity programs (NLIS, LPA and NVDs) by AUS-MEAT, MLA and NLIS Ltd. This investment is funded through a combination of industry levies and user-pays.

Approximately 76% of funding comes from industry levies, 11% from matching government funds for R&D investment and 13% from user pays funding through the sale of LPA NVD booklets (see Table 2).

The introduction of the electronic NVD (eNVD) creates a need to modify the current arrangements for the funding of the LPA program, with recovery of program costs impractical under the eNVD model. The benefits derived from industry's integrity system as a whole present an argument for the use of industry levies to fund all components of the system, including the LPA program. Industry funding through levies should therefore extend to include the funding of the LPA program.

The establishment of the Integrity System Company should lead to operational efficiencies that will have a positive effect on program costs. The Integrity System Company will, however, be taking on additional roles in relation to Standards management, eLearning, oversight of auditing and support of the new Policy Group. The total funding required to support the delivery of industry's integrity system will be finalised once new governance arrangements are in place and operational efficiencies realised.

✓ Actions required

4

Industry's integrity system is funded on an equitable basis between producers, live exporters and processors

5

A dedicated funding component within the current red meat industry levy framework is established to fund the Integrity System Company, while operating as a subsidiary of MLA

6

Industry progresses the establishment of a new levy to fund industry's integrity system into the future

TABLE 2: Integrity program costs

INTEGRITY SYSTEM COSTS	MANAGED BY	SOURCE	2013/14 (\$)	2014/15 (\$)	2015/16 (PLANNED) (\$)
LPA & LPA QA administration	AUS-MEAT	User pays	328,569	424,403	437,500
LPA auditing	AUS-MEAT	User pays	900,334	850,000	910,000
LPA program support (including eNVD)	MLA	Levies	1,555,255	1,737,241	2,550,000
NLIS database and support services	NLIS Ltd	Levies	4,640,504	5,127,317	5,828,000
SAFEMEAT support	MLA	Levies	479,345	597,103	465,000
TOTAL COSTS			7,904,007	8,736,064	10,190,500*

* Includes NLIS Refresh project and eNVD development costs

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4.3 Reform underway

A suite of reform initiatives identified through the SAFEMEAT Initiative Review Recommendations have been progressed through the supply chain. These include:

4.3.1. National consistent minimum Standards

The SAFEMEAT Initiatives Review prioritised the need for a consistent set of Standards for food safety, traceability, animal welfare and biosecurity extending through the supply chain.

To achieve a whole-of-chain consistency, industry integrity programs need to change in scope and coverage to include food safety, traceability, animal welfare and biosecurity. Government agencies need to recognise those programs as meeting their own jurisdictional requirements. Animal welfare and biosecurity Standards need to be integrated into the integrity system.

The Steering Group has sought to better align the standards of industry integrity programs with regulatory requirements to facilitate the more efficient compliance model identified as a priority in the SAFEMEAT Initiatives Review. Improved integration and consistency of the performance standards of these programs is a key step in creating a strengthened whole-of-chain risk management system.

Consistency and integration of Standards also supports messages from industry to the marketplace and government that these programs can effectively manage risks to food safety, traceability, animal welfare and biosecurity, along the supply chain.

An analysis was conducted by GED Advisory³ to identify gaps comparing regulatory and customer requirements with the performance Standards of industry integrity programs for food safety, traceability, animal welfare and biosecurity. The analysis highlighted that the gaps between regulatory and customer requirements, and industry programs and standards, were most prevalent on-farm for cattle, sheep and goats.

Outcome

The Steering Group engaged with industry integrity program owners on the outcomes of the gap analysis, recommending changes to deliver greater alignment and consistency along the supply chain. This includes the scope of industry integrity programs be adjusted or enhanced by:

- Specifying the use of NLIS to meet traceability requirements
- Promoting the National Feedlot Accreditation Scheme for sheep and goats
- Updating TruckCare to reflect nationally agreed animal welfare Standards for transport
- Including data integrity and biosecurity Standards in the National Saleyard Quality Assurance program

To address the key areas of animal welfare and biosecurity on-farm, the Steering Group has developed animal welfare and biosecurity Standards to be incorporated into the LPA program.

✓ Actions required

7

Animal welfare and biosecurity Standards (ref Appendix C and D) are included in the LPA program

8

The scope of industry integrity programs is adjusted to deliver a strengthened through-chain risk management system

³ Gap Analysis of Industry Assurance Programs, GED Advisory (November 2014)

4.3.2. Strengthened through-chain industry integrity programs

Enhanced LPA accreditation and recommitment

The LPA program's accreditation and recommitment process is a prime opportunity to engage producers, as they must periodically go through this process to access the commercially required LPA NVD.

An accreditation and recommitment process is already in place, either when producers are seeking accreditation for the first time or when they order new NVD books online or via the helpdesk. The process consists of producers completing a declaration based on a series of nine questions on LPA requirements, either online or verbally. Introduction of the new Standards for animal welfare and biosecurity into the LPA program presents an opportunity to enhance this accreditation and recommitment process.

The proposed mechanism for delivery of an enhanced process is to couple it with the new eLearning module. When the new Standards for animal welfare and biosecurity are incorporated into the LPA program, all PICs will be required to renew their LPA accreditation under the new Standards.

All producers will remain provisionally accredited but will be required to complete the eLearning module by a defined time to remain accredited. It is recommended that the recommitment process takes place at least once every three years. Producers must be able to answer the questions accurately or they will be directed to the eLearning module (see Figure 5).

✓ Actions required

9

LPA participants undergo an enhanced recommitment to the LPA program once every three years

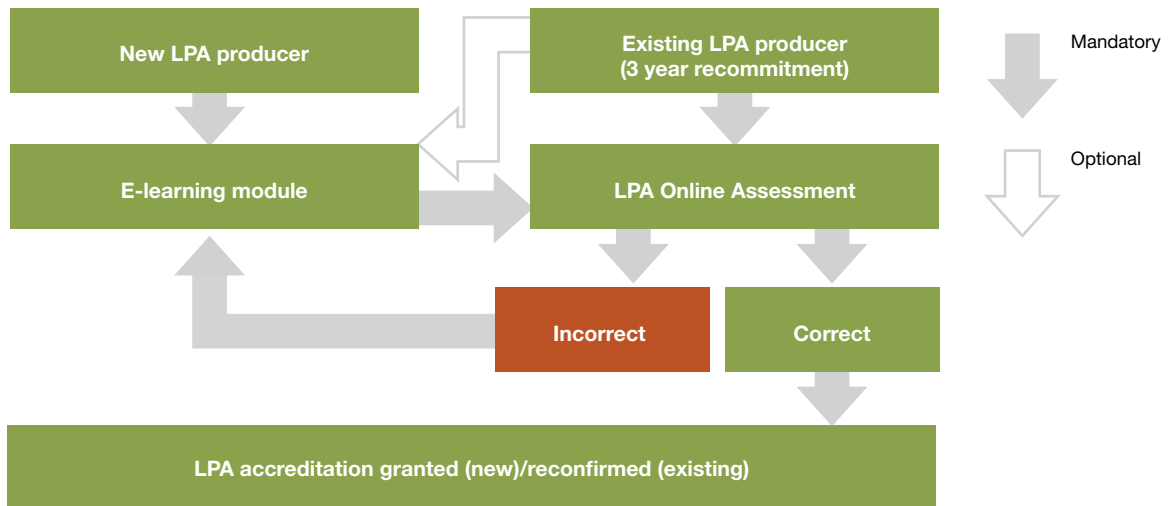


FIGURE 5: LPA accreditation and recommitment process, linking to eLearning

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4.3.3 Effective and integrated monitoring and compliance

In recent years there has been a general trend away from traditional approaches to regulation. Increasingly, co-regulatory models built around accredited and verifiable industry integrity programs are becoming the vehicle for demonstration that commercial supply chain participants are meeting nationally agreed Standards for food safety, traceability, animal welfare and biosecurity. These are the fundamental non-negotiable building blocks of product integrity claims made by Australia and its commercial meat brands.

The SAFEMEAT Initiatives Review Steering Group has established a preferred co-regulatory model for the effective monitoring and compliance of national Standards (see Figure 6). The model specifically identifies the need for an improved and more formalised communication interface between industry integrity programs and government when serious non-compliance is identified.

At the core of the co-regulatory model are nationally agreed Standards for food safety, traceability, animal welfare and biosecurity.

These nationally agreed Standards should be designed to cover:

- At least the minimum mandatory requirements for each sector, where jurisdictions have legislation in place
- Market access requirements
- Community and customer expectations where applicable

SAFEMEAT’s role in animal welfare and biosecurity relates only to the areas that overlap with its core business — food safety, product integrity, traceability and market access. Animal Health Australia has overall carriage of the process to develop Standards for animal welfare and national farm biosecurity guidelines for livestock production.

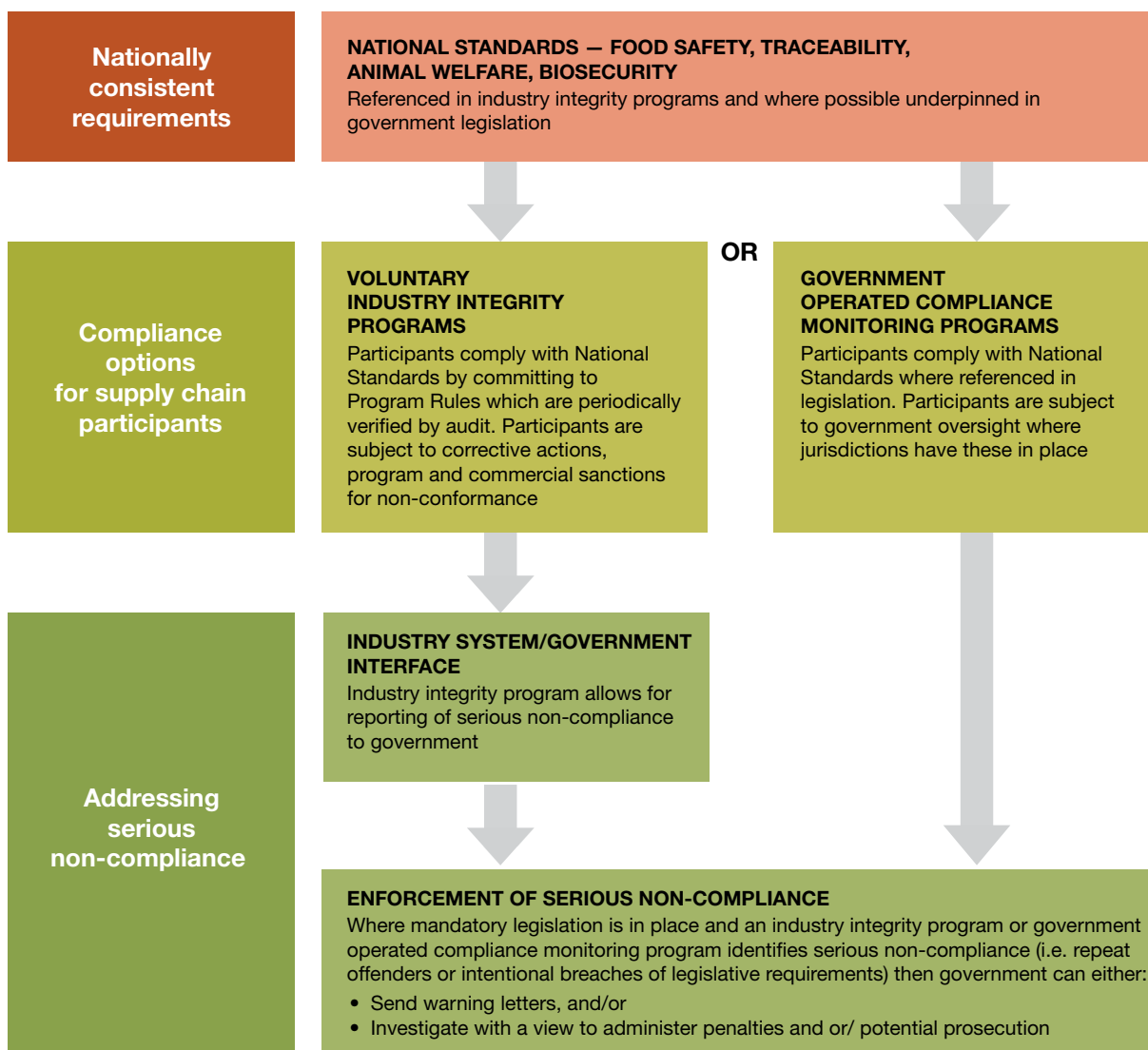


FIGURE 6: Co-regulatory model showing the relationship between industry integrity programs and government



A fundamental agreed principle of the SAFEMEAT Initiatives Review was that industry, as owner operators of the industry integrity programs, should play a greater role in encouraging compliance of minimum mandatory requirements through a model of “Monitor — Support — Enforce”:

- **Monitor** — undertaken by industry (as a part of the industry integrity program) and governments (where required by regulation or market access reasons) with consistent national rules in place to ensure minimum requirements are met.
- **Support** — where there is inadvertent or low level non-compliance, industry support mechanisms will help participants understand the importance of the relevant program, in what way they have not complied, how to rectify the non-compliance and the ramifications of not doing so.
- **Enforce** — if a serious non-compliance is identified, the relevant regulatory authority is notified so they can take the appropriate regulatory response.

Industry integrity programs should therefore reference the nationally agreed Standards as requirements within their program rules. On-farm National Standards for animal welfare and biosecurity, designed for inclusion in the LPA program, are presented in Appendix C and D.

The primary option for supply chain participants to comply with their minimum mandatory and customer requirements is to participate in a formally recognised industry integrity program. By participating in these programs they will be able to demonstrate to their customers, and regulators, that they are meeting the fundamental non-negotiable building blocks of product integrity claims made by Australia and its commercial meat brands.

For customers to have confidence that these industry programs can verify compliance with the Standards (at audit), mechanisms need to be in place for effective monitoring and compliance. This is a shared industry and government responsibility. Industry program participants must continue to be subject to audit. Where non-conformance is identified, corrective actions must be issued and, if these are left unresolved, sanctions should be applied by the governing body. This may have commercial implications.

Where serious non-compliance is uncovered, the governing body of the industry integrity program needs an avenue to refer serious or repeat offenders to a government agency, while being able to apply corrective actions and sanctions within the program scope. Serious non-compliance examples include repeat offenders or where intentional breaches of legislation are uncovered that require the attention of the relevant government agency.

The SAFEMEAT Initiatives Review Steering Group has identified a need for an improved and more formal communication interface between industry integrity programs and government when serious non-compliance is identified so that perpetrators of serious non-compliance can be dealt with.

The communication interface between industry integrity programs and governments — the framework for addressing serious non-compliance

All jurisdictions have given in-principle support to shared responsibility for compliance between industry programs and government agencies, and a collaborative approach to monitoring and enforcement. Central to this collaborative approach is a map of how information is shared between industry programs both to monitor compliance and identify where enforcement is needed.

The SAFEMEAT Initiatives Review Steering Group has developed the framework titled a ‘Framework for the co-regulatory approach to addressing serious non-compliance with the National Standards for food safety, traceability, biosecurity and animal welfare’ which outlines the rules of engagement or ‘interface’ between jurisdictions and recognised industry integrity programs when serious non-conformance is uncovered.

The framework builds on existing SAFEMEAT arrangements for the exchange of information between industry and governments when potential ruminant feed ban (RFB) breaches are identified.

Outlined in Table 5 (page 28) in Appendix B the ‘Framework for addressing serious non-compliance with the national Standards for food safety, traceability, animal welfare and biosecurity’ includes:

- Processes for confidential information exchange
- Government process for when serious non-conformance is identified including by program auditors, other supply chain participants or government inspectors

Where breaches are referred, Government would be expected to take the appropriate regulatory response if a serious non-compliance is identified by any party; acknowledging that this may not always end in the pursuit of a prosecution.

✓ Actions required

10

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’

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Recognition of industry integrity programs for food safety purposes

The Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption (AS:4696) requires animals for slaughter to be sourced from farms that have systems in place which provide assurances about the safety of the meat derived from those animals.

There are a number of existing integrity programs, such as LPA, NFAS, Australian Pork Industry Quality Assurance Program (APIQ) and PigPass, which are formally recognised by Australia's meat industry regulators (the Australian Department of Agriculture and State Food Authorities) as being effective methods of managing food safety risk in livestock.

These integrity programs are considered to be nationally endorsed through peak councils and government agencies via forums such as SAFEMEAT. The Australian Department of Agriculture allows livestock to be sourced from farms that are not accredited under these programs so long as they are husbanded under equivalent systems.

Processors sourcing livestock from formally recognised on-farm industry integrity programs or equivalent are meeting their regulatory requirements under AS:4696.

In 2015 the Steering Group established an assessment criteria and national approval process for determining when on-farm industry integrity programs seeking formal recognition are to be deemed equivalent and therefore become formally recognised.

SAFEMEAT Partners endorsed the assessment criteria and national approval process at its meeting on 23 June 2015. The Meat Implementation Working Group, which is comprised of the Australian Government Department of Agriculture and the State Food Authorities, has been appointed as the primary body for assessing on-farm industry integrity programs as being effective methods of managing food safety risk in livestock and meeting AS:4696 livestock sourcing requirements.

A broader approach to recognition of industry integrity programs

Where a government has adopted the nationally agreed Standards for food safety, traceability, animal welfare, and biosecurity within their legislation, either in part or in full, there is an opportunity for them to formally recognise industry integrity programs which have adopted the Standards for their compliance monitoring purposes.

Formal recognition of an industry integrity program would acknowledge that the program's participants meet their minimum mandatory obligations and therefore would be exempt from direct government oversight.

Ultimately there is no obligation on jurisdictions to formally recognise an industry integrity program unless and until it is satisfied that the program is properly designed and managed. It is acknowledged that some states have indicated they will not adopt such a model. Each jurisdiction would need to be satisfied that the industry integrity program meets their requirements.

To implement this model however the following are required:

1. Framework for government recognition of industry integrity programs

The proposed national framework to assist governments to formally assess and recognise industry integrity programs is attached at Appendix B and includes:

Criteria for assessing and recognising industry integrity programs (see Appendix B, Table 6):

- i. Effective rules linked to National Standards
- ii. Effective verification and monitoring requirements
- iii. Feedback loop for continual improvement
- iv. Periodic auditing of accredited participants
- v. A sanctions framework
- vi. Competency of the governing body
- vii. Accredited Participant and Program Reporting, Key Performance Indicators

The process for assessing and recognising industry integrity programs in a nationally consistent manner is outlined in Appendix B in Table 7.

2. Formalised agreement between recognised industry integrity programs and government

The following programs would be encouraged to seek formal recognition:

- LPA or other programs deemed to be equivalent (eg the Dairy QA programs)
- APIQ
- NSQA
- NFAS
- The LiveCorp program
- Abattoir approved programs (if not already)

These programs should be officially recognised by the jurisdictions either via:

- State legal instrument at the enterprise level, or
- By a Head of Agreement negotiated with each controlling body responsible for granting accreditation, or
- A combination of both options.

The agreement to officially recognise an industry integrity program will be based on an evaluation process against a set of agreed criteria; both of which are suggested in Appendix B in Table 6 and 7 respectively.

Outcome

This draft framework for government recognition of industry integrity programs as a means of complying with regulated national Standards for food safety, traceability, animal welfare and biosecurity can be adopted nationally, with more detailed arrangements for each state and each program developed as necessary. The framework (Appendix B) defines roles and responsibilities, reporting and referrals between regulators and industry programs, but importantly, does not commit parties to any specific or defined actions.

A consultation period with the States and Territories will commence in August 2015.

✓ Actions required

11

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

Benefits and efficiencies

The model delivers significant benefits:

For industry:

- Able to market 'quality assured' stock covering the minimum mandatory requirements for food safety, traceability, animal welfare and biosecurity
- Removes direct government oversight and related issues on inconsistency in interpreting and applying regulatory requirements
- Empowers the enterprise to jointly manage regulatory and commercial requirements under a self-managed accredited program (i.e. their own competent auditors rather than government inspectors)
- Working with other industry systems to identify and manage problems can effect lasting behavioural change
- Empowers management and staff to improve job satisfaction
- Empowers industry to demonstrate compliance with National Standards

For Government:

- States 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
- A more holistic approach means problems can be identified and addressed effectively
- Industry ownership of issues can effect lasting behaviour change
- Recognises accredited programs provide greater assurance that compliance monitoring is being undertaken on an ongoing basis
- Allows jurisdictions to redirect dwindling resources to areas of greater need
- Industry integrity programs still have reporting obligations to the jurisdictions particularly for serious breaches or criminal behaviour
- Jurisdictions retain the power to revoke or suspend a failing or discredited program

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4.3.4 Increased competency in integrity programs and supply chain technologies

Education and training for producers

In recent years, there has been some effort directed to communicating with producers on their responsibilities under the LPA program. Recent research however has demonstrated a relatively low level of awareness and understanding by producers of the importance of industry's integrity system and how these contribute to broader market access requirements and underpin competitive advantage in key overseas markets.

The SAFEMEAT Initiatives Review identified the need for a strengthened on-farm risk management system to drive producer understanding of and competency in the LPA program. The Steering Group has identified a need to efficiently and cost effectively improve producer understanding of LPA standards and requirements, and keep this knowledge up to date in line with any future modifications to the system.

eLearning module

An eLearning module will strengthen producers' competency and understanding of their responsibilities for on-farm food safety and mitigate risk at the farm level. The Steering Group has overseen the development of an eLearning resource that will address the following objectives:

- Encompass assessments for the five elements of the on-farm risk management system:
 1. Property risk assessment
 2. Safe and responsible animal treatments
 3. Stock foods, fodder crops, grain and pasture treatments
 4. Preparation for dispatch of livestock
 5. Livestock transactions and movements
- Measure user understanding of the LPA requirements and Standards following the completion of the LPA online training course via an assessment mechanism.
- Link assessment of competency to the LPA accreditation and recommitment process

The eLearning module includes an assessment tool which may be used to guide targeted auditing based on assessment scores and evidence of compliance with LPA requirements.

Assessment results can also be used to enhance the eLearning module and undertake more effective communications with producers to address any gaps in understanding that may be revealed.

Outcome

LPA's eLearning module has been developed based on the current LPA elements and is ready for user testing. With the incorporation of animal welfare and biosecurity into the LPA program, the eLearning module will be expanded to include these elements.

✓ Actions required

12

An eLearning process becomes a part of the LPA program, to reinforce the strengthened on-farm system and ensure familiarity with LPA requirements

Coordinated approach to communication

Producer competency and participation in industry's integrity system is fundamental to the day-to-day running of their business. Compliance with these systems is also critical to maintaining the red meat industry's reputation as a provider of clean, safe food and ensuring a quick response to a food safety or animal health incident.

Industry integrity programs have largely been developed independently of each other. The programs are currently managed independently, and as a consequence, are branded and communicated differently.

The original recommendations (endorsed by SAFEMEAT) highlighted the need for effective communications, education and training — this was seen as key to strengthening the integrity system. The Steering Group has commenced development of an integrated communications strategy — which involves significant and broad stakeholder engagement — to support the launch and roll out of changes across industry integrity programs. Communications with producers will be simplified with one set of messages.

Outcome

A strategy to deliver:

- Consistent branding and messaging across core integrity systems
- Communication and extension that drives change in producers' attitudes and culture from livestock producer to food producer

✓ Actions required

13

An integrated integrity system communications strategy is delivered in consultation with industry

4.3.5 Flexible program frameworks that enable program scope adjustment

Electronic NVD

The SAFEMEAT Initiatives Review found that the model of an integrated electronic NVD (eNVD) will achieve both operational and cost efficiencies throughout the supply chain, as well as improvements in data integrity. It is estimated that industry could save up to \$5.8M per year by removing the costs associated with the reprocessing of NVDs at saleyards, feedlots and abattoirs. Mistakes and inaccuracies of information provided in paper form will be reduced and overall traceability and integrity improved.

Additional benefits include the ability for NVDs to be quickly and easily updated to allow for amendments to requirements; and incorporate significant additional information — for example, market-specific information. To achieve adoption of eNVDs, government agencies will need to ensure there are no regulatory hurdles to the adoption and use of eNVDs or other tools or databases. Industry will need to provide appropriate commercial incentives to motivate use of electronic systems.

The Steering Group has overseen development of an eNVD to facilitate the capture and storage of key food safety and traceability information. Other projects designed to deliver a more integrated package to producers have also been progressed.

The national eNVD system is based on:

- Nationally agreed data Standards and business rules. The Steering Group has developed business rules that will underpin the eNVD system, ensuring that the system meets industry, regulatory and trading partner requirements
- Using the NLIS database as the national platform for storing and forwarding core NVD data. The eNVD system will use the NLIS platform for the validation of user statuses (e.g. LPA, PIC, EU etc), authentication and addressing (eg licensed eNVD systems, registered users, store and retrieve), and the storage of core data from eNVDs
- Commercial software providers offering users eNVD tools under strict licence and performance arrangements
- Ability for supply chains to streamline the capture of commercial requirements above the core NVD data if desired.

The Steering Group examined many options for the development of the eNVD, including in-house by MLA, but identified that the long term future of this electronic tool lay in a commercial platform. It was also clear that the uptake of this technology should be encouraged and not impeded by any pricing disincentives. It is envisaged there will be no charge for use of the eNVD, however some commercial providers may charge producers to use their application.

Steering Group representatives were involved in an eNVD technical workshop held in December 2014, and representatives from the Steering Group engaged widely with industry on the proposed eNVD model and business rules.

Outcome

The first release of the eNVD platform functionality was made available for commercial software providers to review in May 2015.

Field trials of the eNVD system will commence in September 2015. Commercial software providers will participate in these trials, which will cover property to property; property to saleyard; property to feedlot; property to processor; saleyard to processor; feedlot to saleyard; and feedlot to processor livestock movements. The outcomes will be used to determine the implementation pathway.

Note: A hard copy NVD system should be maintained, but with strong commercial incentives to use eNVDs from the time they become available.

✓ Actions required

14

Commence a phased rollout of the eNVD

4.3.6 Cost savings and operational efficiencies through technology adoption and system integration

The SAFEMEAT Initiatives Review identified that better integration of existing integrity tools would deliver cost and operational efficiencies delivering improved services to producers and better integrity outcomes.

Single log-in

To better integrate the existing databases and support systems to create a more seamless experience for industry participants, a single log-in is being developed to extend across NLIS, LPA, eNVDs, as well as feedback systems such as Meat Standards Australia (MSA) and Livestock Data Link. This will help achieve the overarching objective of improved awareness and understanding of the strengthened integrity system.

This initiative is being progressed by MLA. The Steering Group acknowledges the importance of this initiative in underpinning industry's integrity system and streamlining producer experience with the programs.

Outcome

MLA is progressing the scoping of a single log-in for NLIS, LPA, eNVDs and other industry initiatives (e.g. MSA, Livestock Data Link). Implementation is planned for 2015.

✓ Actions required

15

Implement a single log-in for NLIS, LPA, eNVDs and other industry initiatives

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Support services

Over time, separate helpdesk services have been established to support the NLIS and LPA programs. The motivation for integration was driven by cost efficiencies in operations and need for a more logical experience for the end-user.

Customer service and integrity program support was integrated by MLA and NLIS Ltd through the combining of the NLIS and LPA helpdesks into a single helpdesk within NLIS Ltd in June 2014. The development of training resources which cover both programs has resulted in Helpdesk officers that are equipped to respond to both LPA and NLIS queries, eliminating the need to transfer producers between multiple services.

Outcome

No clear data is available on the benefits of the integration at this stage as the commercially led phase out of pre-2013 NVDs has significantly skewed data around call patterns over the past 12 months.

National PIC registration system

The SAFEMEAT Initiatives Review recommended a National PIC Register be established.

PICs are fundamental to a range of traceability and industry integrity programs including NLIS, LPA and NVDs. PICs enable traceability to specific properties, which is critical in the event of a disease outbreak or residue incident.

Currently, each State and Territory maintains their own discrete PIC register to identify properties where livestock are kept. Each State and Territory is responsible for managing their own PIC registration system, with some variation in operational rules for PIC allocation. In general, PICs fall under the relevant stock diseases or biosecurity legislation. Legislation provides the “rules” for assigning identification codes to a property which carries livestock, on behalf of the owner or occupier of that property, and the mechanisms for updating PICs when circumstances change.

The fact that the existing state-based livestock PIC systems are all able to provide information to a single NLIS database shows the robustness of the current system while also indicating the potential to achieve operating efficiencies from a national registration and data management system.

It was considered that the adoption of uniform national PIC business rules by all jurisdictions could provide consistency in the way in which PIC information is collected and reported.

It could also achieve efficiencies from both an administrative perspective and, once integrated within the NLIS database, deliver a mechanism to undertake improved risk profiling of properties to support the objectives of targeted audit programs.

Animal Health Australia, in collaboration with the MLA Donor Company, engaged a consultant to develop a business case to identify options available for a national PIC registration system. AHA has managed consultation for this project. The Steering Group is acting as a reference group for the project.

Outcome

Consultants GHD, supported by IT system specialists Artis Group, investigated the current State and Territory-based systems and developed a range of options for a National PIC Register, including:

- Option 1. National PIC registration system using current State-based systems
- Option 2. Centralised web interface
- Option 3. Full implementation of a national system

A cost-benefit analysis of these options revealed that significant cost savings may only be achieved over time if extended service levels were introduced, and other industries became involved (eg horticulture, viticulture, grains).

However, no cost benefits were identified for livestock industries driving towards a national system at the current service levels and without the involvement of other industries. The potential value from a National PIC registration system would only be fully realised when traceability systems applicable to other industries are developed. There are also considerable legislative barriers to creating a national system.

At this time, there is not a strong business case for a National PIC registration system for livestock industries alone. There is however opportunity to work towards the full harmonisation of PIC business rules across States and Territories which will deliver operational efficiencies and mitigate risk.

✓ Actions required

16

Full harmonisation of PIC business rules continues nationally

5. Pathway to implementation

Throughout this report, the Steering Group has identified a series of actions which together represent an implementation pathway for the SAFEMEAT Initiatives Review recommendations. These are detailed in Table 3 with next steps, responsibilities and a proposed timeline.

Several actions are already underway and others will be implemented by SAFEMEAT, integrity program owners and MLA, as well as by the proposed Integrity System Policy Group and the Integrity System Company.

Following delivery of this report, it will be important to ensure that actions continue to progress while changes to delivery structures and system oversight are implemented.

To ensure continued momentum, it is recommended that the Steering Group maintains an oversight role, specifically in regard to:

- Finalising the compliance interface between industry and State and Territory governments
- Development of eNVD system
- Online recommitment and accreditation
- Changes to the LPA program
- Development of an integrated communications strategy

It is envisaged this arrangement will remain in place until broader industry program governance structures undergo change and can take carriage of these initiatives where required.



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TABLE 3: Implementation pathway (with detail)

ACTION REQUIRED	NEXT STEPS	BY WHOM	BY WHEN
Governance			
1. The SAFEMEAT Partnership remains the ultimate authority regarding the integrity system, providing ratification of system changes, and leadership in times of crisis	N/A	SAFEMEAT	Ongoing
2. Industry governance of the integrity system is streamlined in a single Integrity System Policy Group to formulate unified policy and develop recommendations to support the operations and strategic direction of the industry integrity system, replacing the 10 existing subcommittees	2.1 Develop Terms of Reference for ratification by SAFEMEAT Partners	Steering Group	November 2015
	2.2 Establish Integrity System Policy Group	SAFEMEAT Partners	January 2016
3. The management and delivery of industry integrity programs (NLIS, LPA, NVDs) becomes the responsibility of a single Company operating initially as a subsidiary of MLA, under the governance of a skills-based Board	3.1 Industry endorsement of the delivery model	Peak Councils	November 2015
	3.2 Structure established	MLA	January 2016
	3.3 Program components transferred to the Company	MLA, AUS-MEAT, NLIS Ltd	January 2016
	3.4 Transitional arrangements progressed while Board selection process established	Integrity System Company	February – December 2016
Funding			
4. Industry's integrity system is funded on an equitable basis between producers, live exporters and processors	4.1 Agreement on equitable funding split reached	Peak Industry Councils, AMPC, LIVECORP, MLA	November 2015
	4.2 Species funding split based on GVP (cattle 73%, sheep 7%, lambs 18.5%, goats 1.5%) agreed	Peak Industry Councils, AMPC, LIVECORP, MLA	November 2015
5. A dedicated funding component within the current red meat industry levy framework is established to fund the Integrity System Company, while operating as a subsidiary of MLA	5.1 Framework established and endorsed	Peak Industry Councils, AMPC, LIVECORP, MLA	June 2016
	5.2 LPA program costs transitioned across to industry levies	Integrity System Company	June 2016
	5.3 Review of funding arrangements	Peak Industry Councils, Integrity System Company	January 2019
6. Industry progresses the establishment of a new levy to fund industry's integrity system into the future	6.1 Determine contributions from processors and live exporters	Peak Industry Councils, AMPC, LIVECORP, MLA	November 2015
	6.2 Identify method/s for allocating joint costs between species	Peak Industry Councils, AMPC, LIVECORP, MLA	June 2016
	6.3 Develop a Strategic Plan for industry's integrity system to identify the marketing and R&D activities going forward	Integrity System Company	December 2016
Standards			
7. Animal welfare and biosecurity Standards (ref Appendix C and D) are included in the LPA program	7.1 SAFEMEAT to consider and endorse the proposed Biosecurity and Animal Welfare Standards	SAFEMEAT	November 2015
	7.2 Biosecurity and Animal Welfare Standards adopted within the LPA program	Integrity System Policy Group, Integrity System Company	June 2016
Strengthened program elements			
8. The scope of industry integrity programs is adjusted to deliver a strengthened through-chain risk management system	8.1 Specify the use of NLIS to meet traceability requirements in industry assurance programs	SAFEMEAT, LPA, NFAS, TruckCare, NSQA, Processor QA	Immediate
	8.2 Promote the National Feedlot Accreditation Scheme for sheep and goats	SAFEMEAT, Integrity System Company	Ongoing
	8.3 Update TruckCare to reflect nationally agreed animal welfare Standards for transport	ALRTA	Immediate
	8.4 Include data integrity and biosecurity Standards in the National Sleyard Quality Assurance program	NSQA	Immediate

TABLE 3: Implementation pathway (with detail)

ACTION REQUIRED	NEXT STEPS	BY WHOM	BY WHEN
9. LPA participants undergo an enhanced recommitment to the LPA program once every three years	9.1 Process for managing recommitment determined	Steering Group	October 2015
	9.2 LPA rules amended to support enhanced accreditation and recommitment process	Integrity System Policy Group, Integrity System Company	March 2016
Monitoring and compliance			
10. Industry integrity programs and State jurisdictions adopt the 'Framework for addressing serious non-compliance with the National Standards for food safety, traceability animal welfare and biosecurity'	10.1 Finalise consultation with the States and Territories	Steering Group	September 2015
	10.2 Seek endorsement from the States and territories on the framework	SAFEMEAT	November 2015
	10.3 Implement changes within the relevant industry integrity programs to support the framework	Integrity System Policy Group, Integrity System Company	June 2016
11. 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	11.1 Conduct consultation with the States and Territories	Steering Group	September 2015
	11.2 Seek endorsement from the States and Territories	SAFEMEAT	Ongoing
Education and communications			
12. An eLearning process becomes a part of the LPA program, to reinforce the strengthened on-farm system and ensure familiarity with LPA requirements	12.1 User testing and rollout of the eLearning module for food safety	Steering Group, Integrity System Company	March 2016
	12.2 Expansion of the eLearning module to support animal welfare and biosecurity Standards	Integrity System Policy Group, Integrity System Company	June 2016
	12.3 Targeted audit program informed by eLearning outcomes	Integrity System Company	December 2016
13. Deliver an integrated integrity system communications strategy in consultation with industry	13.1 Consult with industry assurance programs	Steering Group	September to November 2015
	13.2 Develop strategy and implementation plan	Steering Group	December 2015
System enhancements			
14. Commence a phased rollout of the eNVD	14.1 Field trial conducted	MLA, Steering Group	September to Dec 2015
	14.2 Implementation plan for the roll-out of eNVD developed	MLA, Steering Group	December 2015
	14.3 Commercial incentives for use of eNVD identified	Steering Group	December 2016
	14.4 eNVD implemented	Integrity System Company	March 2016
15. Implement a single log-in for NLIS, LPA, eNVDs and other industry initiatives	15.1 Development and user testing	MLA	September to November 2015
	15.2 System implementation	MLA	December 2015
16. Full harmonisation of PIC business rules continues nationally	16.1 Consult with industry on the options available	AHA	TBC
	16.2 Encourage harmonisation	SAFEMEAT	Ongoing

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Appendix A: Summary of progress and recommendations

The SAFEMEAT Initiatives Review recommendations were distilled into an implementation plan. The following table provides a summary of progress against agreed actions.

TABLE 4: Progress against SAFEMEAT Initiative Review Recommendations

STRATEGY/ACTION	ACTION TAKEN	STATUS
Strategy 1 Whole of chain risk management approach encompassing producers, saleyards, agents, feedlots, transporters, live exporters and processors		
1.1 Broadened scope and integration	<ul style="list-style-type: none"> • Scope and objectives defined • Gap analysis completed • Consultation with program owners conducted • Draft animal welfare and biosecurity Standards developed • Equivalency framework for on-farm programs developed 	Implementation commenced
1.2 Incentives for uptake	<ul style="list-style-type: none"> • Draft animal welfare and biosecurity Standards developed for inclusion in LPA program • Compliance framework provides opportunity for recognition of industry programs • The eNVD will be available for use at no cost by decoupling LPA program costs from the eNVD 	Implementation commenced
1.3 Compliance model	<ul style="list-style-type: none"> • Working group formed • In principle support from jurisdictions to shared responsibility for compliance between industry programs and government agencies • Draft compliance framework developed for consultation 	Under consultation
1.4 Strengthened on-farm risk management system	<ul style="list-style-type: none"> • Draft animal welfare and biosecurity Standards developed for inclusion in LPA program • Competency based LPA accreditation and recommitment process developed • Triennial recommitment requirement for the LPA program • eLearning module developed • Integrated integrity systems communication plan under development 	Implementation commenced
1.5 System oversight	<ul style="list-style-type: none"> • Structural review of the red meat integrity systems completed • Streamlined committee structure to support policy and strategic development for the integrity system developed • Delivery model identified for industry's integrity system, based on a single entity having overarching responsibility 	For implementation
Strategy 2 Integrated systems delivering cost and operational efficiencies		
2.1 Integrated electronic NVD	<ul style="list-style-type: none"> • Data Standards and business rules developed and agreed • Interim platform developed and available for commercial software provider review • Field test preparation underway 	Implementation commenced
2.2 National PIC registration system	<ul style="list-style-type: none"> • Research into business case for national PIC registration system completed 	Report complete
2.3 Common tracing tools	<ul style="list-style-type: none"> • NLIS Ltd have created a tracing report for short-run tracing based on the Mirror database • Most States are implementing tracing solutions using either the Victorian Yes/Max system (VIC, TAS, SA) or the NSW tracing system (NSW, QLD) • The States have agreed to develop a national tracing SOP to ensure responsibilities and communication channels are well known 	Implementation commenced





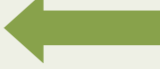
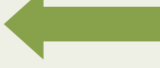
TABLE 4: Progress against SAFEMEAT Initiative Review Recommendations

STRATEGY/ACTION	ACTION TAKEN	STATUS
2.4 Integrated databases and support services	<ul style="list-style-type: none"> NLIS and LPA Helpdesk functions merged and managed by NLIS Ltd Communication consultant appointed to develop and implement integrated integrity systems communications Scoping of single sign-in underway 	Implementation commenced
2.5 Leveraging information	<ul style="list-style-type: none"> eNVD to be integrated into the NLIS platform eLearning assessment outcomes to support targeted auditing program 	Implementation commenced
Strategy 3 Sustainable funding model to ensure effectiveness into the future		
3.1 Opportunities for cost recovery	<ul style="list-style-type: none"> National on-line tag ordering service (Refer to Appendix E) 	For consideration
3.2 Opportunities for cost savings	<ul style="list-style-type: none"> Integration of NLIS and LPA helpdesks Implementation of eNVD Single entity for delivery Streamlined committee structure Targeted audits 	For implementation
3.3 Opportunities for better leveraging levy funds	<ul style="list-style-type: none"> Enhanced delivery structure identified 	For implementation
3.4 Delivery of a sustainable funding model	<ul style="list-style-type: none"> Funding model identified Species split determined Pathway for progressing change developed 	For implementation



Appendix B: Monitoring and compliance framework details

TABLE 5: Framework for addressing serious non-compliance with the National Standards for food safety, traceability, animal welfare and biosecurity

INDUSTRY INTEGRITY PROGRAM PROCESS WHEN SERIOUS NON-CONFORMANCE* IS IDENTIFIED	CONFIDENTIAL INFORMATION EXCHANGE	GOVERNMENT PROCESS WHEN SERIOUS NON-CONFORMANCE IS IDENTIFIED
<p>Serious non-conformance identified by program auditors</p> <ul style="list-style-type: none"> The Auditor detects non-compliance with the Program Rules/National Standards and contacts the Industry Integrity Program Governing Body (the Governing Body) to discuss the nature and severity of the identified non-conformance. Correct immediate problem. Where it is determined that a non-conformance has occurred in accordance with the Program Rules or that a law or legislation has been breached, the matter is reported to the Governing Body for review and further action. The reporting procedure must include the provision of supporting evidence (documentation, photographs etc). Where the Governing Body determines that the non-conformance is a breach of the Program Rules they may provide the accredited participant with a statement of corrective action/s and or other sanctions. Where the Governing Body determines that the non-conformance is serious and therefore may constitute a breach of statutory requirements they contact the relevant Jurisdiction and provide the supporting evidence for further investigation by the relevant jurisdiction. <p>Serious non-conformance identified by other supply chain participants</p> <ul style="list-style-type: none"> The receiver of the livestock or another supply chain participant detects non-compliance with the Program Rules/National Standards. They complete a report which must include supporting evidence (documentation, photographs etc) and provides it to the Governing Body. The report should be approved by Management and verified by an independent party as true and correct. Where the Governing Body determines that the non-conformance is serious the problem should be corrected immediately. Where the Governing Body determines that the non-conformance is a breach of the Program Rules they may provide the accredited participant with a statement of corrective action/s and or other sanctions. Where the Governing Body determines that the non-conformance is serious and therefore may constitute a breach of statutory requirements they contact the relevant Jurisdiction and provide the supporting evidence for further investigation by the relevant jurisdiction. <p>Serious non-conformance identified by government inspectors</p> <ul style="list-style-type: none"> Supply chain participants participating in a recognised Industry Integrity Program will be deemed as meeting their legislative requirements and not require government inspection. Supply chain participants not participating in a recognised Industry Integrity program must still comply with National Standards and legislative requirements and will be subject to government inspection, possibly at cost. Government compliance inspectors detect a possible legislative non-compliance with the National Standards/government regulations. Correct immediate problem. Document the findings. Report up through the usual management chain for further investigation. 	<p>INFORMATION FLOW OF SERIOUS NON-CONFORMANCE:</p> <p>a) Advice of Serious Non-Conformance*</p>  <p>*Possible breach of legislation (i.e. repeat offenders or intentional breaches of legislative requirements)</p> <p>b) Advice of action taken</p>  <p>c) Advice of the outcome of action taken</p>  <p>d) Advice of 'closeout'</p>  <p>Each Jurisdiction and the Governing Bodies of Industry Integrity Programs must have an internal documented process outlining how this information is relayed.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">INDUSTRY INTEGRITY PROGRAM CONTACT PERSON</p>	<p>GOVERNMENT ACTION</p> <ul style="list-style-type: none"> The relevant Jurisdiction may undertake its own investigation of serious non-conformance (i.e. repeat offenders or intentional breaches of legislative requirements) using information provided by the Governing Body of the Industry Integrity Program. An investigation is instigated by the jurisdiction and further evidence collected. A senior supervising officer will evaluate all evidence and decide on appropriate action after consultation with Jurisdictional; legal advisors and policy advisors. Subject to that investigation the Jurisdiction may take the following action: <ul style="list-style-type: none"> send a warning letter and/or conduct further investigations with a view to administer penalties and or/ issue corrective actions and/ or instigate potential prosecution The relevant Jurisdiction to provide advice to the Governing Body about the outcome/closeout of any actions taken. <p style="writing-mode: vertical-rl; transform: rotate(180deg);">GOVERNMENT PROGRAM CONTACT PERSON</p>

*Note: Non-compliance falling into the category of misdemeanours, minor breaches, inadvertent oversights etc are to be managed in accordance with the program rules by accredited participants and the Industry Integrity Program Governing Body.

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TABLE 6: Criteria for assessing and recognising industry integrity programs

CRITERIA FOR ASSESSING AND RECOGNISING INDUSTRY INTEGRITY PROGRAMS
Industry integrity programs seeking national recognition from jurisdictions must have the following attributes:
Criteria 1. Effective rules linked to National Standards
<ul style="list-style-type: none"> The program rules must cover the need to comply with nationally agreed Standards and minimum legislation for food safety, traceability, animal welfare, and biosecurity. Jurisdictions, in consultation with industry, will stipulate the minimum mandatory requirements to be included in the program rules; which will be submitted for recognition.
Criteria 2. Effective verification and monitoring requirements
<ul style="list-style-type: none"> The program must include requirements for specific documented procedures for compliance monitoring, in-house verification arrangements, and managing non-compliance. <p>For example the industry integrity program should:</p> <ul style="list-style-type: none"> Detail the names/titles of persons responsible at the accredited site for monitoring and managing compliance with regulatory requirements. These persons should have available all requisite training and support materials (SOPs, WIs), Provide for verification checking of incoming stock; in house provisions for managing non-compliance; for interacting with the NLIS database and dealing with assigned statuses or problems and for providing feedback to consignors of detected non-compliance requiring corrective action, Maintain records of non-compliance, corrective actions taken and of feedback to the consignor for audit purposes.
Criteria 3. Feedback loop for continual improvement
<ul style="list-style-type: none"> The program must include requirements for the feedback of non-compliance to suppliers to encourage continual improvement.
Criteria 4. Periodic auditing of accredited participants
<ul style="list-style-type: none"> The program must include periodic auditing of accredited participants by a competent auditor; the frequency of which must be at least statistically significant within the accredited population.
Criteria 5. A sanctions framework
<ul style="list-style-type: none"> The program must include the ability to apply corrective actions and sanctions. Commercial drivers and incentives are also preferable.
Criteria 6. Competency of the governing body
<ul style="list-style-type: none"> The jurisdictions must stipulate the requirements to be met of the governing body, including the qualifications, training and experience of persons responsible for managing compliance.
Criteria 7. Accredited participant and program reporting, key performance indicators
<p>The program must have documented procedures and KPIs for reporting at the accredited participant and program or industry level. These need to be made available to jurisdiction on a regular basis for recognition to continue.</p> <p>Accredited participant level KPIs and reporting:</p> <ul style="list-style-type: none"> The program must have Key Performance Indicators (KPIs) or other mechanisms* that are suitable to be reported on a regular basis by either the accredited participant or the governing body to show that the accredited participant is compliant on an ongoing basis. In return the regulator will recognize the accredited participant as meeting its regulatory and reporting needs. <p>Industry level reporting:</p> <ul style="list-style-type: none"> The program must have a reporting system and template that amalgamates and summarizes the results of the accredited participant KPI reporting and/or audit results into national report. This summary report should reflect on industry's compliance with the nationally agreed Standards and minimum legislation for food safety, traceability, animal welfare, and biosecurity and therefore be used to demonstrate the industry's collective performance and credentials to the regulator.

* For LPA for example the recommitment process and e-learning module that accredited participants complete should suffice.



TABLE 7: Process for assessing and recognising industry integrity programs

PROCESS FOR ASSESSING AND RECOGNISING INDUSTRY INTEGRITY PROGRAMS
<p>Ultimately there is no obligation on jurisdictions to formally recognise an industry integrity program unless and until it is satisfied that the program is properly designed and managed.</p> <p>Each jurisdiction would need to satisfy themselves that the industry integrity program meets their requirements.</p> <p>As a guide the process may involve:</p> <p>Programs should be officially recognised by the jurisdictions either via:</p> <ul style="list-style-type: none">• State legal instrument at the enterprise level, or• By a Head of Agreement negotiated with each controlling body responsible for granting accreditation, or• A combination of both options. <p>The agreement to officially recognise an industry integrity program should be based on:</p> <ul style="list-style-type: none">• An evaluation by the jurisdictions that the program being assessed meets the suggested “criteria for assessing and recognising industry integrity programs” (Table 6 above).• An evaluation by the jurisdictions that regulatory requirements/National Standards are specifically provided for in the rules of the program (the Program Manual) and that the procedures developed, if adhered to, will provide a level of assurance that these requirements will be met and that tasks associated with regulatory requirements will be undertaken by persons with the requisite skills, training and qualifications.• Compliance at the enterprise level being the responsibility of the Responsible Person nominated in the Program Manual who will have the overarching responsibility for ensuring the enterprise integrity program is being followed in accordance with the accreditation requirements of the program.• The governing body or the “accrediting authority” will be responsible for the periodic auditing of the accredited enterprise by a competent independent auditor. This does not preclude the jurisdictions from carrying out their own audits at any time.





Appendix C: Draft Biosecurity Standards for the on-farm management of livestock (cattle, sheep, goats)

Introduction

The draft Standards set out in this document have been drafted as a basis for discussion with industry and governments on behalf of the SAFEMEAT Initiatives Review Steering Group.

The aim is to incorporate Biosecurity Standards into industry assurance systems along the livestock supply chain, in particular the Livestock Production Assurance (LPA) program.

The draft Standards draw from the National Farm Biosecurity Reference Manual — *Grazing Livestock*, a comprehensive set of guidelines for on-farm biosecurity published by Animal Health Australia under the National Farm Biosecurity Program. Further information on this program can be found at www.farmbiosecurity.com.au

Objectives

- To minimise risks of the introduction of infectious diseases to livestock production properties.
- To minimise risks of the spread of diseases from an infected property to an uninfected property.
- To contribute to the early detection of significant diseases (for example exotic diseases) to enhance effective response and minimise trade and public health impacts.

Key elements:

1. Livestock

Key biosecurity principle: Manage the introduction and movement of livestock in a way that minimises the risk of introducing or spreading infectious disease.

- 1.1. On arrival at the property, all introduced livestock will be inspected for signs of ill health or disease.
- 1.2. A record will be kept of livestock introduced including the Property Identification Code (PIC) of the last property of residence for new livestock, and/or the name and location of the show or sale if livestock are returning from there to the property. A National Vendor Declaration (NVD) and/or Stock Health Statement that accompanies introduced livestock are suitable records.
- 1.3. Introduced breeding stock of unknown health status will be isolated and observed for signs of disease before entering the breeding herd
- 1.4. A record must be kept of livestock consigned from the property including the date, the number and type of livestock and their destination. A copy of the NVD completed for the consigned livestock is a suitable record.

2. People, equipment and vehicles:

Key biosecurity principle: People, equipment and vehicles entering the property are controlled to minimise the potential for property contamination.

- 2.1. A person must not enter areas of the property where livestock are kept or grazed without the authority of the livestock producer.
- 2.2. A record must be kept of people, vehicles and equipment that have entered the property and have come in contact with livestock or entered areas where livestock are kept.

3. Feed and water

Key biosecurity principle: Quality of stockfeed and water is fit for purpose

- 3.1. A person must not feed Restricted Animal Material (RAM) to ruminant livestock, or allow access by ruminant livestock to feedstuffs containing RAM.

4. Animal health management

Key biosecurity principle: Prevent and control animal diseases on-farm by regularly monitoring livestock health.

- 4.1. Livestock must be inspected regularly for ill health and disease.
- 4.2. The producer must ensure the telephone number of a veterinary practitioner or local animal health office is recorded and readily accessible.
- 4.3. A veterinary practitioner, or animal health officer, must be notified if unusual disease, illness or mortality is observed (refer definition below).
- 4.4. A record must be kept of any disease or condition from which livestock have suffered, and their treatment.
- 4.5. A record must be kept of the date and type of all vaccination, drench, lice or other chemical treatments.
- 4.6. Boundary fences must be inspected regularly, and maintained to minimise livestock straying onto or from neighbouring properties or public roads.

5. Farm Biosecurity Plan

- 5.1. Each property must have a Farm Biosecurity Plan that incorporates these Standards as a minimum.

Further information on good biosecurity practices that may be useful to incorporate into a Farm Biosecurity Plan can be found in the National Farm Biosecurity Reference Manual — *Grazing Livestock* (www.farmbiosecurity.com.au)

Definitions

Livestock producer includes the owner, manager or person in charge of the livestock.

Unusual illness or disease means illness or disease that:

- has not been observed on the property before, and is causing significant illness or death; or
- has signs considered similar to those caused by an emergency animal disease.

Unusual mortality means:

- livestock on the premises are dying at a rate not observed before and without obvious cause.

Restricted Animal Material means any material taken from a vertebrate animal, other than tallow, gelatine, milk products or oils. It includes rendered products such as blood meal, meat meal, meat and bone meal, fish meal, poultry meal, feather meal, and compounded feeds made from these products.

Draft Assessment Guidelines

1. Introducing new livestock (including livestock returning from shows and sales)

- 1.1. Are all introduced livestock inspected for signs of ill health or disease on arrival at the property?
- 1.2. Are records kept of livestock introduced including the Property Identification Code (PIC) of the last property of residence for new livestock, and/or the name and location of the show or sale if livestock are returning from there to the property. A NVD and Stock Health Statement that accompanies introduced livestock are suitable records).
- 1.3. Are introduced breeding stock of unknown health status isolated and observed for signs of disease before being introduced to the breeding herd?

2. Consigning livestock from the property

- 2.1. Is a record kept of livestock consigned from the property including the date, the number and type of livestock and their destination? (A copy of the NVD completed for the consigned livestock is a suitable record).

3. People and equipment and vehicles

- 3.1. Does the livestock owner require people to obtain their authority before they enter any areas of the property on which livestock are held?
- 3.2. Are records kept of people, vehicles and equipment that have entered the property and have come in contact with livestock or entered areas where livestock are held?

4. Feed and water

- 4.1. Are suitable safeguards in place to prevent the feeding of Restricted Animal Material to ruminants [note currently an LPA audit element already].

5. General animal husbandry and disease management

- 5.1. Are livestock inspected regularly for ill health and disease?
- 5.2. Is the telephone number of a veterinary practitioner or local animal health office recorded and kept readily accessible?
- 5.3. Is a veterinary practitioner, or animal health officer, notified if unusual disease, illness or mortality is observed?
- 5.4. Is a written record kept of any disease or condition from which livestock have suffered, and their treatment?
- 5.5. Is a written record kept of the date and type of all vaccinations, and drench, lice or other chemical treatments?
- 5.6. Are boundary fences inspected regularly, and maintained to minimise livestock straying onto or from neighbouring properties or public roads?

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Appendix D: Draft Animal Welfare Standards for the on-farm management of livestock (cattle, sheep, goats)

Introduction

The draft Standards set out in this document have been drafted as a basis for discussion with industry and governments on behalf of the SAFEMEAT Initiatives Review Steering Group. They are presented for discussion purposes only.

The aim is to incorporate Animal Welfare Standards into industry assurance systems along the livestock supply chain, in particular the Livestock Production Assurance (LPA) program.

Objective

- The welfare of livestock is not compromised whilst within control of people responsible for their care and wellbeing, and that prompt and appropriate remedial action is taken when required.
- The welfare of livestock is monitored whilst within the control of persons responsible for their care and wellbeing, and that prompt and appropriate remedial action is taken when required.

Performance Indicators

1. Procedures for the management of livestock are developed and implemented, including contingency procedures to prevent and/or mitigate potential risks to livestock welfare.
2. Facilities and equipment are designed and maintained to ensure minimal interference or stress is incurred by livestock.
3. Weak, ill or injured livestock are identified and promptly treated in a humane manner.
4. Livestock are routinely managed to minimise stress and injury.
5. All people responsible for the handling of livestock are competent* in their tasks consistent with the requirements of these Standards.

* A person is deemed competent when they can demonstrate current knowledge, skills, attitude and behaviour to undertake the task.

Definitions

Livestock producer includes the owner, manager or person in charge.

Draft Assessment Guidelines

1. Animal welfare responsibilities

- 1.1. Are the relevant Standards and guidelines and any other regulatory requirements understood?
- 1.2. Have the Standards in the Australian Animal Welfare Standards been adopted?
- 1.3. Are livestock inspected at intervals and at a level appropriate to the production system and the risks to livestock?

2. Sick or injured livestock

- 2.1. Are sick, injured or diseased livestock provided with appropriate care and/or treatment at the first reasonable opportunity?

3. Feed and water

- 3.1. Do livestock have access to adequate and appropriate feed and water to maintain good health?

4. Facilities and equipment

- 4.1. Are facilities and equipment constructed, maintained and operated to ensure the welfare of livestock?
- 4.2. Are restraint facilities designed to allow livestock to be handled efficiently with minimal danger to the animals and their handlers?

5. Livestock handling

- 5.1. Are livestock handled to optimise welfare outcomes?
- 5.2. Are electric prodders only used when required and use is minimal?
- 5.3. Are dogs under effective control at all times during livestock handling?

6. Environmental conditions

- 6.1. Where practical, are animals only handled when environmental conditions are favourable for their welfare?

7. Husbandry procedures

- 7.1. Are castration, dehorning, spaying and identification procedures carried out in a manner that minimises animal welfare risks by considering the age and condition of the animal, market specifications and regulatory requirements?



8. People training

- 8.1.* Do people undertaking livestock handling and husbandry procedures have the necessary knowledge, skills and experience or are supervised by a person with the relevant knowledge, skills and experience?

9. Breeding management

- 9.1.* Are breeding management practices conducted in a manner that minimises the risk to livestock welfare?
- 9.2.* Are all reasonable actions taken to minimise pain, stress and risk of injury to livestock during artificial breeding procedures?
- 9.3.* Are pregnant livestock handled in a way that minimises stress and their welfare is appropriately monitored?

10. Humane destruction

- 10.1.* Are livestock suffering from severe distress, disease or injury that cannot be reasonably treated humanely destroyed at the first reasonable opportunity?

11. Livestock transport responsibilities

- 11.1.* Is a duty of care exercised to ensure the welfare of livestock and compliance with the livestock transport Standards?

12. Planning livestock transport

- 12.1.* Is adequate planning carried out, and are contingency measures for minimising risks to livestock welfare in place?

13. Livestock handling competency

- 13.1.* Is the handling, selection, loading, transporting and unloading of livestock performed by people with the necessary knowledge, skills and experience and/or supervised by a person with the relevant knowledge, skills and experience?

14. Vehicles and facilities

- 14.1.* Are livestock transport vehicles and facilities constructed, maintained and operated in a way that minimizes the risk to livestock welfare?

15. Pre-transport selection

- 15.1.* Is the fitness of livestock for the intended journey assessed at every loading?
- 15.2.* Are livestock assessed as not fit for transport not loaded, and appropriate arrangements are made including where necessary appropriate treatment or humane destruction at the first opportunity?

16. Loading density

- 16.1.* Is loading density assessed for each pen or division in the livestock crate to minimise the risk to livestock welfare?

17. Handling and transport

- 17.1.* Are livestock handled, loaded, transported and unloaded in a manner that minimises risks to livestock welfare?

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Appendix E: Establishment of a national on-line tag ordering service

Introduction

In considering opportunities for cost savings the SAFEMEAT Initiatives Review Steering Group assessed the feasibility of implementing a national on-line tag ordering service to reduce the cost of tags to producers and to provide a potential funding mechanism for the integrity system.

While the Steering Group did not identify this as a priority for the implementation of the Review outcomes, the findings are provided for consideration by industry.

Overview of the Victorian system

Victorian producers have access to four NLIS (Cattle) tag brands through a government managed supply arrangement. Approximately 50% of Victorian tag orders are received via the Victorian Department's on-line service. When ordered on-line, prices range between \$0.85 and \$1.25 per tag, including postage and handling. The Department has also secured a GST exemption for the tags that it sells.

Prices are \$0.10 per tag higher if producers lodge their order using a paper application form.

The Victorian Department charges an administration fee of \$10 per order to cover the Department's administrative and IT costs.

Victorian tag prices are considerably cheaper than in other states, where tags cost around \$3 including postage and handling. The Victorian tag prices are the result of:

- A competitive tender process
- Centralised tag ordering arrangements (reducing tag manufacturer administration costs)
- Subsidisation from the Victorian Cattle Compensation Fund.

A national on-line tag ordering service

While there are a number of benefits that a national on-line ordering service could potentially deliver, there are also a number of operational and legal considerations that would need to be addressed before a national tag ordering service could be established.

Benefits

Approximately 11 million NLIS (Cattle) tags are purchased annually by cattle producers outside of Victoria. A saving in the order of \$1 per tag could potentially be achieved through the establishment of a national on-line tag ordering and supply service. Even if only 50% of producers used the service, the saving to industry would be in the order of \$5 million per annum.

The website supporting the on-line service could potentially accept advertising for rural merchandise and services. In time, the site could also sell other products and services, with the potential for other income streams, independent of tag sales.

Implications

The major implication of a national on-line tag ordering service would be the impact on rural merchandise sales, which may in turn impact on tag manufacturer profit margins. The relationships between tag manufacturers and rural merchandise outlets are complex and mutually beneficial, which may impact on the willingness of some manufacturers to sell their tags through a national tag supply service.

To achieve the efficiencies that an on-line tag ordering service promotes, the service would only accommodate on-line orders and associated credit card payments. Producers who are not willing to purchase tags online may argue that they are disadvantaged.

Manufacturer participation

The national service should arguably sell all accredited NLIS (Cattle) tag brands, subject to the willingness of tag manufacturers to be involved. Tag prices would be set by each manufacturer and could be varied at the discretion of the manufacturer. New companies entering the market, and special deals and offers, would be accommodated.

Jurisdictional requirements

NLIS tag supply is regulated in all jurisdictions. The assistance and support of the states would be important during the establishment of a national on-line tag ordering service.

Some States have approval procedures built into their tag ordering arrangements whereby producers are required to seek department approval before ordering tags. Such arrangements could be accommodated as part of a national service, although these arrangements may present some administrative complexities.

Some States have NLIS (Cattle) tag levies. These would also need to be accommodated within the software that calculates what a producer needs to pay when they place an on-line tag order.



Delivery body

A legal entity would need to be found that was prepared to enter into contracts with tag manufacturers, with the provider of the on-line 'engine' supporting the tag purchasing service and with the provider of an associated helpline service. Risks would need to be managed through the use of well drafted contracts.

The legal entity would need to:

- Be independent of the tag approval and licencing process
- Operate on a 'not for profit' and unbiased basis
- Have a national perspective and a commitment to achieve a favourable outcome for producers
- Be willing to enter into legally binding agreements
- Respect customer and supplier privacy and confidentiality
- Be willing to respond to enquiries, criticism and complaints, and
- Be willing to provide the 'up front' capital to support the establishment of the service, stakeholder engagement, the preparation of contracts and the promotion of the service.

Service provider options include MLA, Animal Health Australia, or a 'purpose built' industry owned and controlled company.

Whilst there will be 'up front' costs for the service provider, once established income should be sufficient to cover ongoing costs. Profits could potentially support related activities, such as extension and funding of industry integrity program auditing.

Options for implementation

The following models could be explored to support the implementation of a national on-line tag ordering service:

- Build the on-line tag ordering service from the ground up
- Seek a licence from Victoria for their on-line tag ordering service 'engine' and rebadge this as the national on-line tag ordering service.

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