



COMMISSIONER FOR
BETTER REGULATION

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5 April 2017

Ms Beth Jones
Acting Executive Director
Biosecurity
Department of Economic Development, Jobs, Transport and Resources
MELBOURNE Victoria 3000

Dear Ms Jones

I would like to thank the staff of the Department of Economic Development, Jobs, Transport and Resources for working with our team on the preparation of the Regulatory Impact Statement (RIS) for the proposed *Livestock Disease Control Regulations 2017*. These Regulations are proposed due to the sunsetting of current arrangements on 18 December 2017.

Under section 10 of the *Subordinate Legislation Act 1994* (the Act), the Commissioner for Better Regulation is required to provide independent advice on the adequacy of all RIS prepared in Victoria. The Commissioner's role is to advise on the adequacy or otherwise of the analysis presented in the RIS, rather than the merits or otherwise of policy or regulatory proposals. A RIS is deemed to be adequate when it contains analysis that is logical, draws on relevant evidence, is transparent about assumptions made, and is proportionate to the proposal's expected effects. The RIS also needs to be clearly written, so that it can be a suitable basis for public consultation.

I am pleased to advise that the final version of the RIS received by us on 4 April 2017 meets the adequacy requirements of the Act.

The *Livestock Disease Control Act 1994*, and Regulations, are the main mechanisms used by the Victorian Government to address the risks, and potential consequences, of outbreaks of livestock disease on livestock, related industries and the health and wellbeing of the community. Examples of relevant livestock diseases include those that are endemic, such as anthrax, as well as exotic diseases not normally found in Australia, such as foot and mouth disease. The ability to quickly manage the consequences of an outbreak of livestock disease can reduce its potential impacts on producers and related industries, access to overseas markets, the reputation of Victoria as a source of high quality livestock product in those export markets and on human health.

The proposed Regulations re-make the current Regulations with amendments, including changes to animal identification requirements that aim to improve the accuracy and timeliness of traceability for sheep and goats, and pigs. In addition, the requirements contained in five Orders currently made under the *Livestock Disease Control Act 1994* (the Livestock Act) will be 'rolled-in' to the proposed Regulations to consolidate regulatory requirements in one place. These Orders are specified in the RIS. The proposed Regulations will not incorporate all Orders made under the Livestock Act, as it would be inappropriate to do so. For example, the *Order Declaring Diseases and Exotic Diseases* will not be incorporated as it specifies the diseases that are subject to the regulatory framework, which may require rapid amendment in response to livestock disease concerns.

A key element of the proposed Regulations involves changes to mandatory identification requirements for some livestock. Livestock identification requirements operate within the framework of the National Livestock Identification System (NLIS) — a measure to harmonise mechanisms for identifying and tracking livestock from birth to slaughter across Australia. In the case of an outbreak of livestock disease, the Department considers that timely and accurate ‘tracking’ (or traceability) is essential for containing the extent and duration of the outbreak, and therefore for minimising the harms it imposes on livestock producers, related industries, consumers and the community more broadly.

Different mechanisms are available for identifying livestock, ranging from visual, mob-based methods to the use of electronic identification tags (EID) applied to each individual animal. The effectiveness of the traceability provided by these methods depends primarily on the timeliness and accuracy of the data they provide.

The RIS states that consultation with stakeholders to date has indicated that the current Regulations are largely working well, including the requirement for EID of cattle, but that there are concerns about the traceability of sheep and goats and, to a lesser extent, pigs. Reflecting this, the analysis in the RIS primarily focuses on options to address these risks. This means the proposed Regulations will maintain existing regulatory requirements for cattle (including EID), and other current requirements such as those relating to disease notification, testing of animals and regulations affecting the apiary industry and aquaculture.

Common to three of the options discussed in the RIS is a proposal to make compulsory most of the currently voluntary NLIS standards for the traceability of pigs for disease control and food safety purposes. These standards were developed by industry and government to promote national consistency across the sector. Given that the RIS states that approximately 90 per cent of pork industry participants already voluntarily comply with these requirements, the Department expects no significant impact from this change in the proposed Regulations.

The RIS contains an analysis of four options to improve traceability for sheep and goats: two involve visual identification methods and two require mandatory EID for sheep and goats born on, or after, 1 January 2017 — one providing for a permanent exemption for sheep and goats born before 1 January 2017 (which would therefore only need to be visually tagged) and the other providing for phased-in EID requirements for sheep and goats born before this date, and those sourced from interstate.

To compare the likely effects of the options, the analysis in the RIS compares the estimated benefits of reducing the severity of a major livestock disease incident to the expected costs of the traceability system reflected in each option analysed. The harm and costs associated with a livestock disease outbreak can be reduced or contained if the source of the disease, and the animals affected (or in contact with affected animals), can be identified and located so that they can be treated or destroyed as early as possible to limit the duration or scale of the disease.

The RIS concludes that all options analysed in the RIS would require only a small reduction in the severity of a disease outbreak, were it to occur, to offset fully the estimated costs of each option. Further, the EID options would be expected to deliver the greatest benefit due to better accuracy and timeliness in traceability of sheep and goats, which can be achieved in several hours using EID versus more than one week for the non-EID options analysed.

The RIS indicates that the estimated costs over 10 years, in net present value terms, of the two EID options analysed in the RIS are \$205.8m and \$207.7m (the lower costs are associated with the EID option that provides a permanent exemption for sheep and goats born before 1 January 2017). The estimated costs in net present value terms over 10 years of the non-EID options for sheep and goats

analysed in the RIS are \$88.4m (for a visual mob-based system — effectively, a re-make of the current Regulations) and \$268.9m for an enhanced mob-based system.

The preferred option, which includes a mandatory EID requirement for all sheep and goats born on, or after, 1 January 2017, allows for a transition period to enable producers to adapt to the new requirements:

- sheep and goats coming from interstate and not travelling directly to an abattoir for slaughter will be required to be EID tagged from 1 January 2019 before they are moved from the Victorian property
- sheep and goats born before 1 January 2017 will be exempted from the requirement to be electronically tagged until 1 January 2022.

The preferred option reflects the Ministerial decision on 24 August 2016 to implement mandatory sheep and goat electronic tagging requirements in Victoria. It will also 'roll in' most of the current NLIS Pig Traceability Standards into the proposed Regulations and incorporate a number of existing Orders (as discussed above).

The RIS indicates that, while the preferred option results in estimated costs slightly higher than the other EID option, it is associated with higher expected benefits in terms of reducing disease severity, as well as easier compliance, which are expected to more than offset this additional cost. The Department therefore concludes that the proposed Regulations strike an appropriate balance between containing the risks associated with outbreaks of livestock disease (through full traceability for sheep and goats from 2022) and allowing sufficient time for producers to adjust to the new requirements.

As you know, it is government practice that this letter be published with the RIS when it is released for public consultation.

Should you wish to discuss any issue raised in this letter, or the implications of new information or policy options identified through the public consultation process for your proposal, please do not hesitate to contact me on (03) 9092 5800.

Yours sincerely



Anna Cronin
Commissioner for Better Regulation

