

## Chapter 3

### Agriculture and Water Resources portfolio

3.1 This chapter considers the key issues discussed during the hearing for the Agriculture and Water Resources portfolio on 23 and 24 May 2018.

3.2 On 23 May 2018, the committee heard from divisions of the Department of Agriculture and Water Resources (DAWR) and portfolio agencies in the following order:

- Dairy Australia;
- Landcare Australia;
- Meat and Livestock Australia;
- Rural Industries Research and Development Corporation;
- Horticulture Innovation Australia;
- Plant Health Australia;
- Australian Pesticides and Veterinary Medicines Authority;
- Fisheries Research and Development Corporation; and
- Department of Agriculture and Water Resources Corporate Matters (finance and business support, corporate strategy and governance, information services, assurance and legal, Australian Bureau of Agricultural and Resource Economics and Sciences).

3.3 On 24 May 2018, the committee heard from divisions of DAWR and portfolio agencies in the following order:

- Department of Agriculture and Water Resources Outcome One (farm support, sustainable agriculture, fisheries and forestry, and agricultural policy);
- Animal Health Australia;
- Australian Livestock Export Corporation; and
- Department of Agriculture and Water Resources Outcome Two (biosecurity operations, exports, biosecurity animal, biosecurity plant, compliance, biosecurity policy and implementation) and Trade and Market Access division.

3.4 The following agency was released during the course of the hearing without providing evidence:

- Australian Fisheries Management Authority.

#### **Dairy Australia**

##### *Strategic priorities and activities*

3.5 The committee sought information from Dairy Australia about its strategic priorities. Dairy Australia told the committee that its first strategic priority is helping

farmers improve their profitability. Its second priority is building capability from a people perspective and its third priority concerns the social licence and protecting the right to farm and the right to sell. In terms of expenditure against priorities, 60 per cent is allocated to priority one, 26 per cent to priority two and 19 per cent is allocated to priority three.<sup>1</sup>

3.6 Key activities undertaken by Dairy Australia across the three priorities, include:

- the Dairy Buyer program, in which approximately 80 scientists are working on genomic research regarding animal and plant performance, identifying specific traits that will deliver benefits on-farm;
- the Dairy Industry Sustainability Framework, in which Dairy Australia is looking across the whole supply chain at issues threatening the industry; and
- engaging with health professionals to provide them with the most recent global research about the benefits of dairy in the daily diet.<sup>2</sup>

### ***Engagement with levy payers***

3.7 Dairy Australia provided information to the committee on its engagement with levy payers. This includes formal consultation with the Australian Dairy Farmers Federation (which represents farmers and levy payers) and meeting with the Regional Development Programs on a six-monthly basis. Regional Development Programs are representative organisations based in each dairy region. There are three dairy regions in Victoria and each other state is its own dairy region.<sup>3</sup>

3.8 The committee questioned Dairy Australia on its levy payer database. Dairy Australia explained that it has always had a database with information on levy payers which it uses to communicate with levy payers. The levy is collected by the processors, information is validated through the dairy companies, and then reconciled with the Levy Revenue Service.<sup>4</sup>

3.9 DAWR explained that the collection of information of levy payers differs based on the regulations for each commodity. In the case of the dairy and wool industries, the regulations require the collection of information by the collection agents who pass on the details of the levy payers to the Levy Revenue Service.<sup>5</sup>

### ***Geographical representation of the board***

3.10 The committee also explored the geographical representation of the Dairy Australia Board. Officials told the committee that there are four milk producer directors (three are from Victoria and one from South Australia) and four skills

---

1 *Proof Hansard*, 23 May 2018, p. 5.

2 *Proof Hansard*, 23 May 2018, pp. 12–15.

3 *Proof Hansard*, 23 May 2018, pp. 6–9.

4 *Proof Hansard*, 23 May 2018, pp. 10–12.

5 *Proof Hansard*, 23 May 2018, pp. 19–21.

directors (all based in Victoria). Dairy Australia noted that 65 per cent of milk production in Australia emanates from Victoria.<sup>6</sup>

## **Landcare Australia**

3.11 Landcare Australia provided an update on its current projects. These projects are predominantly focused on promotion and knowledge-sharing within the Landcare community. The projects include Landcare in Focus, state and national landcare awards, and a biannual national conference for the Landcare community.<sup>7</sup>

3.12 The committee asked Landcare Australia about the usage of its logo. It explained that the logo can be used by Landcare groups and partners that have funded projects in the Landcare community.<sup>8</sup>

## **Meat and Livestock Australia**

### ***Collection of levy payer information***

3.13 The committee asked Meat and Livestock Australia (MLA) about the collection of levy payer data. It was informed that, while MLA does not currently collect detailed information about levy payers, it is working towards a system where it would be possible to reconcile levy payers with levies paid. It was noted that there are over 2300 different collection points where levies are transacted, and it is a major undertaking for the agency.<sup>9</sup>

### ***Carbon neutral target***

3.14 The committee sought information about MLA's target for the industry to be carbon neutral by 2030. As there are approximately 15 different pathways that have been identified, MLA is seeking to consolidate its respective projects in relation to meeting this target. Mr Richard Norton, MLA's Managing Director, told the committee that two staff members have been appointed to manage the target for industry, one is working on future projects and one is coordinating existing projects.<sup>10</sup> MLA has also consulted with legislative peak industry councils about the target which was announced at its Annual General Meeting.<sup>11</sup>

### ***Cattle herd size***

3.15 MLA told the committee that the size of the Australian cattle herd is currently 26.7 million. Mr Norton explained that the herd is currently in a rebuilding phase, which is being hindered by the dry autumn season on the eastern seaboard. While it is

---

6 *Proof Hansard*, 23 May 2018, pp. 6&17.

7 *Proof Hansard*, 23 May 2018, pp. 18–19.

8 *Proof Hansard*, 23 May 2018, p. 19.

9 *Proof Hansard*, 23 May 2018, pp. 19–20.

10 Mr Richard Norton, Meat and Livestock Australia, *Proof Hansard*, 23 May 2018, p. 22.

11 *Proof Hansard*, 23 May 2018, pp. 21–22.

difficult to estimate the future size of the herd, it is MLA's expectation that the cattle herd will reach 29 million by 2022.<sup>12</sup>

### ***Research into consumer demands***

3.16 The committee questioned MLA on the research it conducts into consumer demands, particularly with regard to vegetarianism. MLA told the committee that its current research has revealed that between five and seven per cent of domestic consumers do not consume red meat because of animal welfare or environmental reasons. A key performance indicator (KPI) is to have no more than ten per cent of the Australian population not eating red meat because of environmental or animal welfare issues. Mr Norton explained that MLA sought to achieve this KPI by promoting the benefits of a balanced diet and the Australian dietary guidelines of 450 grams of red meat per week. It works with nutritionists to assist it in encouraging the benefits of a balanced diet with health professionals and the community.<sup>13</sup>

### ***Cargill/Branhaven patent***

3.17 The committee sought an update on the bid by Cargill/Branhaven to patent the genetic makeup of cattle in Australia. MLA told the committee that a decision hearing has been scheduled for August 2018. In addition, DAWR updated the committee on information it had subsequently received from IP Australia, which advised that when the application was put forward by Branhaven, IP law was different. As the legislation has subsequently changed, broad applications would no longer be accepted.<sup>14</sup>

### ***Staffing***

3.18 MLA informed the committee that 45 of its staff are based overseas in Japan, South Korea, China, Singapore, Indonesia, United Arab Emirates, United States and United Kingdom.<sup>15</sup>

### ***Research into genetic manipulation***

3.19 MLA updated the committee on its role in research on genetic manipulation. Mr Norton provided an overview of a genetics consortium that MLA had established in Australia which has linked research facilities with fast-adopting producers to discuss research projects around the country. MLA informed the committee that investment on genetics in the Australian red meat sector is close to \$88 million.<sup>16</sup>

### ***AgriFutures Australia***

3.20 The committee sought information from AgriFutures Australia (AgriFutures) on the cost of rebranding the organisation as it has changed its name from Rural Industries Research and Development Corporation to AgriFutures Australia.

---

12 *Proof Hansard*, 23 May 2018, p. 22.

13 *Proof Hansard*, 23 May 2018, pp. 23–24.

14 *Proof Hansard*, 23 May 2018, pp. 26–27.

15 *Proof Hansard*, 23 May 2018, p. 33.

16 Mr Richard Norton, Meat and Livestock Australia, *Proof Hansard*, 23 May 2018, p. 36.

AgriFutures told the committee that the total cost was \$107 221, with the approximate breakdown as follows:

- \$31 000 for developing the strategy, conducting market research and holding workshops;
- \$23 000 for design of the rebrand;
- \$3000 for imagery;
- \$900 for media releases;
- \$22 000 for signage, letterheads, envelopes and business cards;
- \$3000 for contractors; and
- \$23 000 for legal costs.<sup>17</sup>

3.21 The committee sought information from AgriFutures Australia about the goals contained in its strategic plan and some of its key activities towards these goals, including the:

- Rural Women's Award, shining a spotlight on role models for young people coming into the agriculture space;
- Horizon program, sponsoring people starting an agriculture degree and building their networks and leadership skills;
- Ignite Network, targeting emerging leaders in agriculture and running activities to improve leadership skills;
- Ignite Advisory Panel, identifying emerging issues confronting Australian agriculture; and
- running an event highlighting agritech and food tech in Australia.<sup>18</sup>

3.22 AgriFutures Australia told the committee that it is working with DAWR on the levy database. It was noted that having information about the levy payers and their industries would be valuable for AgriFutures.<sup>19</sup>

3.23 The committee sought an update on the new thoroughbred levy. AgriFutures explained that the levy was implemented on 1 July 2017 and is a \$10 levy on both the sire and the brood mare. The levy is collected through the crossing book managed by Racing Australia. AgriFutures also told the committee about two relevant projects. The first is focused on the economic value of thoroughbreds in Australia and the second is a review into the welfare of horses. The first project has been contracted and has commenced, while the second project is expected to be contracted shortly.<sup>20</sup>

---

17 *Proof Hansard*, 23 May 2018, p. 44.

18 *Proof Hansard*, 23 May 2018, pp. 44–45.

19 *Proof Hansard*, 23 May 2018, pp. 45–46.

20 *Proof Hansard*, 23 May 2018, pp. 47–48.

3.24 AgriFutures Australia informed the committee about its engagement with the native food sector, including the growers of Kakadu plum. AgriFutures also noted that it is meeting with the Cooperative Research Centre for Developing Northern Australia to identify ways to support their endeavours, as well as engaging with the Indigenous land council in relation to wattle seed, which has potential as a flour replacement.<sup>21</sup>

### **Horticulture Innovation Australia**

3.25 The committee questioned Horticulture Innovation Australia (Hort Innovation) about the Plant Biosecurity Research Initiative (PBRI). Officials told the committee that the PBRI was initiated early last year and is a commitment by all plant-based research and development corporations.<sup>22</sup>

3.26 To date, 31 research and development concepts have gone before the PBRI. A number have progressed through the approval process and three have commenced. Hort Innovation explained that projects go before the PBRI which determines if the proposal fits one of its six key focus areas. If a project is approved, it is progressed, led by a research and development corporation.<sup>23</sup>

3.27 The committee traversed the work being done on fruit fly in Tasmania. Hort Innovation explained that it has a Fruit Fly Fund of \$50 million which aims to remove fruit fly as the number one trade barrier. Since establishing the fund, Hort Innovation has partnered with the South Australian Government to build a sterile male facility which has the nameplate capacity to produce 100 million sterile male fruit flies per week. In addition, funding has been invested in researching fruit fly behaviour, breeding, and sterilisation techniques. Hort Innovation also told the committee that the Tasmanian Government has committed to engaging in active control area management and has committed funding to the Sterile Insect Technique program.<sup>24</sup>

### **Plant Health Australia**

3.28 The committee sought information from Plant Health Australia (PHA) on the work it is conducting with regard to fruit fly. Officials told the committee that PHA has recently completed a new diagnostic handbook to ensure diagnosticians can recognise exotic fruit flies, and will shortly launch a new website to complement this work. PHA also regularly conducts exercises with the states to ensure that they are prepared for an incursion of exotic fruit fly.<sup>25</sup>

3.29 The committee asked witnesses about the work PHA is conducting in relation to bee health. Officials told the committee about the eradication program being run in Townsville for honey bees infected with Varroa mite. PHA spoke of the success of the program, indicating that it has not identified any honey bees infected with Varroa for

---

21 *Proof Hansard*, 23 May 2018, p. 49.

22 *Proof Hansard*, 23 May 2018, p. 52.

23 *Proof Hansard*, 23 May 2018, pp. 53–54.

24 *Proof Hansard*, 23 May 2018, pp. 54–55.

25 *Proof Hansard*, 23 May 2018, pp. 61–62.

over 12 months. In addition, PHA manages the National Bee Pest Surveillance Program and has partnered with the Australian Honey Bee Industry Council to place bee biosecurity officers in New South Wales, Victoria, Tasmania, South Australia and Western Australia.<sup>26</sup>

## **Australian Pesticides and Veterinary Medicines Authority**

### ***Performance within timeframes***

3.30 The committee sought information from the Australian Pesticides and Veterinary Medicines Authority (APVMA) on its performance in finalising assessments within the statutory time frames.

3.31 Dr Chris Parker, CEO of APVMA, told the committee that in the March quarter, 79 per cent of assessments were finalised within the time frame, up from 74 per cent in the December quarter and 58 per cent in the September quarter.<sup>27</sup> With respect to complex applications, 38 per cent of pesticides assessments and 60 per cent of veterinary medicines assessments were completed within the time frame. APVMA told the committee that the improvements it was seeing were largely a result of improvements to the internal portal, time put in by managers, streamlining of documentation decisions and the introduction of a commercial computer program that streamlines label checking. However, APVMA also told the committee that performance would continue to be volatile as a result of operating on poor ICT infrastructure, and the challenges associated with knowledge retention and staff separations.<sup>28</sup>

### ***Digital strategy***

3.32 The committee questioned officials on the digital strategy released in May. APVMA indicated that the strategy outlined the vision for a digitally-enabled regulator by 2022 and that the Government has invested \$10.1 million in the strategy. APVMA officials told the committee that the funding was going toward five components:

- enabling infrastructure;
- digitising the current paper-based records;
- unifying communication and collaboration through moving to a cloud-based desktop and implementing tools such as Skype for Business;
- migrating current in-house IT to a managed third-party provision; and
- improving business applications and the user experience.<sup>29</sup>

---

26 *Proof Hansard*, 23 May 2018, pp. 62–63.

27 Dr Chris Parker, Australian Pesticides and Veterinary Medicines Authority, *Proof Hansard*, 23 May 2018, p. 63.

28 *Proof Hansard*, 23 May 2018, pp. 63–70.

29 *Proof Hansard*, 23 May 2018, p. 72.

### ***Relocation to Armidale***

3.33 The committee considered the relocation of the APVMA to Armidale and was told that the site of the future leased premises in Armidale was announced in March and work has commenced to excavate the foundations. It was noted that the interim office has been refurbished to accommodate existing Armidale staff. Currently, 22 staff are operating out of the Armidale office and it is expected that 37 staff will be operating from Armidale within the coming months.<sup>30</sup>

3.34 The committee heard that the total amount spent to date on relocation is just over \$4 million over 2016–17 and 2017–18. The expected total cost remains as initially appropriated at \$25.6 million.<sup>31</sup>

3.35 The committee requested information from APVMA regarding the recent staff survey. It was informed that 130 ongoing staff had participated in the survey and that 92 responded they were unlikely to relocate or not interested in relocating to Armidale. The officials emphasised that some portion of those not interested in relocating would have the option to pursue teleworking.<sup>32</sup>

### ***Establishment of the proposed APVMA Board***

3.36 The committee was interested in the recent announcement that an APVMA Board will be established. DAWR explained that an audit of APVMA identified a number of issues regarding the agency's governance, including issues related to finances, time limits, performance, capacity to implement reviews, and change programs in the organisation. The Board is intended to provide strategic oversight and direction for the organisation and is expected to be in place by mid-2019. Officials explained that Board members will be part-time with salaries set by the Remuneration Tribunal. DAWR indicated that the intention is for the Board, which will cost an estimated \$600 000 per year, to operate under a cost recovery arrangement.<sup>33</sup>

### ***Cost recovery arrangements***

3.37 The committee discussed the cost recovery arrangements of the APVMA. Officials told the committee that the agency has engaged PwC to conduct revenue modelling, and five audits have been completed. PwC is currently conducting work in relation to levy payers and may then conduct a pricing review. APVMA expects that cost recovery impact statements will be drafted within the next year.<sup>34</sup>

## **Fisheries Research and Development Corporation**

3.38 The committee sought information from the Fisheries Research and Development Corporation (FRDC) on the National Carp Control Plan (NCCP) and the

---

30 *Proof Hansard*, 23 May 2018, pp. 63–71.

31 *Proof Hansard*, 23 May 2018, p. 73.

32 *Proof Hansard*, 23 May 2018, p. 81.

33 *Proof Hansard*, 23 May 2018, pp. 83–97.

34 *Proof Hansard*, 23 May 2018, p. 87.



research being conducted into the potential release of the carp herpesvirus. In particular, the committee highlighted a number of concerns regarding the proposed release of the virus that have been raised with it directly by members of the scientific community. The National Carp Coordinator, Mr Matthew Barwick, explained that these issues are being addressed through a research program under the NCCP. Some of the areas under investigation include:

- the risk of other species developing disease caused by the virus;
- the efficacy of the virus; and
- managing water quality and issues that may result from killing large biomass levels of carp.<sup>35</sup>

3.39 The committee questioned Mr Barwick on what alternative methods of carp control are currently being researched. He told the committee that research is being conducted into viral biocontrol and the risks associated with this method. However, the researchers are also looking at genetic biocontrol options and commercial fishing as options to complement viral biocontrol.<sup>36</sup>

3.40 Mr Barwick informed the committee that the virus is only present in Australia in the Australian Animal Health Laboratory in Geelong in a highly biosecure facility. It cannot be removed from the laboratory until approval is granted. However, approval will not be granted until significant testing is undertaken.<sup>37</sup>

3.41 The committee sought information on the funding of the NCCP. Mr Barwick explained that \$15 million was committed to the project. Of this funding, the allocations include:

- \$10.211 million to the Department of Agriculture and Water Resources (directed to the Fisheries Research and Development Corporation);
- \$4.24 million to the Department of Industry, Innovation and Science to assist with implementation if the plan goes ahead; and
- \$0.557 million to the Department of the Environment and Energy to examine the environmental considerations.<sup>38</sup>

## **Corporate matters**

### ***Collection of levy payer information***

3.42 The committee inquired about the protection of levy payer information, which is to be collected by DAWR for the purpose of establishing levy payer registers. DAWR informed the committee that the infrastructure to establish levy payer registers will be in place by 1 July 2018, and will include a web-based portal that levy recipient bodies will be able to access through a number of security measures. Third party

---

35 Mr Matthew Barwick, National Carp Control Plan, *Proof Hansard*, 23 May 2018, p. 103.

36 *Proof Hansard*, 23 May 2018, p. 106.

37 *Proof Hansard*, 23 May 2018, p. 105.

38 *Proof Hansard*, 23 May 2018, p. 107.

access to the database will be subject to certain approvals, as is already the case with Dairy Australia and Australian Wool Innovation.<sup>39</sup>

### ***Review of regulatory capability in the relation to live animal exports***

3.43 The committee asked DAWR about the review of regulatory capability and culture in the regulation of live animal exports. DAWR explained that the review commenced on 16 May 2018 and is being conducted by Mr Philip Moss. DAWR is meeting the cost of the review and providing secretariat support. Two departmental officers have been allocated to assist Mr Moss to meet with relevant staff and stakeholders, provide access to departmental records, book travel and undertake administrative matters. The final report on the review is due by 24 August 2018.<sup>40</sup>

### ***Improving policy capability***

3.44 The committee sought information from DAWR on the measures it is implementing to improve policy capability, as outlined in the department's corporate plan. The department detailed some of the measures, including using virtual and real taskforces, accelerated learning and development for people working in policy and providing extension opportunities for staff with talent in policy.<sup>41</sup>

### ***Australian Government Guidelines on the Recognition of Sex and Gender***

3.45 The committee questioned witnesses on DAWR's implementation of the Australian Government Guidelines on the Recognition of Sex and Gender. The department indicated that it has taken a range of action to implement the processes and systems required to comply with the guidelines. DAWR told the committee that its human resources systems are now fully compliant with the guidelines, in terms of collecting sex and/or gender information.<sup>42</sup>

### ***Australian Bureau of Agricultural and Resources Economics and Sciences***

3.46 The committee questioned the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) regarding its budget and staffing. The officials told the committee that it has around 135 employees, or 120 full-time equivalents, and operates with a budget of approximately \$22 million.<sup>43</sup>

## **Outcome one**

### ***Regional Investment Corporation***

3.47 The committee questioned DAWR officials about the Regional Investment Corporation (RIC). It was informed that the Board has been appointed and has been operating for a number of weeks. Work is underway to ensure that it is fully established by 1 July 2018. DAWR advised the committee that there are

---

39 *Proof Hansard*, 23 May 2018, pp. 107–110.

40 *Proof Hansard*, 23 May 2018, pp. 110–111.

41 *Proof Hansard*, 23 May 2018, pp. 113–114.

42 *Proof Hansard*, 23 May 2018, pp. 115–116.

43 *Proof Hansard*, 23 May 2018, pp. 117–118.

---

approximately 26 full-time equivalent staff within the Farm Support Division of DAWR currently assisting the RIC. It is expected that departmental staff will be seconded to the RIC while it is establishing its own workforce.<sup>44</sup>

3.48 The committee also sought information from DAWR about the Request for Expressions of Interest to assist RIC with the delivery of Farm Business Concessional Loans. DAWR has completed a first stage assessment, testing the market and getting an indication on who may be well-placed to provide the service. The RIC Board asked the department to commence a second stage of assessment to short-list applicants and gain further information to assist RIC to make a decision.<sup>45</sup>

### ***National Drought Program Reform***

3.49 The committee sought information from DAWR on the review of the Intergovernmental Agreement on National Drought Program Reform. DAWR indicated that it undertook consultation with over 70 industry stakeholders, 14 of which provided a formal submission. The review has been published on the department's website and includes a range of findings, such as the importance of preparedness as a drought policy objective. While DAWR is working on the new intergovernmental agreement as a matter of priority, the agriculture ministers agreed to extend the current agreement until it is replaced.<sup>46</sup>

3.50 DAWR highlighted a number of existing Commonwealth drought assistance programs, including:

- Farm Business Concessional Loans;
- Farm Household Allowance;
- banking and taxation assistance;
- Farm Management Deposits; and
- state and territory measures.<sup>47</sup>

### ***Regional Forest Agreements and the National Forest Industries Plan***

3.51 The committee also discussed the progress of extending the Regional Forest Agreements in Tasmania, Victoria, New South Wales and Western Australia. In particular, DAWR has recently undertaken a number of five-yearly reviews across the Regional Forest Agreements (RFAs) and is working with state governments to review the findings. DAWR is undertaking stakeholder consultation to consider the environmental, social and economic impacts of the RFAs.<sup>48</sup>

---

44 *Proof Hansard*, 24 May 2018, pp. 6–7.

45 *Proof Hansard*, 24 May 2018, pp. 7–8.

46 *Proof Hansard*, 24 May 2018, pp. 8–9.

47 *Proof Hansard*, 24 May 2018, p. 11.

48 *Proof Hansard*, 24 May 2018, pp. 21–51.

3.52 The committee asked officials about the National Forest Industries Plan. DAWR advised that \$20 million has been allocated for the plan, which will be released later this year. At this stage, the budget has been allocated for further research and development, particularly related to forest products innovation. The plan will look at farm forestry, forestry with Indigenous communities on Indigenous owned and managed land, and private native forestry. DAWR indicated that \$3.6 million of the funding has been allocated for a new national partnership agreement with the states, to provide facilitation, advice and guidance to landowners who wish to enter the forestry industry and require assistance. The involvement of the Forest Industry Advisory Council (FIAC) was also considered, as it recognised the need for the plan in its 2016 report and it has played an integral role in its development.<sup>49</sup>

### ***Illegal logging***

3.53 The committee also sought information regarding DAWR's communication with stakeholders following the disallowance of the government regulation related to illegal logging earlier in the year. DAWR indicated it has a registration process on its website where industry can register to receive updates. Information on the changes was provided to stakeholders through this mechanism, as well as on the website and in media articles. In addition, those who provided submissions during the public consultation process (conducted on the review into reforms for illegal logging) were contacted.<sup>50</sup>

### **Animal Health Australia**

3.54 Officials from Animal Health Australia (AHA) clarified the role of the organisation, stating that it is a not-for-profit public company and a member service organisation. Members of AHA include the Commonwealth Government, state and territory governments, livestock industries and associate members such as Wildlife Health Australia and the Australian Veterinary Association.<sup>51</sup>

3.55 The committee sought information from AHA regarding its funding model. AHA explained that its budget is around \$14 million annually which comes from levies, matching research and development funding, and various governments. AHA also explained that it partners with the Commonwealth government, research and development corporations, universities and livestock industries to deliver particular programs of interest.<sup>52</sup>

3.56 AHA told the committee of some of its key animal health priorities, including surveillance, traceability and biosecurity capacity and capability. In addition, AHA is working with the Commonwealth government on the National Animal Health Information System to ensure its currency in terms of data standards.<sup>53</sup>

---

49 *Proof Hansard*, 24 May 2018, pp. 26–28.

50 *Proof Hansard*, 24 May 2018, pp. 39–40.

51 *Proof Hansard*, 24 May 2018, p. 58.

52 *Proof Hansard*, 24 May 2018, p. 58.

53 *Proof Hansard*, 24 May 2018, p. 58.

## Australian Livestock Export Corporation

3.57 The Australian Livestock Export Corporation (LiveCorp) informed the committee of its role. LiveCorp is a research organisation that takes levies from sheep, goat and cattle exports and invests the levy funds into research and development across the supply chain. LiveCorp runs the Live Export Program in conjunction with MLA and conducts a number of research projects to support the industry. However, LiveCorp does not have a regulatory role in the industry and does not set policies.<sup>54</sup>

3.58 The committee sought information from officials regarding LiveCorp's response to the *Independent Review of Conditions for the Export of Sheep to the Middle East During the Northern Hemisphere Summer* conducted by livestock veterinarian, Dr Michael McCarthy. It was told that DAWR had accepted all the recommendations of the review related to the Heat Stress Risk Assessment model and LiveCorp will be working with the department to make these changes.<sup>55</sup>

3.59 The committee sought further information on the Heat Stress Risk Assessment, or "HotStuff" model, including the assumptions underpinning the model. LiveCorp explained that the model has been around since the early 2000s and has undergone many upgrades since then. LiveCorp developed the model, which was then provided to industry and the regulator to use as a tool to guide risk assessments. The model looks at the voyage route, time of the year, elements of the vessel, pen air turnover per deck, as well as physiology, class and conditions of the livestock, to determine appropriate stocking densities for a vessel. The model works at a two per cent chance of a five per cent or greater mortality rate. The review recommended that this threshold be substantially altered from risk of mortality to risk of livestock heat stress.<sup>56</sup>

## Outcome two

### *Live export trade*

3.60 The committee explored the role of DAWR as the regulator for the live export trade and the department's response to the Animals Australia footage of sheep aboard a live export vessel and the *Independent Review of Conditions for the Export of Sheep to the Middle East During the Northern Hemisphere Summer*.

### *Current approach to regulating the trade*

3.61 DAWR told the committee that its approach to regulating the live export trade has previously been based on the following elements:

- a regulatory framework requiring exporters to ensure the health and welfare of animals at each stage of the export chain;
- a requirement that the exporter outline how it will comply with the Australian Standards for the Export of Livestock (ASEL);

---

54 *Proof Hansard*, 24 May 2018, p. 62.

55 *Proof Hansard*, 24 May 2018, p. 64

56 *Proof Hansard*, 24 May 2018, pp. 64–70.

- issuance of further conditions on a case-by-case basis;
- a requirement to have a Commonwealth government-accredited veterinarian on board vessels (who is responsible for reporting to the department on the health and welfare of animals);
- a standard of a two per cent mortality rate as the trigger for initiating a review of the management of sheep during a voyage;
- the maintenance of animal welfare outcomes in the receiving country through the Exporter Supply Chain Assurance System; and
- certification of the vessel by the Australian Maritime Safety Authority.<sup>57</sup>

*Changes in regulation in response to footage*

3.62 DAWR indicated that the Animals Australia footage revealed deficiencies in its regulatory approach. The department told the committee it has taken the following action since the release of the footage:

- conducted an investigation to determine if there have been breaches of the *Australian Meat and Livestock Industry Act 1997* or the *Export Control Act 1982*, including investigating allegations of overstocking on vessels, failing to have sufficient food and water available, injury and illness not being treated, and veterinarians and stockmen leaving the vessel prior to completion of unloading;
- requiring all voyages to the Middle East to have a departmental observer onboard who is able to issue directions to ensure the welfare of livestock;
- reducing stocking densities by up to 17.5 per cent;
- requiring that when a vessel is travelling to multiple ports in the Middle East, the first stop to discharge livestock is to be in Kuwait. This will result in greater space for the remaining livestock as they head to other ports with higher temperatures;
- establishing a hotline to allow whistleblowers to provide information to the department;
- introducing legislation on 24 May 2018 to strengthen penalties for exporters that seek to profit from poor animal welfare practices;
- implementing the recommendations of Dr Michael McCarthy's report, the *Independent Review of Conditions for the Export of Sheep to the Middle East During the Northern Hemisphere Summer*;
- implementing an allometric model to determine stocking densities, ensuring that densities reflect the characteristics of the animals and their behavioural needs (based on the length of the voyage);

---

57 *Proof Hansard*, 24 May 2018, pp. 59–61.

- reducing the notifiable mortality level for sheep exported by sea to the Middle East from two per cent to one per cent; and
- fast-tracking the review of the ASEL, which will examine the longer-term legislative requirements to ensure animal health and welfare on all voyages. The review report will be completed by the end of 2018.<sup>58</sup>

#### *Department's investigations of mortality events*

3.63 The committee questioned DAWR on its approach to investigating reportable mortality events. DAWR explained that where there has been a two per cent or greater mortality on board a vessel, it will review the voyage reports, the application for permit and the heat stress risk assessment for the consignment. The department was asked specifically about the report, *Mortality investigation report 69: sheep exported by sea to Qatar, Kuwait and United Arab Emirates in August 2017*, which investigated the death of 2400 sheep aboard the *Awassi Express* in August 2017. The department indicated that it found the cause of death to be predominantly heat stress and that it did not find any breaches of Australian standards or regulations. The department indicated that, based on the information it was provided, the basic requirements of the voyage had been met. The department has now reopened this investigation in light of the Animals Australia footage.<sup>59</sup>

#### *Granting of export permits*

3.64 The committee questioned DAWR on the number of export permits it has granted since the Animals Australia footage was released on 8 April 2018. The department indicated that it had granted 15 export permits which related to five voyages carrying sheep. These permits applied special conditions for the voyages including requesting reports on the voyages, ensuring animals are fed, watered, treated and handled appropriately. The conditions also included a requirement for an independent observer to be present on the voyage, and reductions in stocking densities.<sup>60</sup>

#### *Independent observers*

3.65 The committee sought further information on the role of the independent observers on voyages. DAWR told the committee that these observers are departmental employees and their role is to ensure that the plan put in place by the exporter to manage the welfare of livestock is implemented. The department told the committee that the independent observer is an authorised officer under the *Export Control Act 1982* and is entitled to full access to the vessel, except as directed by the master.<sup>61</sup>

---

58 *Proof Hansard*, 24 May 2018, pp. 59–61.

59 *Proof Hansard*, 24 May 2018, pp. 67–68.

60 *Proof Hansard*, 24 May 2018, pp. 85&69.

61 *Proof Hansard*, 24 May 2018, pp. 75–77.

### *Review of the Australian Standards for the Export of Livestock*

3.66 The committee requested information on the review of the ASEL. DAWR told the committee that the review is being undertaken by a technical advisory committee of experts and will look into measures of animal welfare and methods to ensure more accurate, consistent and reliable reporting on animal welfare matters.<sup>62</sup>

3.67 The committee inquired further on the penalties proposed by amendments to the current legislation. Officials informed the committee that it is currently a criminal offence to export meat or livestock without an export licence. It is also an offence for the holder of an export licence to contravene the conditions of that licence, either knowingly or recklessly. The amendments currently before Parliament seek to increase these penalties and also introduce a civil penalty for the contravention of conditions of licences.<sup>63</sup>

### *Value of live exports*

3.68 The committee inquired about the changes in value and quantity of live exports. The department told the committee that the value of exports of live sheep has fallen from \$245 million in 2014–15 to around \$233 million in 2016–17. The quantity of sheep has fallen from around 2.2 million head in 2014–15 to 1.8 million head in 2016–17.<sup>64</sup>

### *Biosecurity import levy*

3.69 The committee sought information from the department regarding the new biosecurity import levy. The department informed the committee that the levy was a recommendation of the biosecurity system review released in 2017. DAWR expects the levy will come into place in 2019, and it is estimated to raise \$325 million. The Commonwealth Government announced a number of measures that this levy will fund including:

- \$51.5 million to develop national action plans for priority pests and diseases, and to maintain and improve diagnostic capacity for pests and diseases;
- \$27.8 million for assurance and verification of current systems;
- \$7.5 million for seamless border clearance and to look at new technology to improve border work; and
- \$14.8 million to manage increased people traffic through air and sea ports.<sup>65</sup>

### *Regulation of the pet food industry*

3.70 The committee questioned officials about DAWR's role in regard to the regulation of the pet food industry. The department explained that while the Australian Standard for the Manufacturing and Marketing of Pet Food was finalised in

---

62 *Proof Hansard*, 24 May 2018, pp. 83–84.

63 *Proof Hansard*, 24 May 2018, pp. 91–92.

64 *Proof Hansard*, 24 May 2018, p. 98.

65 *Proof Hansard*, 24 May 2018, pp. 92–93.



2017, the pet food industry is currently self-regulated. The department told the committee that there is a reporting mechanism called PetFAST which allows veterinarians to report health issues associated with pet food. This mechanism is a joint initiative between the Pet Food Industry Association and the Australian Veterinary Association. The department also told the committee that the Standing Council on Primary Industries' Pet Food Controls Working Group recommended a review into the pet food industry and that the Minister for Agriculture and Water Resources, the Hon David Littleproud MP, recently wrote to state counterparts seeking support for such a review.<sup>66</sup>

***Import conditions for cut flowers***

3.71 The committee also explored the enhanced import conditions for cut flowers. DAWR explained that the enhanced conditions arose as a result of changes to the quantity of cut flowers being imported and the diversity of originating countries. The previous arrangements saw imported flowers contaminated with insects being fumigated on-shore. The changes in these conditions are designed to keep insects off-shore by requiring treatments to occur in the country of origin. The department has offered a transition period to importing countries until the end of the year, but is closely monitoring the issue to ensure improvements in the compliance rate.<sup>67</sup>

---

66 *Proof Hansard*, 24 May 2018, pp. 95–96.

67 *Proof Hansard*, 24 May 2018, pp. 104–105.