



final report

Project Code: B.AWW.0231
Prepared by: Animal Health Australia
Date published: July 2014

PUBLISHED BY
Meat and Livestock Australia Limited
Locked Bag 991
NORTH SYDNEY NSW 2059

Crisis Response for Animal Welfare

Meat & Livestock Australia acknowledges the matching funds provided by the Australian Government to support the research and development detailed in this publication.

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Executive Summary

Purpose of this project

Australian livestock businesses have economic, legal and ethical motives to ensure the welfare of production animals in their care is maintained. However, in certain situations livestock businesses may suffer interruptions that could affect their ability to care for animals resulting in a crisis of animal welfare.

The purpose of the Crisis Response for Animal Welfare (CRAW) project is to examine what happens when a business is unable to resolve an animal welfare crisis and external stakeholders are required to assist or take over control. It will examine the circumstances leading to the involvement of external stakeholders, their roles within the current arrangements and whether there is a need for these arrangements to be improved.

The project was commissioned by Animal Health Australia (AHA) on behalf of the Australian Animal Welfare Strategy (AAWS) Livestock and Production Animals Working Group. Funding support was provided by the Australian Government, Meat and Livestock Australia, Dairy Australia and Australian Wool Innovation. AHA managed the project with input from a Steering Committee involving industry and government representatives.

In November 2013, the Australian Government withdrew funding for the AAWS Advisory Committee, raising issues about how the recommendations from this study will be taken forward. This matter will be addressed by the Steering Committee in association with AHA.

Project methodology

Desktop review

A desktop review (Appendix A – H) was conducted to evaluate the capacity, arrangements and resources available to resolve different types of animal welfare crisis situations. The desktop review resulted in the development of a Discussion Paper (Appendix I) which summarised the current adequacy of crisis response arrangements and identified opportunities for improvement by the various stakeholders, under the following categories:

1. Helping businesses help themselves
2. The role of the finance sector
3. The role of industry
4. The role of government
5. Who pays?

Stakeholder Consultation

Key stakeholders, including industry organisations, levy funded service providers, government agencies and animal welfare organisations, were invited to provide feedback on the Discussion Paper including a set of initial recommendations. Feedback was obtained via telephone interviews and/or written submissions (see consultation summary at Appendix J). Stakeholder feedback was analysed and the outcomes were used to develop and shape the findings and recommendations within this report.

Findings and recommendations

The findings demonstrated that Australia generally has the capacity to manage animal welfare issues arising as a result of natural disasters, Emergency Animal Diseases (EADs) and the foreseeable market failures associated with these. In these situations livestock businesses routinely receive support and assistance from the community, financiers, industry and government.

The capability and arrangements for dealing with more localised or isolated crises impacting on animal welfare is however less well developed (e.g. as a result of a loss of management capacity or financial difficulty). In these situations industry and government stakeholders may be less inclined to become involved with individual cases. These crisis situations may also be less immediately visible and evident to community stakeholders.

The five key crisis response arrangements having potential opportunities for improvement are discussed below, along with associated recommendations. The directions for the potential mitigation of welfare risks to livestock production businesses are identified. However, widespread, sudden domestic or export market failure in livestock or livestock products will continue to be a significant risk that is difficult to mitigate by all parties. Considerable, collective effort is invested by all parties to ensure access to markets and it is important that this critical assurance activity will be ongoing.

1 Helping businesses help themselves

Vulnerable livestock businesses

Many livestock businesses are sole traders and/or have no internal support in the form of staff or business partners. These businesses are often less capable of managing crisis situations internally, and are therefore more reliant on external support, particularly from community (e.g. neighbours), and government. On these properties, particularly in remote regions, certain crisis situations can go undetected by external stakeholders, for example farmer death, injury, mental health issues or financial difficulty.

Stakeholders were almost universally supportive of the development of improved measures to help businesses help themselves, recognising that some businesses have less capacity than others due to a range of factors including farmer age, isolation, mental illness and the level of support available through staff, family, neighbours and the community.

Benefits of emergency risk management planning

There is also a growing understanding of the benefits of emergency risk management, or business continuity planning in helping businesses respond and recover to unexpected events. Outside of the more intensive industries, the large majority of Australian livestock businesses are believed not to have formal emergency risk management or business continuity plans in place but the importance of community and resolve / commitment to help those affected should not be underestimated (as seen in events such as fire and floods or personal emergencies etc). However this assistance will remain informal and depends on individual involvement in the community.

Tailoring an approach for different industries

Different industries provided some very different ideas about how best to improve capacity within their industry. Generally the more intensive industries supported a planning and quality assurance approach, which focuses on specific operational risks within their business. It is expected that many intensive livestock enterprises will already have contingency plans in place for a range of scenarios and therefore believe that a high level or generic awareness campaign would have little value for intensive livestock businesses.

Extensive livestock industries were generally concerned that a campaign based on risk management planning within industry quality assurance (QA) programs would be less likely to reach “high risk” stakeholders in their industry as these types of livestock managers are not likely to participate in such programs. These industries generally supported an approach which was based on the provision of awareness tools to help businesses (and external stakeholders) better manage business risk, including human welfare issues and empowering local communities.

Some industries expressed a preference for a single farmer business continuity/contingency planning tool, addressing all risks (e.g. animal welfare, biosecurity, OH&S and other forms of business risk and interruptions).

Tailoring an approach for different types of livestock managers

State animal welfare agencies and the RSPCA generally find that animal welfare issues arise within three broad groups of livestock managers:

- The inexperienced: Often lifestyle or hobby farmers in outer suburban areas who may be absent from their property for extended periods of time. This group is less likely to be engaged with their industry organisations, neighbours or community. Managers may be inexperienced in animal husbandry and ill-equipped to handle a crisis, particularly managing livestock during drought.
- The unwilling: Some livestock managers are unwilling to accept outside advice or assistance. These managers are often staunchly independent and may be less trusting of outsiders including neighbours, community, industry groups, banks and government.
- The unlucky: Sometimes experienced and willing livestock managers can find themselves in an animal welfare crisis situation due to unexpected circumstances (e.g. drought, flood, market failure etc.). These managers are more likely to seek and receive appropriate advice and assistance from neighbours, community, industry, banks or government.

Recommendations – Helping businesses help themselves

Recommendation 1: Develop a toolkit to guide animal welfare contingency planning.

Help livestock businesses help themselves by developing a toolkit containing a suite of continuity/contingency planning modules for the protection of animal welfare. Wherever possible the scope of the modules should be extended to encompass planning for other operational hazards and business risks within farm enterprises, e.g. biosecurity, OH&S and other sources of business interruptions. The aim is to provide a business contingency planning tool to assist livestock businesses to develop a single plan encompassing all risks and hazards to their business.

The modules would be developed under the direction of Peak Industry Councils (PICs) under coordination by AHA and include consultation with relevant stakeholders. The modules would form a “toolkit” of material including development of risk management plans, advice on livestock husbandry, procedures to adopt during an animal welfare crisis, key contacts lists etc. The toolkit could be accessed on-line by producers as well as the various stakeholders (neighbours, community, livestock agents, banks, industry bodies, RSPCA and government). Factors to consider when designing the toolkit would include:

- Animal welfare risk management planning templates with generic and industry-specific guidelines.
- Coordinated promotion by the livestock industries in particular via the levy funded service providers including recognition of the different types of producers as a basis to design communications and engagement plans.
- Incorporation of animal welfare crisis response processes into the relevant QA programs.
- Where possible integrate approaches with Beyond Blue and government health services.
- Involvement of local emergency services (Council, SES etc) to provide assistance in animal welfare emergencies where possible.

The coordinated promotion should consider how best to engage with different types of livestock managers (i.e. the inexperienced, the unwilling and the unlucky) and develop communication and engagement plans accordingly (see Table 4).

2 The role of the finance sector

Livestock businesses can experience financial difficulty due to a number of circumstances and this can have an indirect impact on animal welfare (e.g. inability to purchase required fodder). Financiers generally discuss options available to the business that will resolve the immediate animal welfare issue (e.g. restructuring of loan repayments to ensure finance for purchasing of fodder or to enable agistment). Discussions are usually held on a case by case basis with the financier needing to balance their financial risk with their social/corporate responsibility (to the farm business and to the welfare of livestock).

Inevitably this approach results in situations where financiers must make difficult decisions, for example when an emerging animal welfare crisis is unresolved or a breach of legislation is detected.

While the case by case approach taken by financiers provides flexibility to manage different situations, overall crisis response capability could be improved through the introduction of standard policies and protocols to guide decision making.

Stakeholders considered that any action taken by the financial sector required a clear understanding of the potential impacts that lending or foreclosure decisions may have on animal welfare, enterprise viability and human health.

There were divergent opinions on the level of understanding of animal welfare required by the finance sector. However, stakeholders recognised the potentially important contributions that the finance sector can play and that it should have capacity to positively influence welfare outcomes and business viability. There were mixed views on the preferred approach by which the sector could be involved:

- A universal code of conduct that recognised responsibility with regard to animal welfare.
- Individual banks develop in-house policies and guidelines.
- Promotion of risk management planning.

The need for fast resolution of ownership

Some stakeholders raised the need for a process or protocol which ensured that animals did not suffer during protracted disputes between financiers and livestock businesses following bankruptcy or foreclosure. Stakeholders suggested that financiers could develop agreements or protocols with clients which ensured that animals will be sold (or disposed of) without waiting for issues of ownership to be resolved.

Recommendations – The role of the finance sector

Recommendation 2: Involve the finance sector in decision making and promoting animal welfare contingency planning.

Recommendation 3: Encourage the finance sector to develop policies and guidelines for its staff in responding to animal welfare crisis issues and train staff accordingly.

The finance sector is a key stakeholder in ensuring the protection of animal welfare and as such needs to be formally represented on decision making bodies dealing with crisis responses for animal welfare.

In addition, the sector should be engaged by AHA or the relevant national Animal Welfare agency to canvass the following:

- Obtaining from the Australian Bankers Association (ABA) a formal response on its members' preference for either (i) a universal code of conduct or (ii) establishment of individual member policies and guidelines for the protection of animal welfare.
- The inclusion of finance institutions in the development and promotion of the toolkit for the improvement of animal welfare crisis responses.
- The need to provide training to finance sector staff on animal welfare issues including: understanding their responsibilities under animal welfare legislation; options available to producers to resolve a crisis; understanding the roles of the various stakeholders and the contributions the sector can make to assist in resolving a crisis.

3 The role of industry

It is generally acknowledged that there is a decline in government capacity in most states to respond to emergency situations and this is a real risk to crisis response plans. The capacity for industry organisations to help resolve an animal welfare crisis situation is often limited to larger scale natural disasters (e.g. floods, bushfires) and market failure issues (e.g. emergency animal disease outbreaks).

Stakeholders generally supported the notion of industry bodies better defining their role during animal welfare crisis situations. All stakeholders recognise the importance of having effective involvement by industry in crisis response events. Responses with regard to the different organisations and their perceived role in crisis situations were as follows:

Levy funded service providers

The majority of levy funded service providers supported their organisation becoming more involved in improving the capacity of businesses to respond to animal welfare issues through measures such as awareness, planning, coordination, information provision etc in the context of other high risks to businesses and not separate to them. Any decision to invest in these areas would however require further consultation and direction from levy payers, PICs and other stakeholders.

The Federal Government considers that current legislation on the use of industry levies would enable levy funded service providers to play an increasing role in animal welfare crisis planning, awareness and recovery. The Federal Government would be more concerned with ensuring that any investments in animal welfare by levy funded organisations have the support of industry and particularly PICs.

PICs

While respondents felt that PICs should not be directly involved in crisis responses, it is appropriate to have these organisations involved in development of emergency plans and to assist with communications and networking during a crisis. If a crisis escalates beyond a localised event, it was recognised that PICs were likely to become involved due to exposure by media and they would therefore need to be prepared to respond to an event in these circumstances.

SFOs

SFOs were seen to be effective in responding to large crisis situations but not necessarily for localised and isolated events. SFO involvement in state-based emergency planning was seen as important.

Recommendations – The role of industry

Recommendation 4: Industry bodies to define and publish their roles and responsibilities in animal welfare crisis situations as well as the roles and responsibilities of stakeholders.

Industry bodies need to clearly define their roles and responsibilities in responding to animal welfare crises that are not covered under current agreements (e.g. Emergency Animal Disease Response Agreement - EADRA). These roles and responsibilities should be included as a component of government crisis management plans. The roles and responsibilities will outline activities and funding associated with coordination, communication, staffing and services.

Recommendation 5: Levy funded organisations to investigate investing in capacity building of stakeholders to respond to animal welfare crisis situations.

During the next cycle of strategic planning within levy funded organisations, consideration should be given to the inclusion of measures which improve the capacity of businesses and communities to resolve animal welfare crisis situations (e.g. awareness, planning, coordination, information provision etc).

Recommendation 6: Levy funded organisations to clarify the use of industry held funds, reserves and resources in responding to animal welfare crises.

Clarification should be provided around the rules and protocols for the use of industry held funds, reserves and resources during crisis situations.

4 The role of governments

Legislative powers

All states and territories have provisions within current animal welfare legislation that provides powers for agencies to take action once the owner has committed a breach of the legislation or there is reason to believe a breach has occurred or will occur. Consultation found that State and Territory agencies generally believe they have sufficient powers in the event of an animal welfare crisis, although many agencies raised concerns regarding the lack of resources to implement timely responses.

Coordination during a crisis

The Royal Commission into the Black Saturday bushfires in Victoria found the animal welfare response was somewhat fragmented, with confusion about roles and responsibilities. Since the Royal Commission, the Victorian Government has developed the Victorian Emergency Animal Welfare Plan which aims to provide a coordinated approach to animal welfare during relief operations.

Outside Victoria, stakeholders cited confusion about the roles and responsibilities of different stakeholders (e.g. DPI, RSPCA, parks authorities and local governments) during emergency situations.

Engagement with industry

Some stakeholders believe government agencies should engage more with industry during crisis situations. Some examples were cited of effective engagement and coordination between government and industry (e.g. in the dairy and pork industries, as well as the through the EADRA). However these relationships and arrangements are not universal, and are not present to the same degree in some industries or for some crisis situations.

National coordination of animal welfare policy post-AAWS

Stakeholders are concerned about national coordination of animal welfare post-AAWS. Some believe animal welfare policy and legislation will become less consistent and coordinated as a result.

Recommendations – The role of governments

State and Territory agencies generally believe they have sufficient powers in the event of an animal welfare crisis, therefore no specific legislative changes are recommended.

Recommendation 7: All States and Territories should consider the lessons from the Black Saturday Bushfires and the subsequent steps taken by the Victorian Government to improve coordination between agencies and better define their roles and responsibilities.

It may be attractive for government to fund more work in the area of emergency planning with a focus on all hazards and not just welfare or biosecurity or resilience with a consolidation of effort for an improved outcome.

Recommendation 8: State and Territory governments should continue to engage industry before and during animal welfare crisis situations, with the aim of:

- Improving understanding of risks.
- Utilising industries' resources and communication channels.
- Ensuring government takes a balanced approach in dealing with affected businesses.

Recommendation 9: Governments to establish a national coordination response mechanism for animal welfare policy post-AAWS.

With the cessation of funding to the Australian Animal Welfare Strategy (AAWS), national coordination of animal welfare is of concern. It is important to have an organisation with overall carriage of strategies for the protection of animal welfare, for example the national Animal Welfare Task Group. The coordinated response would acknowledge consequential impacts of policy actions on the respective industries.

5 Who pays?

In addition to giving government authorities the power to seize animals and provide feed, water or other treatments, animal welfare legislation allows authorities to recoup the costs of a response from the owners.

However, the initial cause of an animal welfare crisis (eg drought, disease or market closure) can lead to widespread financial stress and bankruptcies, in some cases forcing governments to seize livestock under animal welfare legislation to ensure animal welfare. However governments may then be unable to recoup costs on the depressed or non-functioning livestock markets.

Stakeholder feedback was sought on the following four funding options:

- Option 1 Status quo: After exercising all options to recoup costs from the owner or market, the government absorbs the costs as a public good.

- Option 2 Industry funding: Provisions are made for the broader industry to fund all or part of the costs through a levy.
- Option 3 Mandatory insurance: Regulatory changes could make it mandatory for all livestock businesses to have animal welfare insurance coverage and this would enable Governments to recoup costs.
- Option 4 More timely and/or effective government intervention approaches for example; earlier intervention, increased infringement penalties, euthanasia.

The majority of stakeholders do not support the development of industry funding mechanisms for individual crisis situations either via a new levy (option 2) or mandatory insurance requirements (option 3).

Recommendations – Who pays?

Recommendation 10: Governments to continue to intervene to prevent animal welfare crises occurring and absorb costs when funds are not recoupable (option 1).

Recommendation 11: Governments to consider implementing more timely and/or effective intervention approaches to reduce the risk of incurring non-recoverable debts (option 4).

Governments and industries should work collaboratively on a proactive approach which could result in earlier government intervention, increased infringement penalties and the possibility that governments will choose to euthanise animals immediately if there is uncertainty as to whether feed costs can be recouped by selling the animals. Given the potential reputational damage within the community, industries should consider mitigation strategies to ensure this situation is less likely to arise.

Recommendation 12: Industries should review and refine the criteria and rules which determine if/how and the amount of existing levy funds which can be spent appropriately during an animal welfare crisis.

Progression of these recommendations

In respect of proposing a pathway for the implementation of any national strategy involving industry, government and the community to apply in any form of emergency affecting the animal welfare of livestock this report does not make specific recommendations. With the cessation of the AAWS Advisory Committee, alternative consultation mechanisms have been slow to evolve. This situation raises issues about how the diverse recommendations from this study will be further actioned by the full range of stakeholders. This matter will be addressed by the Steering Committee in association with AHA Members to agree on an appropriate forum and mechanism for welfare crisis preparedness and response activities. It is recommended that an appropriate national forum for collaborative national action that includes all relevant stakeholders is established to maintain the momentum in this area.

Abbreviations

ABA	Australian Bankers Association
AHA	Animal Health Australia
CRAW	Crisis response for animal welfare
EAD	Emergency Animal Disease
EADRA	Emergency Animal Disease Response Agreement
NDRRA	Natural Disaster Relief and Recovery Arrangements
NFF	National Farmers Federation
PIC	Peak Industry Council
PIRD Act	Primary Industries Research and Development Act 1989
QDO	Queensland Dairy Farmers' Organisation
RMAC	Red Meat Advisory Council
RSPCA	Royal Society for the Prevention of Cruelty to Animals
SES	State Emergency Services
SFO	State Farming Organisation

Definitions

Levy funded service providers	Industry Research and Development Corporations and other levy funded service providers (e.g. AHA)
Animal welfare legislation	State and Territory animal welfare legislation, e.g. Prevention of Cruelty to Animals Acts or equivalent
Industry	Appropriate State and Territory or National industry representative organisations

Scope and limitations

This report has been prepared by GHD for Animal Health Australia and may only be used and relied on by Animal Health Australia for the purpose agreed between GHD and Animal Health Australia as set out in section 1.2 of this report.

GHD otherwise disclaims responsibility to any person other than Animal Health Australia arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by GHD in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope limitations set out in the report.

The opinions, conclusions and any recommendations in this report are based on conditions encountered and information reviewed at the date of preparation of the report. GHD has no responsibility or obligation to update this report to account for events or changes occurring subsequent to the date that the report was prepared.

The opinions, conclusions and any recommendations in this report are based on assumptions made by GHD described in this report. GHD disclaims liability arising from any of the assumptions being incorrect.

GHD has prepared this report on the basis of information provided by Animal Health Australia and others who provided information to GHD (including Government authorities), which GHD has not independently verified or checked beyond the agreed scope of work. GHD does not accept liability in connection with such unverified information, including errors and omissions in the report which were caused by errors or omissions in that information.

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1. Introduction

1.1 Background

Australian livestock businesses have economic, legal and ethical motives to ensure the welfare of production animals in their care is maintained. However, in certain situations livestock businesses may suffer interruptions that could affect their ability to care for animals resulting in a crisis of animal welfare.

The purpose of the Crisis Response for Animal Welfare (CRAW) project is to examine what happens when a business is unable to resolve an animal welfare crisis and external stakeholders are required to assist or take over control. It will examine the circumstances leading to the involvement of external stakeholders, their roles within the current arrangements and whether there is a need for these arrangements to be improved.

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In November 2013, the Australian Government withdrew funding for the AAWS Advisory Committee, raising issues about how the recommendations from this study will be taken forward. This matter will be addressed by the Steering Committee in association with AHA.

The project deals with the intensive livestock industries (i.e. poultry, pig and beef feedlots) and the extensive livestock industries (i.e. dairy, sheep, cattle and goats) at pasture or on the rangelands).

1.2 Terms of Reference

This project has the following terms of reference:

Through consultations with industry, government and relevant community representatives, and through a comprehensive desk-top study, the consultant will:

- Review existing experience and plans within government and the livestock industries in the case of enterprise business continuity failure.
- Review other industry or overseas examples of response arrangements that have relevance to the Australian livestock industries.
- Seek advice on potential exposure to welfare emergencies, including those resulting from natural disasters or business continuity failures.
- Focus on the intensive poultry (eggs and chicken meat), pig and ruminant livestock industries and the extensive grazing livestock industries.
- Provide advice on financial and legal implications for the Emergency Animal Disease Response Agreement (EADRA) and jurisdictions' other disaster management arrangements.

Following an analysis of options, the consultant will propose a pathway for the implementation of a national strategy involving industry, government and the community to apply in any form of emergency affecting the animal welfare of livestock.

1.3 Methodology

GHD adopted the following processes to complete the terms of reference.

1.3.1 Desktop study (See appendix A – H)

The desktop study included the initial development of an evaluation framework to ensure a comprehensive investigation of each of the terms of reference (Appendix A). This framework guided the collation and synthesis of relevant documents into a Discussion Paper (Appendix I) that was used to

guide stakeholder consultation. The Discussion Paper outlined the various elements of an animal welfare crisis for the livestock industries, the available responses for the protection of animal welfare and potential improvements to the current arrangements for consideration. The Discussion Paper identified and documented the following:

- Principal business structures of the relevant livestock enterprises - beef cattle (extensive and feedlot), dairy, sheep (wool and sheep meat), pig and poultry (egg and chicken meat) including notable differentiating legal and financial features.
- Causes of acute business continuity failure resulting in reduced animal welfare outcomes.
- Relevant laws relating to animal welfare breaches for each business structure, noting any special exemptions in relation to receivership or liquidation.
- Relevant government response plans to deal with breaches of animal welfare standards and the capacity and capability to implement the plans, including support measures.
- Assessment of the roles and capacity of other stakeholders including the informal (eg neighbours, community) and formal (eg financial, industry bodies) sectors to respond to animal welfare crises.
- Features of response arrangements for other issues (eg drought, bushfire, emergency animal diseases) in Australia and overseas that could apply to an animal welfare crisis.
- Review of precedents, case studies and scenarios (Appendix H).
- Recommendations of improvements for consideration.

The Discussion Paper identified five broad areas where existing arrangements for dealing with animal welfare crisis situations might be improved. These areas were:

- Helping businesses help themselves.
- The role of the finance sector.
- The role of industry.
- Legislative powers.
- Who pays?

1.3.2 Stakeholder Consultation

Key industry and government and community stakeholders were invited to provide feedback on the Discussion Paper and in particular on the recommendations canvassed in relation to the five broad areas listed above. Feedback was obtained via telephone interviews and/or written submissions (See consultation summary at Appendix J).

Stakeholder feedback was analysed and the outcomes were used to develop and shape the findings and recommendations within this report.

1.4 Assumptions

The report seeks to identify and resolve gaps in current animal welfare crisis response arrangements that result in unreasonable risks to animal welfare. It is acknowledged that recommended changes will not prevent all animal welfare crises in future particularly as situations are dependent on actions by individuals who themselves may be suffering from some form of crisis. In this regard, awareness of human conditions and timely intervention plays an important role in ensuring good animal welfare outcomes in livestock businesses.

2. Livestock businesses and animal welfare crises

2.1 Crisis situations

There are approximately 167,000 livestock businesses in Australia caring for over 203 million animals and primary responsibility for the welfare of production animals rests with individual livestock businesses. A number of crisis situations can arise within livestock businesses that can impact on animal welfare if not correctly managed. Endemic animal disease is not a primary focus of this study but such diseases can be a contributing cause in any welfare crisis situation. These are summarised in Table 1 and outlined more fully in Appendix A.

Table 1 Crisis situations

Category	Explanation
1. Loss of livestock management capacity	Death, injury, sickness or mental ill-health of the owner/carer or key staff member such that livestock are deprived (temporarily) of the care required to ensure their welfare.
2. Financial difficulty	Short term cash flow difficulty or more permanent bankruptcy/liquidation/receivership of the business affecting its ability to purchase feed or provide staff to care for animals.
3. Natural disaster	Fire, flood, drought, storm, disease or earthquake that impacts on inputs (i.e. feed and water), operations (i.e. husbandry such as weaning, shearing, milking, and mechanical failures) and outputs (getting livestock to market).
4. Market failure	Closure or restriction of key markets (e.g. due to disease, residue contamination, civil unrest, political impasse, business failures in the market chain, restricted supply of labour or materials) that require livestock to be held for longer than normal on a premises leading to animal welfare issues.

In 2012 there were 50 on-farm deaths reported in Australian print media, 37 of which involved persons over the age of 14. In the same year there were 87 on-farm non-fatal injury events reported in Australian print media, 75 of which involved persons over the age of 14. A 2003 study¹ found higher suicide rates among men, particularly young men in rural (40.4 per 100,000) and remote (51.7 per 100,000) populations compared with metropolitan (31.8 per 100 000) populations. Although the proportion of young men reporting mental health problems does not differ significantly between rural (23.5%) and remote (18.8%) areas compared with metropolitan (25.6%) areas, young men with a mental health disorder from non-metropolitan areas are significantly less likely than those from metropolitan areas to seek professional help (11.4% v 25.2%).

As with all businesses, livestock business are exposed to experiencing financial difficulty due to a range of factors including market depressions, increasing costs of production and operational issues. Livestock businesses are however more exposed to the risks of certain types of natural disasters such as droughts, floods and bushfires. Colliers International estimate there were close to 100 rural and agribusiness distressed assets on the market during 2012.

¹ Tanya M Caldwell, Anthony F Jorm and Keith B G Dear; Suicide and mental health in rural, remote and metropolitan areas in Australia, *Med J Aust* 2004; 181 (7): 10.

Natural disasters, as well as causing financial difficulty to the business, can have a direct impact on the welfare of animals through starvation, exposure, injuries and the like. An outbreak of an emergency animal disease (e.g. food and mouth disease) can also have a direct impact on animal welfare as well as an indirect impact associated with control strategies to eradicate diseases. Animal welfare may also be jeopardised following a loss of essential services (eg electricity, water supply) caused by accident or sabotage.

Market failure for livestock or livestock products can arise from a number of causes including supply chain interruption (e.g. transport, processing, and ports) or the suspension of market access due to trade disputes, disease outbreaks, warfare and so on. The suspension of live cattle export trade to Indonesia in 2011 is an example of how a backlog of animals built-up throughout a supply chain and exposed them to the risk of insufficient feed and water required for their welfare.

2.2 Livestock businesses

Livestock industries can be broadly categorised into extensive and intensive businesses.

2.2.1 Extensive

Extensive livestock businesses include grass-fed beef cattle and sheep, as well as dairy. These businesses are generally wholly or substantially pasture-based where animals have *ad libitum* access to feed and water and generally do not have a daily reliance on carers for their welfare. This means there is a reasonable time between a carer becoming incapacitated, or a supply chain failure occurring, and an animal welfare crisis developing. Agisting or selling livestock are ready options to alleviate feed shortages. Dairy businesses are generally more vulnerable than other extensive livestock businesses as animals require daily management (e.g. milking and supplementary feeding).

The nature of extensive livestock businesses is that they may not have support staff to draw on or have crisis response plans and contingencies in place. This potentially may cause crisis situations to go undetected for longer periods. Anecdotally, after sickness, death or injury, extended family and neighbours are known to step in to assist when and where they can.

Capability gaps may exist in the following situations:

- When sole operators, particularly on isolated properties, experience loss of management or bankruptcy without neighbours or friends being aware.
- When businesses are unable to sell livestock due to depressed or non-functioning markets (e.g. due to widespread drought, supply chain failure).
- When a crisis situation affects properties on which livestock are agisted.

2.2.2 Intensive

Intensive livestock businesses include chicken meat, egg, pork and cattle feedlot enterprises. These enterprises are totally dependent on the daily provision of feed and water by carers and are thus vulnerable to interruptions to management and supply chain failures that deprive them of feed and water. Animal welfare problems can quickly develop under these conditions. However, by their nature, intensive livestock businesses will probably have support staff available, ready contact with suppliers and processors, and established contingency plans and arrangements in place.

2.2.3 Business structures within livestock businesses

While the categorisation of livestock businesses as extensive or intensive enterprises is useful in determining the immediacy of a welfare issue occurring in response to a crisis, it is not sufficient in identifying the capacity of such businesses to respond. The capacity to respond, at least in the first instance, will depend in part on the business structure under which the enterprise operates. Different

business structures can mean there are different levels of internal support available once a crisis is identified.

Typical business structures within the livestock industries include: sole traders, partnerships, trusts and companies, and within these there are further complexities that occur with contract growers and livestock agistees. Contract growers are very common in the chicken meat and pig industries and operate under contractual agreements specifying the responsibilities of the animals' owners and the contract grower. Generally the owner will supply all feed and pharmaceuticals while the grower will be responsible for supplying the facilities and infrastructure, water, heating and cooling, and day to day care for animals.

The percentages of the various farm business structures within Australian agriculture are (ABS, unpublished):

- Sole traders: 28%
- Partnerships: 57%
- Trusts: 11%
- Companies: 5%

Each business structure has differing levels of 'internal support' available to the primary carer in the event of a crisis. While accepting the difficulty of generalising the internal level of support for each business structure, the authors have adopted the categories described in Table 2 to inform the gap analysis. This characterises businesses into three levels of internal support depending on the business structure and the number of substitute carers (managers, staff and business partners) who can be drawn upon to take responsibility in a crisis.

Table 2 Internal support category definitions

Support category	Types of business structures	Typical number of managers, staff or business partners available to assist if an animal welfare crisis arises
Low internal support	<ul style="list-style-type: none"> • Sole traders • Contract growers² and agistment arrangements 	1-2
Medium internal support	<ul style="list-style-type: none"> • Partnerships • Trusts 	2-5
High internal support	<ul style="list-style-type: none"> • Companies 	Over 5

Justification for the categories is described more fully in Appendix B although it is noted that the structures described are not mutually exclusive. For example a business might operate as a partnership but also be involved in contract growing or agistment.

² Contract growers within intensive livestock industries often have access to considerable external support and contingency measures via their processing company.

3. External stakeholders

Most crises in animal welfare are resolved by the business; somehow the business finds the cash or resources to care for the animals, or they dispose of them. If the business cannot resolve the crisis, then external people and organisations (that from here on are collectively termed stakeholders) that can help fix the crisis become involved when they become aware of it. Table 3 shows the categories and types of stakeholders.

Table 3 Stakeholder categories

Stakeholder category	Types of stakeholders
Community	Informal (family, friends, neighbours) Local livestock businesses Private animal welfare organisations such as RSPCA, Animal Angels
Industry	Commercial supply chain: e.g. processing companies, suppliers and customers Broader livestock industry: farmer organisations (at local and state-wide levels), levy funded service providers
Financiers	Banks and finance companies, appointed receivers
Government	Local, State and sometimes Federal government depending on the scale of the crisis

3.1 Stakeholder responses to an animal welfare crisis

The measures required to ensure animal welfare is maintained in a crisis fall into the categories of ‘care’, ‘cash’ or ‘dispatch’, where:

- Care is the provision of essentials such as labour and feed that are provided at no cost to the business.
- Cash is money donated, loaned or injected into the business to buy essentials such as feed, labour or agistment.
- Dispatch means livestock are sold, given away or slaughtered as a resolution.

One or more of these measures could remain completely within the control of the individual business, or they may be volunteered or invoked by stakeholders external to the business. Each of the stakeholder groups has different capacities to respond to an animal welfare crisis.

Response measures can be categorised into (i) those that are volunteered such as provision of fodder, finance and agistment by community, industry and financier stakeholders, and (ii) those that are invoked measures which includes financiers (and creditors), using the court system to seize assets, including livestock, and then dispose of them to recoup costs, and state government authorities using their legislated powers to seize animals when an animal welfare crisis is not resolved by the business or volunteer efforts. Figure 1 shows how stakeholders may be involved in an animal welfare crisis.

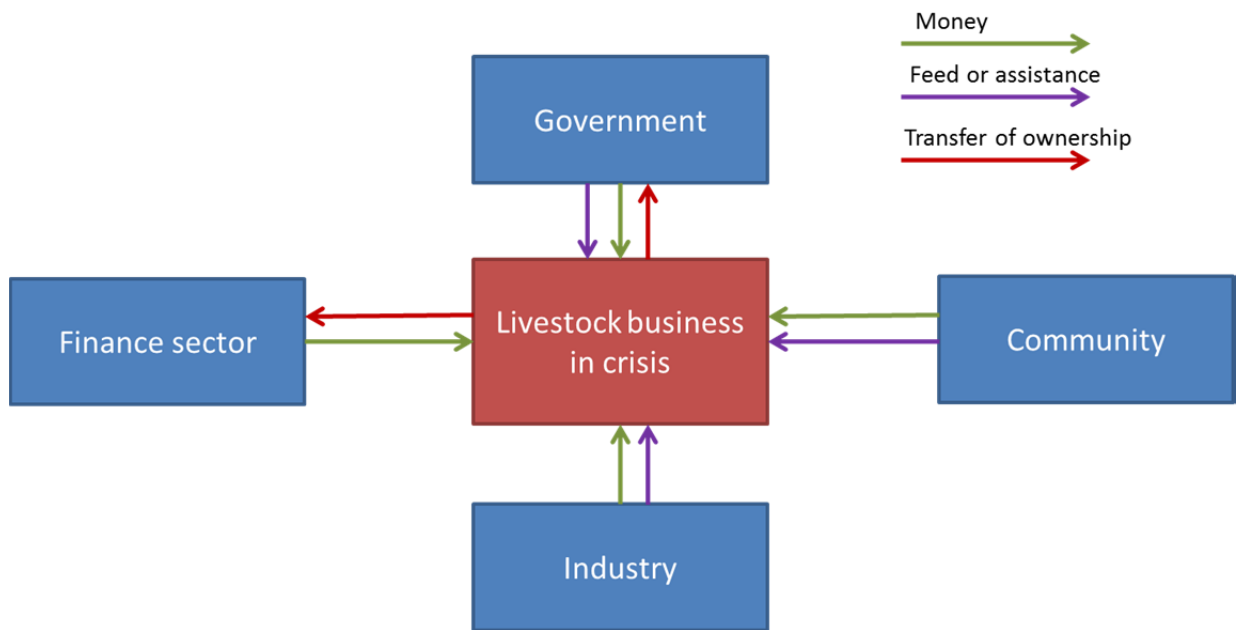


Figure 1 How stakeholders may be involved in a crisis response

Each of the stakeholders may have experience with previous crises and know well their role in preventing and resolving them..

4. Options for resolving different types of crises

The most likely options for resolving the four different types of crises are set out below. All options would include government support via social services to preserve human welfare, which is critical to preserving animal welfare.

4.1 Loss of management capacity

This situation could arise if the principal carer for the animals is incapacitated and unable to provide care.

4.1.1 Extensive livestock

- Neighbours and community groups may be available to provide short-term non-financial assistance.
- Financiers could extend finance for hiring staff depending on lending history. Otherwise they could support stock being relocated, agisted or sold.
- Provisions under animal welfare legislation can be applied if the owner does not address animal welfare.

4.1.2 Intensive livestock

- Staff are available to continue day-to-day husbandry activities.
- Financiers could extend finance for hiring extra staff depending on lending history.
- In the case of the broiler industry, processing companies assume management control of contract growing farms.
- Contingency plan enacted that triggers responses that will protect animal welfare (among other protections).
- Businesses have a quality assurance plan that includes an animal welfare response component.
- Provisions under animal welfare legislation can be applied if owner does not address animal welfare.

4.2 Financial difficulty

This situation could arise where lending facilities have been exhausted and/or there is a risk that the business becomes insolvent.

- Neighbours and community groups may be available to provide short-term non-financial assistance.
- Financiers could either extend finance to provide feed or water, or seize ownership of livestock and assets.
- Provisions under animal welfare legislation can be applied if owner does not address animal welfare.

4.3 Natural disaster

This situation may occur suddenly (e.g. bushfire, EAD) or develop over a longer time (e.g. drought).

- Neighbours and community groups can assist (however the extent of assistance could be reduced because they are suffering from the same disaster).
- SFOs and levy funded service providers can play support and coordinating roles for fodder and agistment donations. For example in 2011 the Queensland Dairy Farmers' Organisation (QDO) with support from Dairy Australia and the Subtropical Dairy Program appointed a flood recovery support officer and established a 24 hour telephone service to assist dairy farmers to access assistance and support services for dairy regions severely affected by flooding.
- Financiers could extend finance for fodder etc depending on lending history.
- State governments may provide varying levels of assistance, for example in Queensland the Drought Relief Assistance Scheme provides up to \$20,000 (subject to extension in certain circumstances) per property per financial year for freight subsidies (transport of fodder and water during drought, transport of livestock returning from agistment, transport of livestock purchased for restocking after the drought) and water infrastructure purchased for emergency animal welfare needs.
- The Australian Government provides funding through the Natural Disaster Relief and Recovery Arrangements (NDRRA) to states and territories to help pay for natural disaster relief and recovery costs.
- The Australian Government also provides a range of programs that are better suited to long term preparedness rather than crises. These include: Farm Management Deposits - a tax-linked risk management tool that helps primary producers to be more self-reliant and better manage fluctuations in their income due to climate variability and market changes; Tax Relief - special taxation measures and concessions available to farmers; and the Rural Financial Counselling Service which provides free and impartial financial counselling to farmers.
- EAD Response Agreement (EADRA) includes the commonwealth, State and Territory governments and livestock industry groups to collectively prepare for, and respond to, EAD incursions. Compensation is available for livestock businesses to recoup eligible control costs, which may include approved slaughter under managed conditions for welfare reasons. Industry's contribution to the compensation fund is via a levy of the respective industry.
- Provisions under animal welfare legislation can be applied if owner does not address animal welfare.

4.4 Market failure

This situation could arise if disruptions occur to the supply chain (insolvency of feed suppliers, processors etc; and EAD outbreak) causing animal welfare issues (difficulty in sourcing fodder, difficulty in marketing and processing livestock leading to a backlog on the property).

- EAD responses discussed above.
- Internal responses and external assistance from the community and financiers.
- Provisions under animal welfare legislation can be applied if owner does not address animal welfare.

5. Opportunities for improvement

GHD's desktop review resulted in the development of a Discussion Paper (Appendix I) which summarised the current adequacy of crisis response arrangements and identified a number of potential opportunities for improvement by the various stakeholders. The findings demonstrated that Australia generally has the capacity to manage animal welfare issues arising as a result of natural disasters, EADs and the foreseeable market failures associated with these. In these situations livestock businesses routinely receive support and assistance from the community, financiers, industry and government.

The capability and arrangements for dealing with more localised or isolated crises impacting on animal welfare is however less well developed (e.g. as a result of a loss of management capacity or financial difficulty). In these situations industry and government stakeholders may be less inclined to become involved with individual cases. These crisis situations may also be less immediately visible and evident to community stakeholders.

The desktop review identified five broad areas where existing arrangements for dealing with animal welfare crisis situations might be improved. The directions for the potential mitigation of welfare risks to livestock production businesses are identified. However, widespread, sudden domestic or export market failure in livestock or livestock products will continue to be a significant risk that is difficult to mitigate by all parties. Considerable, collective effort is invested by all parties to ensure access to markets and it is important that this critical assurance activity will be ongoing.

While it is not considered necessary or feasible for all stakeholders to have arrangements in place to respond to all possible crisis situations it is important that for any given crisis there is a collective capability among stakeholders to ensure resolution. The five key gap areas are discussed below.

5.1 Helping businesses help themselves

5.1.1 The issue

Many livestock businesses are sole traders and/or have no internal support in the form of staff or business partners. These businesses are often less capable of managing crisis situations internally, and are therefore more reliant on external support, particularly from community (e.g. neighbours), and government.

On these properties, particularly in remote regions, certain crisis situations can go undetected by external stakeholders, for example farmer death, injury, mental health issues or financial difficulty.

There is also a growing understanding of the benefits of emergency risk management, or business continuity planning in helping businesses respond and recover to unexpected events. Outside of the more intensive industries, the large majority of Australian livestock businesses are believed not to have formal emergency risk management or business continuity plans in place but the importance of community and resolve / commitment to help those affected should not be underestimated (as seen in events such as fire and floods or personal emergencies etc). However this assistance will remain informal and depends on individual involvement in the community.

5.1.2 Initial recommendation

External stakeholders (industry bodies, governments, banks, community organisations) could collectively embark on an awareness campaign targeting the need for animal welfare crisis contingency planning in the livestock industries. The campaign would use a range of educational material and templates for businesses to develop contingency plans in recognition of the risks identified. The campaign could also include training for external stakeholders to identify and manage on-farm animal welfare crisis situations. These measures should also take into account the availability of human welfare services.

5.1.3 Stakeholder feedback

A summary of stakeholder's response to the initial recommendation is provided in Figure 2 below. The results show near universal support for the development of improved measures to help businesses help themselves. Many stakeholders did however have differing views about what these measures should be and how they should be delivered.

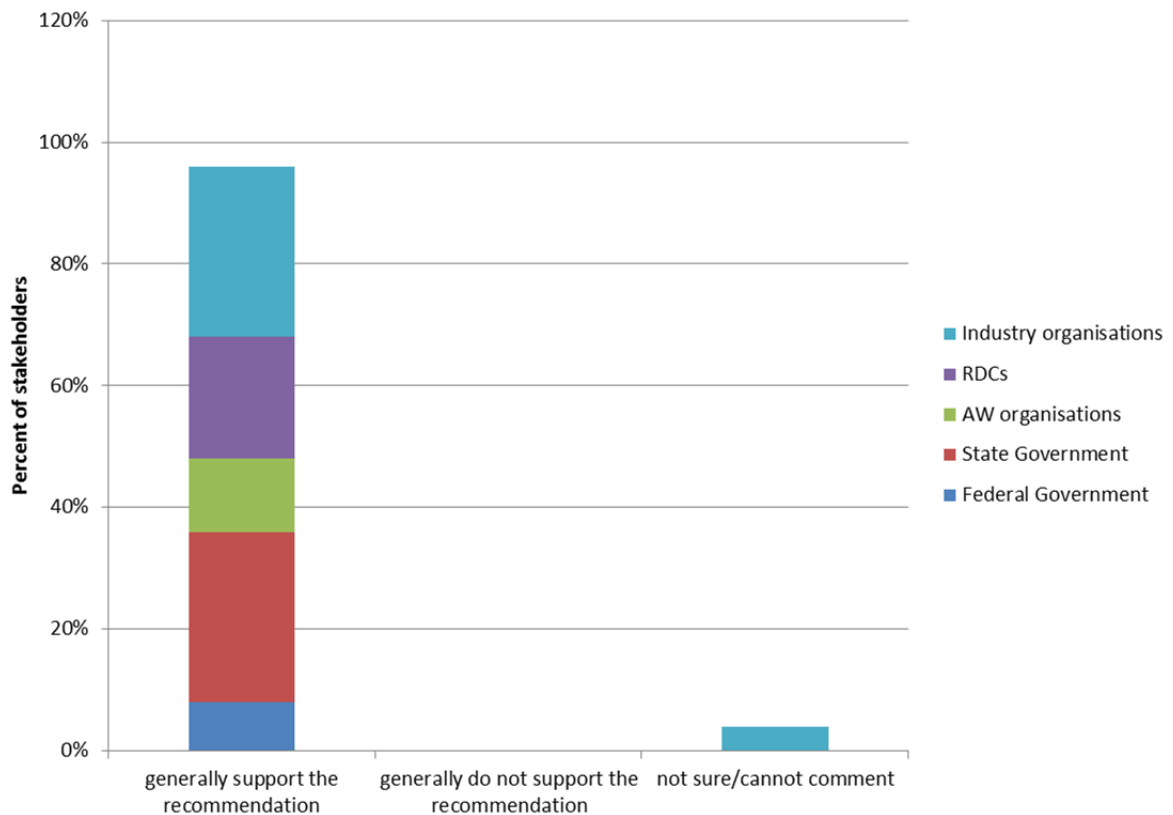


Figure 2 Summary of feedback regarding 'helping businesses help themselves'³

Stakeholders acknowledged that some livestock businesses have less capacity than others due to a range of factors including farmer age, isolation, mental illness and the level of support available through staff, family, neighbours and the community.

State animal welfare agencies and the RSPCA generally found that animal welfare issues arise within three broad groups of livestock businesses:

- **The inexperienced:** Often lifestyle or hobby farmers in outer suburban areas who may be absent from their property for extended periods of time. This group is less likely to be engaged with their industry organisations, neighbours or community. Managers may be inexperienced in animal husbandry and ill-equipped to handle a crisis, particularly managing livestock during drought.
- **The unwilling:** Some livestock managers are unwilling to accept outside advice or assistance. These managers are often staunchly independent and may be less trusting of outsiders including neighbours, community, industry groups, banks and government.
- **The unlucky:** Sometimes experienced and willing livestock managers can find themselves in an animal welfare crisis situation due to unexpected circumstances (e.g. drought, flood, market failure etc.). These managers are more likely to seek and receive appropriate advice and assistance from neighbours, community, industry, banks or government.

There was general support by stakeholders for enhancing processes to better equip businesses to help themselves in avoiding or responding to an emergency welfare issue.

³ Summary of feedback charts provided in the report rely on the consultants overall judgement based on the comments received from stakeholders during interviews, or in submissions. Stakeholders often agreed or disagreed with different aspects of a recommendation, and/or had ideas and suggestions of their own. This detail and context is provided underneath the initial summary of feedback charts.

Key aspects from consultation are outlined below:

Awareness campaigns

Awareness campaigns could promote contingency planning such that:

- A generic template could be designed to highlight contingency planning for all livestock industries, with individual industries modifying this to recognise different operational procedures, standards and risks which will influence the relevance and effectiveness of the plan.
- The generic template could be developed as an 'all hazards approach' which can then be adapted to cover industry specific issues.
- The key will be to make campaigns relevant to the industries and adopt an outcomes focus and not a risk-based focus.
- Links between human welfare and animal welfare should be raised, i.e. depression and mental health will impact upon capacity to manage livestock enterprises and consequently animal welfare risks.
- Consideration of the methods of delivery including "smart phone" applications. An online mental health risk management tool has been demonstrated to be effective by the health industry.

Industry led approach

Any awareness campaign (including associated educational material) needs to be developed jointly by the various livestock industry stakeholders to ensure a coordinated approach to animal welfare is achieved. Some stakeholders stated that current coordination is lacking and is potentially reducing the effectiveness of current campaigns.

Tailoring an approach for different industries and stakeholders

Different industries provided some very different ideas about how best to improve capacity within their industry. Generally the more intensive industries supported a planning and quality assurance approach, which focuses on specific operational risks within their business. It is expected that many intensive livestock enterprises will already have contingency plans in place for a range of scenarios and therefore believe that a high level or generic awareness campaign would have little value for intensive livestock businesses.

Extensive livestock industries were generally concerned that a campaign based on risk management planning within industry quality assurance (QA) programs would be less likely to reach "high risk" stakeholders in their industry as these types of livestock managers are not likely to participate in such programs. These industries generally supported an approach which was based on the provision of awareness tools to help businesses (and external stakeholders) better manage business risk, including human welfare issues and empowering local communities.

Some industries, expressed a preference for a single farmer business continuity/contingency planning tool, addressing all risks (e.g. animal welfare, biosecurity, OH&S and other forms of business risk and interruptions).

Recognition of current activities

Respondents highlighted examples where government and industry have been active in the communication and promotion of animal welfare with some industries including animal welfare contingency planning as a mandatory requirement. Animal welfare is also a key element in a number of industry QA programs.

Levy funded service providers were cited as being particularly active in promoting the importance of animal welfare. Government agencies highlighted there was a range of existing information and tools available such as drought management guides. Stakeholders considered it important that such resources remain accessible to livestock managers.

5.1.4 Recommendations – Helping businesses help themselves

Recommendation 1: Develop a toolkit to guide animal welfare contingency planning.

Help livestock businesses help themselves by developing a toolkit containing a suite of continuity/contingency planning modules for the protection of animal welfare. Wherever possible the scope of the modules should be extended to encompass planning for other operational hazards and business risks within farm enterprises, e.g. biosecurity, OH&S and other sources of business interruptions. The aim is to provide a business contingency planning tool to assist livestock businesses to develop a single plan encompassing all risks and hazards to their business.

The modules would be developed under the direction of Peak Industry Councils (PICs) under coordination by AHA and include consultation with relevant stakeholders. The modules would form a “toolkit” of material including development of risk management plans, advice on livestock husbandry, procedures to adopt during an animal welfare crisis, key contacts lists etc. The toolkit could be accessed on-line by producers as well as the various stakeholders (neighbours, community, livestock agents, banks, industry bodies, RSPCA and government). Factors to consider when designing the toolkit would include:

- Animal welfare risk management planning templates with generic and industry-specific guidelines.
- Coordinated promotion by the livestock industries in particular via the levy funded service providers including recognition of the different types of producers as a basis to design communications and engagement plans.
- Incorporation of animal welfare crisis response processes into the relevant QA programs.
- Where possible integrate approaches with Beyond Blue and government health services.
- Involvement of local emergency services (Council, SES etc) to provide assistance in animal welfare emergencies where possible.

The coordinated promotion should consider how best to engage with different types of livestock managers (i.e. the inexperienced, the unwilling and the unlucky) and develop communication and engagement plans accordingly (see Table 4).

Table 4 Approach for engaging different livestock managers

Livestock manager category	Approach	How to better reach these stakeholders (how do they get their information)
The inexperienced	<ul style="list-style-type: none"> • Improve connectedness • Provide information, tools and resources on animal health and husbandry • Explain their regulatory responsibilities and duty of care 	Internet
The unwilling	<ul style="list-style-type: none"> • Identify trusted advisers (e.g. agents) • Provide information, tools and resources on animal health and husbandry • Explain their regulatory responsibilities and duty of care 	Trusted advisers (e.g. agents) Internet
The unlucky	<ul style="list-style-type: none"> • Improve capacity through information, tools and resources • Incorporate animal welfare crisis risk management into QA programs 	Industry bodies QA programs

5.1.5 Case Study: GPs adopt online emergency risk planning tool

The livestock industry can draw lessons from other industries seeking to encourage its enterprises to prepare and plan for emergency situations. One successful approach has been the development of an online emergency risk planning tool (ERPT)⁴ for General Practitioners (GPs) across Australia.

The tool was developed by Healthpoint Ltd. for the Royal Australian College of General Practitioners (RACGP) to help its members produce tailored contingency plans to assist their businesses manage adverse and unexpected events that may affect its operation (e.g. national disasters, pandemic diseases, unplanned absence of clinical staff).

The ERPT is based on the principles of Cloud Emergency Planning. This approach focuses on gathering critical information as a set of 'modules' before translation to a straightforward plan that is specific to the nature of the business. The modular approach to plan development ensures that information is entered across the range of defined business activities such that an 'all hazards' plan, pertinent to any business crisis is produced.

The ERPT defines a set of planning templates (based on the Cloud approach) that must be completed by each practise, as part of the plan development. The ERPT then provides the practise with a unique tool which delivers support and guidance when responding to relevant emergency situations.

The ERPT was rolled out with a targeted communication strategy involving:

- media articles;
- presentations to GP networks on emergency planning;
- webinars; and
- downloadable resources on emergency planning and using the ERPT.

Since being launched in October 2013 uptake has been strong with 750 out of 2,100 GPs (36%) having registered to use the program. Two testimonials from users are provided below:

"....would like to congratulate you on the Emergency Planning Tool....it took no time at all, and made several of my other documents obsolete....I could attach other documents/manuals to the plan, and to have access for everything I need from one point...I particularly liked the options to 'grey' out areas that were not applicable to the practice - I really cannot think of any way to improve the tool, I really did find it user friendly and the fact I completed it in a day goes to show how very easy it is."

Practice Manager, Maffra Medical Centre, Victoria.

"It is a brilliant tool. It is easy to use and very user friendly. It has really brought to light the absolute necessity of having an emergency recovery system in place. I will keep updating all the information for our practice. Many thanks for your assistance today.....should have done this a long time ago."

Practice Manager, Clinic Altona, Victoria.

The efforts by the RACGP are motivated by the fact that a holistic pre-disaster planning approach will be more cost-effective in the long run. The Department of Health has allocated funding which will facilitate free access until June 2015.

⁴ <http://www.racgp.org.au/your-practice/business/tools/disaster/erpt/>

5.2 The role of the finance sector

5.2.1 The issue

Livestock businesses can experience financial difficulty due to a number of circumstances and this can have an indirect impact on animal welfare (eg inability to purchase required fodder). Financiers generally discuss options available to the business that will resolve the immediate animal welfare issue (e.g. restructuring of loan repayments to ensure finance for purchasing of fodder or to enable agistment). Discussions are usually held on a case by case basis with the financier needing to balance their financial risk with their social/corporate responsibility (to the farm business and to the welfare of livestock).

Inevitably this approach results in situations where financiers must make difficult decisions, for example when an emerging animal welfare crisis is unresolved or a breach of legislation is detected. The options available to the financier are:

1. Make extra funds available to the business:
 - At the risk of the animal welfare crisis being prolonged and the owner going unpunished for breaches of legislation.
2. Foreclose on the business:
 - At the risk of damaging the financier's social responsibility (i.e. not giving a farm business adequate chances to recover, not helping out in a crisis).
3. Report to government authorities:
 - At the risk of damaging the financier's reputation within the livestock community.

While the case by case approach taken by financiers provides flexibility to manage different situations, overall crisis response capability could be improved through the introduction of standard policies and protocols to guide decision making (eg a national code of conduct). These could be introduced either:

- On a company basis, whereby individual financiers develop their own policies and protocols.
- On an industry basis, whereby the Australian Bankers Association (ABA) amends its existing Code of Banking Practice to specifically include animal welfare, or develop separate policies and protocols.
- On a regulated basis, whereby POCTA legislation is amended to require financiers to report existing or emerging animal welfare situations.

5.2.2 Initial recommendation

Financiers should develop codes of conduct for dealing with businesses where there is an existing or potential animal welfare crisis.

5.2.3 Stakeholder feedback

Stakeholders had mixed views on whether the financial sector should be subject to a code of conduct for dealing with existing or potential animal welfare crisis situations (Figure 3). While some stakeholders support the recommendations, others question the involvement of financiers in on-farm animal welfare, and whether a code of conduct is the best means of achieving this.

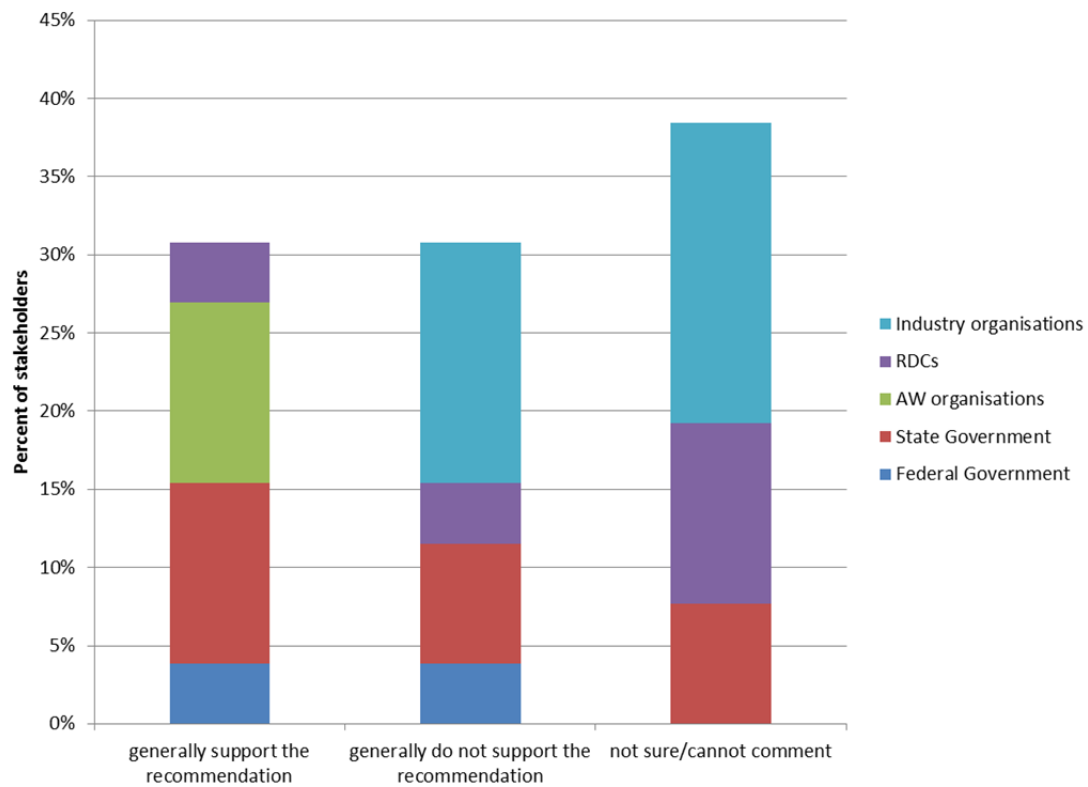


Figure 3 Summary of feedback regarding 'the role of the finance sector'

Stakeholders considered that any action taken by the financial sector required a clear understanding of the potential impacts that lending or foreclosure decisions may have on animal welfare, enterprise viability and human health. Stakeholders had mixed views on the future roles for the finance sector as follows:

Understanding of animal welfare

There were divergent opinions on the level of understanding of animal welfare implication required by the finance sector:

- A thorough understanding – financiers have a responsibility to understand animal welfare implications when making a decision on lending to a livestock business.
- Limited understanding – financiers need to be aware of animal welfare issues but should have no obligation to develop their own capacity to address the issues. Instead they should defer to specialist government and industry bodies.

Institutional practices

Stakeholders recognised the potentially important contributions that the finance sector can play and that it should have capacity to positively influence welfare and business viability. There were mixed views on the preferred approach by which the sector could be involved:

- A universal code of conduct that recognised responsibility with regard to animal welfare. This would ensure consistency between financiers and provide confidence to the livestock sectors that decisions with regard to animal welfare were applied consistently regardless of provider.
- Individual banks develop in-house policies and guidelines. Some considered this would result in a lack of consistency and may come at the expense of animal welfare if policies were not appropriately founded. This would be a problem particularly if policies were developed without sufficient technical knowledge.
- Promotion of risk management planning. Some stakeholders suggested that banks should consider asking clients to complete a risk management or contingency plan for emergency situations. This would help banks manage their risk and demonstrate their duty of care. Some stakeholders also suggested insurers might adopt a similar approach.

The need for fast resolution of ownership

Some stakeholders raised the need for a process or protocol which ensured that animals did not suffer during protracted disputes between financiers and livestock businesses following bankruptcy or foreclosure. Stakeholders suggested that financiers could develop agreements or protocols with clients which ensured that animals will be sold (or disposed of), without waiting for issues of ownership to be resolved.

5.2.4 Recommendations – The role of the finance sector

Recommendation 2: Involve the finance sector in decision making and promoting animal welfare contingency planning.

Recommendation 3: Encourage the finance sector to develop policies and guidelines for its staff in responding to animal welfare crisis issues and train staff accordingly.

The finance sector is a key stakeholder in ensuring the protection of animal welfare and as such needs to be formally represented on decision making bodies dealing with crisis responses for animal welfare.

In addition, the sector should be engaged by AHA or the relevant national Animal Welfare agency to canvass the following:

- Obtaining from the Australian Bankers Association (ABA) a formal response on its members' preference for either (i) a universal code of conduct or (ii) establishment of individual member policies and guidelines for the protection of animal welfare.
- The inclusion of finance institutions in the development and promotion of the toolkit for the improvement of animal welfare crisis responses.
- The need to provide training to finance sector staff on animal welfare issues including: understanding their responsibilities under animal welfare legislation; options available to producers to resolve a crisis; understanding the roles of the various stakeholders and the contributions the sector can make to assist in resolving a crisis.

5.3 The role of industry

5.3.1 The issue

As outlined in Table 3, industry consists of the commercial supply chain operators (e.g. processing companies, input suppliers and product customers) and industry organisations (e.g. farmer organisations at local and state-wide levels and levy funded service providers).

It is generally acknowledged that there is a decline in government capacity in most states to respond to emergency situations and this is a real risk to crisis response plans. The capacity for industry organisations to help resolve an animal welfare crisis situation is often limited to larger scale natural disasters (e.g. floods, bushfires) and market failure issues (e.g. emergency animal disease outbreak). There are examples where industry has become involved to ensure animal welfare issues are avoided or contained. Examples include:

- Some levy funded service providers have provided assistance during natural disasters in the past (e.g. Dairy Australia), however it is unclear if this is an appropriate use of levy funds, under the PIRD Act.
- PICs have a legislated role in the event of an exotic disease outbreak under the EADRA, however generally they have minimal capacity to assist in other crisis situations.
- Some SFOs play an active role in natural disasters (e.g. VFF Disaster Relief Fund), however they are reliant on state government funding or donations from the general public.
- Some livestock industries have reserve funds at their disposal which can be used to address certain animal welfare issues. Examples include:

- Cattle Disease Contingency Fund (approximately \$20m) which was recently used to provide loan funds to purchase feed for stranded animals following the suspension of Indonesian live exports.
- Red-meat-industry fund (approximately \$45m) managed by RMAC. This fund can be drawn upon in certain industry crisis situations.
- Various compensation funds within State and Territory Governments which provide compensation for specific disease situations.
- The NFF maintains the Australian Farmers' Fighting Fund, however its purpose is more for precedent-setting legal action.
- Commercial supply chain operators generally have no direct involvement in resolving on-farm animal welfare crises but may have input through their respective industry representative bodies (e.g. meat processors represented by the Australian Meat Industry Council (AMIC)).

5.3.2 Initial recommendation

Industry organisations (levy funded service providers, PICs and SFOs) should better define their role with regard to animal welfare crises in terms of the following:

- When the organisation will become involved? (e.g. large scale events, isolated events, events that threaten industry reputation etc).
- What resources the organisation can provide? (e.g. coordination, communication, staff, funding, fund-raising).
- What assistance the organisation will require? (e.g. coordination, communication, staff, funding).

To help levy funded service providers define their role, clarification is required on whether and how levy funds can be used during a crisis situation.

- Industry (and community) bodies with capacity for assisting in the prevention or resolution of animal welfare crises should be included in government crisis management plans.

5.3.3 Stakeholder feedback

Stakeholders generally supported the notion of industry bodies better defining their role during animal welfare crisis situations (Figure 4).

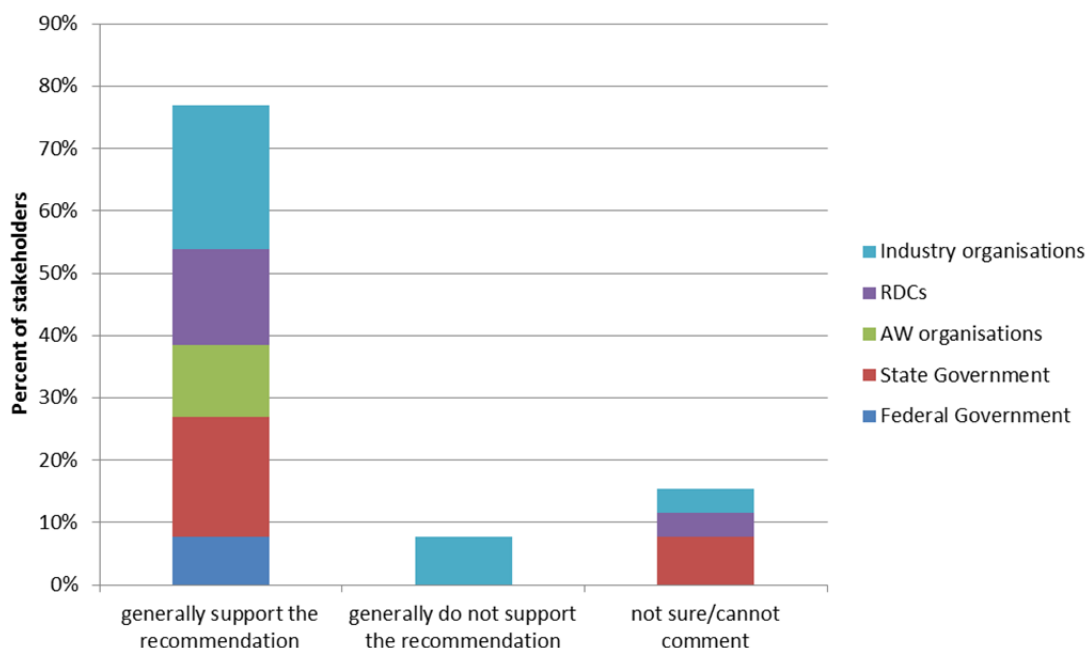


Figure 4 Summary of feedback regarding 'the role of industry'

All stakeholders recognise the importance of having effective involvement by industry in crisis response events. Responses with regard to the different organisations and their perceived role in crisis situations were outlined as follows:

Levy funded service providers

- The majority of levy funded service providers supported their organisation becoming more involved in improving the capacity of businesses to respond to animal welfare issues through measures such as awareness, planning, coordination, information provision etc in the context of other high risks to businesses and not separate to them. Any decision to invest in these areas would however require further consultation and direction from levy payers, PICs and other stakeholders.
- If providers take some role in crisis response, industry organisations (PICs, SFOs) rather than governments should direct the roles of the service providers in a crisis. Strict protocols govern how levy funds are to be used and hence the role for industry influence and guidance.
- Service providers potentially have access to a greater pool of funds and may play a larger role in crisis responses if SFO funding declines (see below).
- Levy funds could be distributed to industry organisations to respond to animal welfare crises, with the organisations taking on the role of 'trustees' to administer the funds. It is the federal government's responsibility to define the criteria for use of levy funds for animal welfare crisis responses.
- Industry bodies need to be represented in formulating government crisis plans.

PICs

- While respondents felt that PICs should not be directly involved in crisis responses, it is appropriate to have these organisations involved in development of emergency plans.
- A relevant role for PICs was to assist with communications and networking during a crisis.
- If a crisis escalates beyond a localised event, it was recognised that PICs were likely to become involved due to exposure by media and they would therefore need to be prepared to respond to an event in these circumstances.

SFOs

- SFOs were seen to be effective in responding to large crisis situations but not necessarily for localised and isolated events.
- SFOs need to be included in decision making and to be proactive in the development of contingency plans to ensure they are up to date and relevant.

Government

- Government stakeholders are generally supportive of increased industry involvement, while acknowledging that this is for industry to decide.
- Some State governments cited very effective working relationships with industry bodies both during natural disasters and isolated animal welfare incidents and breaches.

The Federal Government considers that current legislation on the use of industry levies would enable levy funded service providers to play an increasing role in animal welfare crisis planning, awareness and recovery. The Federal Government would be more concerned with ensuring that any investments in animal welfare by levy funded organisations have the support of industry and particularly PICs.

5.3.4 Recommendations - The role of industry

Recommendation 4: Industry bodies to define and publish their roles and responsibilities in animal welfare crisis situations as well as the roles and responsibilities of stakeholders.

Industry bodies need to clearly define their roles and responsibilities in responding to animal welfare crises that are not covered under current agreements (e.g. Emergency Animal Disease Response Agreement - EADRA). These roles and responsibilities should be included as a component of government crisis management plans. The roles and responsibilities will outline activities and funding associated with coordination, communication, staffing and services.

Recommendation 5: Levy funded organisations to investigate investing in capacity building of stakeholders to respond to animal welfare crisis situations.

During the next cycle of strategic planning within levy funded organisations, consideration should be given to the inclusion of measures which improve the capacity of businesses and communities to resolve animal welfare crisis situations (e.g. awareness, planning, coordination, information provision etc).

Recommendation 6: Levy funded organisations to clarify the use of industry held funds, reserves and resources in responding to animal welfare crises.

Clarification should be provided around the rules and protocols for the use of industry held funds, reserves and resources during crisis situations.

5.3.5 Case Study – QDO take the lead in cyclone and flood planning, response and recovery

Most livestock industry organisations are suffering from declining membership and revenue, which can limit their ability to provide services to farmers during emergency or crisis situations. Rather than playing a supporting role, Queensland Dairyfarmers Organisation (QDO) has decided to take the lead for cyclone and flood emergency situations affecting dairy enterprises in their region, as a means of demonstrating tangible benefits to members (and non-members).

QDO has taken on a central coordination role for emergency planning, response and recovery. The organisation uses its strong networks to leverage resources from state and federal government agencies including Queensland Department of Agriculture, Fisheries and Forestry (QDAFF) as well as other key stakeholders such as Subtropical Dairy, Dairy Australia, Queensland Farmer's Federation (QFF) and various processors. In the lead-up to an emergency situation, relevant stakeholders from each of these groups are selected to form an emergency response group.

Central to QDO's approach has been the development of a database of dairy farmers in Queensland and Northern NSW. This database is used to communicate with dairy farmers at different stages of an emergency. Below is list of some of the activities and services QDO has provided in the past.

Planning

- In the lead up to the cyclone season, QDO provides dairy farmers with a practical checklist of suggested activities to improve preparedness (e.g. check backup power, feed storage etc).
- Weather monitoring and notifications:
 - QDO receives cyclone and flood warnings from the Bureau of Meteorology (BOM) and issues notifications and status updates to all dairy farmers in affected areas, via SMS, fax or phone.

Immediate response

- With the help of other industry stakeholders, QDO arranges for all affected property to receive a telephone call to check on the immediate status of people and animals, and identify each farms immediate requirement (e.g. medical assistance, evacuation, veterinary assistance, feed, milk pick-up etc). With this information QDO is able to prioritise needs and work with relevant stakeholders in government, industry and community to ensure services reach those in need.
- Local QDO representatives and others are used to make individual farm visits.

Recovery

- Special telephone hotlines are set up to provide farmers with technical assistance in specific areas (e.g. animal health and nutrition, dealing with flooded machinery and facilities etc).
- Affected farmers are provided with information packs about available government assistance. Where possible QDO uses its database to pre-fill forms to reduce the administrative burden.
- Individual farm impacts are aggregated and used to inform government responses under the NDRA.
- Donations are collected from business and the community, into a relief fund, and used to provide assistance according to needs.
- QDO finds that by taking the lead in emergency situations it provides an avenue for other stakeholders (including government) to contribute.
- Despite being a voluntary, non-profit industry body, membership to QDO remains at around 70% of all Queensland dairy farmers, a testament to the value and benefits that these farmers see in the services provided in times of emergency.

5.4 The role of governments

5.4.1 The issues

Legislative powers

All states and territories have provisions within current animal welfare legislation that provides powers for agencies to take action once the owner has committed a breach of the legislation or there is reason to believe a breach has occurred or will occur. The legislation includes the power to seize animals to ensure their welfare. In some cases this requires a Court Order or approval from the Department's Head.

These provisions allowed, for example, the Victorian DPI to seize chickens from Tip Top poultry when it became evident that feed supplies would soon run out. Without these provisions, DPI would have been forced to wait for an offence to occur, in this case for poultry to be without feed for more than 24 hours.

Victoria has further provisions (section 20A of POCTA) which allow the Department Head to declare a certain class or classes of animals at risk due to an existing emergency (as defined by the *Emergency Management Act 1984*). These powers provide agencies with the power to seize, feed, treat, sell or destroy any declared animals affected by an emergency.

Coordination during a crisis

The Royal Commission into the Black Saturday bushfires in Victoria found the animal welfare response was somewhat fragmented, with confusion about roles and responsibilities. Excerpts from the report include:

There was a lack of clarity about which agencies had responsibility for which animal grouping, and if animals were found together whether all were treated by that agency.

There does not appear to be a coordinated approach to animal welfare during relief operations.

Improving agency coordination would help to provide more effective relief to all animals regardless of whether they are wildlife, stock, companion animals or pets. There is a good argument to address the welfare of all animals holistically in the Emergency Management Manual Victoria.

Since the Royal Commission, the Victorian Government has developed the Victorian Emergency Animal Welfare Plan which aims to provide a coordinated approach to animal welfare during relief operations.

5.4.2 Initial recommendation

State and Territory Governments should consider whether their animal welfare legislation provides sufficient scope for inspectors to pre-emptively act to prevent an animal welfare crisis.

5.4.3 Stakeholder feedback

The large majority of stakeholders (including all State Government Agencies) felt that current animal welfare legislation afforded sufficient powers to authorities to resolve crisis situations (Figure 5).

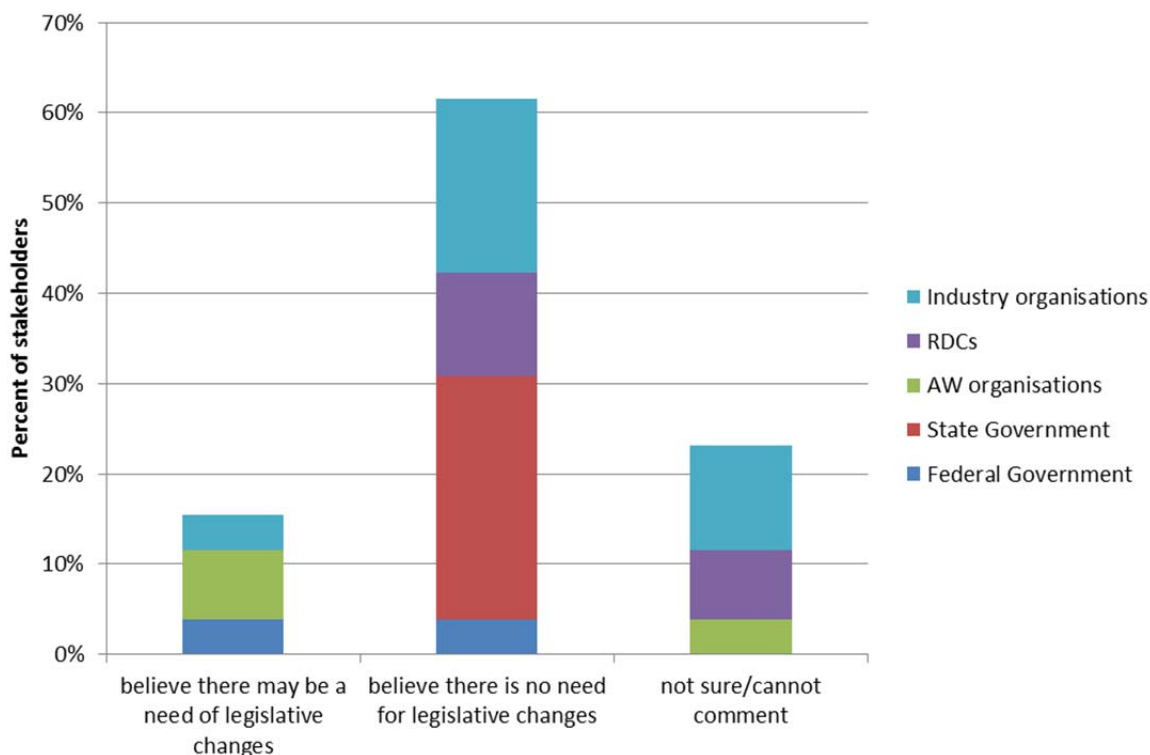


Figure 5 Summary of feedback regarding 'the role of governments'

Legislative powers

All states consider they have appropriate authority to deal with welfare issues pre-emptively through relevant legislation. These laws have been subject to continual review, with the Victorian government set to review its animal welfare legislation in 2015.

While respondents considered the legislation was adequate, enacting the legislation was seen as an issue due to the following:

- State governments may lack appropriate resources to conduct investigations into breaches of animal welfare as required.
- Investigations are highly resource intensive, as are prevention activities.
- There is some support for a set of nationally agreed principles to guide the provision of state legislation to ensure a degree of consistency at a higher level.
- One respondent recommended a comparison and evaluation of all state legislation to assess its ability to deal with emergency situations.
- Few breaches of legislation have been recorded.

Coordination during a crisis

Many stakeholders cited confusion about the roles and responsibilities of different stakeholders (e.g. DPI, RSPCA, parks authorities and local governments) during emergency situations. These concerns were highlighted in the Royal Commission into the Black Saturday Bushfires, which has resulted in the Victorian Government making considerable changes to its emergency management approach.

Engagement with industry

Some stakeholders believe government agencies should engage industry more during crisis situations. Some examples were cited of effective engagement and coordination between government and industry. For example:

- one state government agency cited a very good relationship with Australian Pork⁵, whereby the two parties often work together to resolve potential animal welfare issues arising on individual farms, often through the provision of advice, assistance and support.
- The dairy industry was also cited as working effectively with state government agencies particularly during natural disasters situations (as discussed in section 5.3).
- The EADRA was also cited as being an example of successful industry government co-operation.

These relationships and arrangements benefit all parties, and most importantly the animals, by achieving a faster resolution of animal welfare crisis situations. However these relationships and arrangements are not universal, and are not present to the same degree in some industries, or for some crisis situations.

National coordination of AW policy post-AAWS

Stakeholders are concerned about national coordination of animal welfare post-AAWS. Some believe animal welfare policy and legislation will over time become less consistent and coordinated.

5.4.4 Recommendations – The role of governments

State and Territory agencies generally believe they have sufficient powers in the event of an animal welfare crisis, therefore no specific legislative changes are recommended.

Recommendation 7: All States and Territories should consider the lessons from the Black Saturday Bushfires and the subsequent steps taken by the Victorian Government to improve coordination between agencies and better define their roles and responsibilities.

It may be attractive for government to fund more work in the area of emergency planning with a focus on all hazards and not just welfare or biosecurity or resilience with a consolidation of effort for an improved outcome.

Recommendation 8: State and Territory governments should continue to engage industry before and during animal welfare crisis situations, with the aim of:

- Improving understanding of risks.
- Utilising industries' resources and communication channels.
- Ensuring government takes a balanced approach in dealing with affected businesses.

Recommendation 9: Governments to establish a national coordination response mechanism for animal welfare policy post-AAWS.

With the cessation of funding to the Australian Animal Welfare Strategy (AAWS), national coordination of animal welfare is of concern. It is important to have an organisation with overall carriage of strategies for the protection of animal welfare, for example the national Animal Welfare Task Group. The coordinated response would acknowledge consequential impacts of policy actions on the respective industries.

⁵ While providing assistance in this way, Australian Pork has a clear policy not to provide assistance if a farm has breached animal welfare legislation.

5.5 Who pays?

5.5.1 The issue

In addition to giving government authorities the power to seize animals and provide feed, water or other treatments, animal welfare legislation allows authorities to recoup the costs of a response from the owners.

The initial cause of an animal welfare crisis can however limit the ability for governments to recoup costs of intervention. Drought, disease or market closure can lead to widespread financial stress and bankruptcies, in some cases forcing governments to seize livestock under animal welfare legislation to ensure animal welfare. However governments may then be unable to recoup costs on the depressed or non-functioning livestock markets (e.g. due to drought, market closure or lack of competition). The recent Tip-Top Poultry case study (see Appendix H for a more detailed summary) provides an example of the difficulty recouping costs from a financially stressed or bankrupt business.

A review of international animal health and welfare arrangements (Appendix H) identified a number of examples of responsibility and cost sharing arrangements in European countries (de Witte 2013). The examples provided vary in scope and purpose but relate predominately to disease outbreaks and serve similar functions to Australia's EADRA and other jurisdictional compensation arrangements for livestock industries.

5.5.2 Initial recommendation

The Discussion Paper included a number of options that would enable governments to recoup their costs (see Table 5 below).

Table 5 Options for governments to recoup costs

Option	Pros	Cons
<p>Option 1: The status quo</p> <p>After exercising all options to recoup costs from the owner or market, the government absorbs the costs as a public good.</p>	<p>No legal and administrative changes required</p>	<p>Is it equitable, and in the public interest for government to pay for the mismanagement or misfortune of a private business?</p>
<p>Option 2: Industry funding</p> <p>Provisions are made for the broader industry to fund all or part of the costs. Funding could be established before the event (e.g. a contingency fund) or after the event (e.g. provisions for a special levy to be established, similar to EADRA cost sharing arrangements).</p> <p>Industry funding could be established for the entire livestock sector, or via an industry by industry basis.</p> <p>Industry funding could be provided in all situations where government are unable to recoup costs, or restricted to only major incidents.</p>	<p>Recognises the benefit to industry in resolving animal welfare crisis situations.</p> <p>May avoid the need for additional animal welfare regulation.</p>	<p>Is it equitable, and in their interest, for industry stakeholders to pay for the mismanagement or misfortune of other private businesses?</p> <p>Difficulty in setting up a new levy.</p>
<p>Option 3: Mandatory insurance</p> <p>Regulatory changes could be put in place to make it mandatory for all livestock businesses to have insurance coverage, which enables Governments to recoup costs.</p>	<p>Forces livestock businesses to pay the cost of mismanagement</p>	<p>Well managed livestock businesses will also have to pay.</p>
<p>Option 4: Changes to government intervention approach</p> <p>Governments may choose to reduce the risk of it being left with a debt which cannot be recouped by changing the way in which it intervenes in animal welfare situations. Governments might seek to:</p> <ul style="list-style-type: none"> • Intervene earlier to ensure costs can be recouped • Increase infringement penalties • Choose to euthanise immediately rather than seeking to feed and sell animals 	<p>Forces livestock businesses to pay the cost of mismanagement</p>	<p>Significant risk to industry reputation if animals are euthanised, rather than being sold/processed.</p>

5.5.3 Stakeholder feedback

The majority of stakeholders do not support the development of industry funding mechanisms for individual crisis situations, either via a new levy (option 2) or mandatory insurance requirements (option 3), see Figure 6.

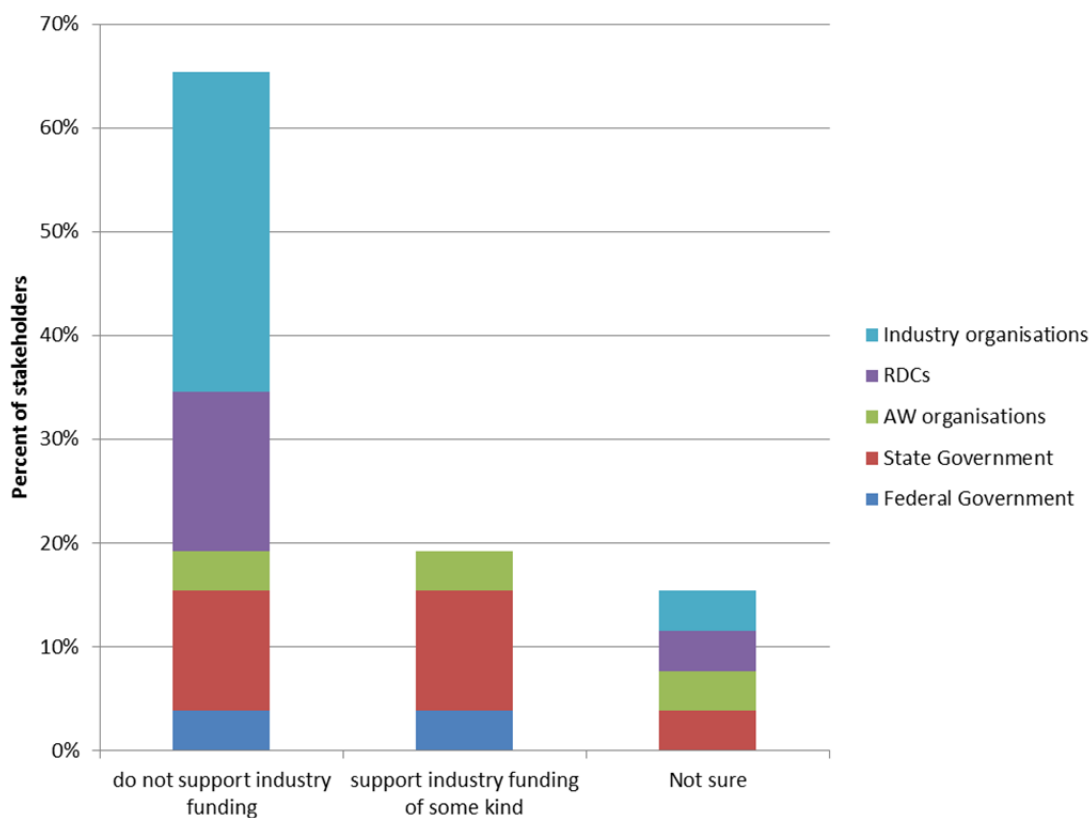


Figure 6 Summary of feedback regarding 'who pays?'

Below is a summary of the arguments for and against the options presented.

Government Funding (Option 1 & 4)

- As animal welfare is considered to be a public good, industry argues that it is reasonable for taxpayers to bear the cost of supporting animal welfare interventions.
- Respondents considered it was not appropriate to extend the EADRA cost-sharing arrangements to include animal welfare crisis situations. An EAD is likely to have an impact on the whole of industry and broader society and for this reason there is support for control costs to be socialised and shared across government and the relevant industry.
- Early intervention was supported as an alternative approach but may be difficult to achieve unless well resourced.
- Alternative government intervention options such as increased infringement payments are argued to be ineffective. Those who have committed an infringement are unlikely to be a position to pay any notices given and such monies collected cannot necessarily be used for animal welfare management purposes. Generally deemed to be ineffective.

Industry Based Funding (Option 2)

- Industry based funding was only supported by a minority of respondents with assistance depending on the operator having an appropriate animal welfare contingency plan in place.
- Most respondents considered that it would be inequitable for industry to meet the costs of those businesses that were in breach of animal welfare legislation, especially as the breach may have been the result of poor management of livestock or finances.
- While it was recognised that taxpayers should also not be required to absorb the cost of government intervention in animal welfare as a result of private business failure, it was likely that this would be the outcome if efforts to recoup costs by governments were unsuccessful.

- There were also concerns in relation to the difficulty of establishing an industry-based levy for animal welfare and the possibility that this could require changes to the PIRD Act.

Mandatory insurance (Option 3)

- Mandatory insurance was only supported by one stakeholder.
- Issues pertaining to equity around this approach can be addressed by incorporating lower insurance premiums for those operators who demonstrate active implementation of contingency plans, or lower funding obligations for operator with proven management history, for example.

Other options raised: Use of existing industry levies and funds

- With the likely difficulty associated with establishing any new industry levy, some respondents raised the possibility of using existing industry levies and funds to compensate governments in certain animal welfare situations. Broadly funds include the Cattle Disease Contingency Fund, the Red-meat-industry fund, and various compensation funds managed by committees of stakeholders on behalf of State and Territory Governments, usually to provide compensation for specific disease situations.
- Currently stakeholders consider there are too many vagaries around the criteria and rules under which these funds might be used. For example in 2011 \$5 million was made available from the Cattle Disease Contingency Fund as a “loan” to assist in the transportation and feeding of livestock following the suspension of live exports to Indonesia. The processes for recovering the loan, and whether alternative mechanisms for use of the Fund other than as a loan, require clarification.
- A general decline in state-funded agricultural extension and services has in some states prompted a return to (or continuation of) the collection of state-based levies on agricultural businesses, particularly to fund biosecurity and animal health programs. Some respondents raised the prospect of these state-based levies being extended to fund certain animal welfare services. Those supporting this approach consider a clear mandate from the state industries would be required and that suitable protections were in place so that it would not lead to the abrogation of individual farmer’s responsibilities and duty of care.

5.5.4 Recommendations – Who pays

Recommendation 10: Governments to continue to intervene to prevent animal welfare crises occurring and absorb costs when funds are not recoupable (option 1).

Recommendation 11: Governments to consider implementing more timely and/or effective intervention approaches to reduce the risk of incurring non-recoverable debts (option 4).

Governments and industries should work collaboratively on a proactive approach which could result in earlier government intervention, increased infringement penalties and the possibility that governments will choose to euthanise animals immediately if there is uncertainty as to whether feed costs can be recouped by selling the animals. Given the potential reputational damage within the community, industries should consider mitigation strategies to ensue this situation is less likely to arise.

Recommendation 12: Industries should review and refine the criteria and rules which determine if/how and the amount of existing levy funds which can be spent appropriately during an animal welfare crisis.

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Appendices

Appendix A – Review Framework

A framework was designed to guide the assessment based on the various stakeholders involved, their response options depending on the particular crisis, their capacity for response, and a qualitative assessment of a particular response option to resolve the animal welfare issue (from zero capacity to high capacity).

The review framework is summarised in Table 6 below. Stakeholders are listed into various categories and sub-categories for the livestock businesses and the individuals and agencies likely to respond in a crisis. Crisis responses will vary depending on the livestock sector (especially extensive versus intensive), the livestock business structure (especially as it relates to staffing levels and the ability to obtain substitute animal carers) and the nature of the crisis.

Table 6 Review framework

Stakeholder	Sub-groups	Crisis situations	Capacity and arrangements	Capacity analysis	Scenario analysis	Gaps and Issues
Livestock business (Appendix B)	Extensive	<ul style="list-style-type: none"> Loss of management capacity 	<ul style="list-style-type: none"> Plans and resources Legal frameworks 	✓	Examples of past situations and hypothetical scenarios (Appendix H)	Discussion of the gaps in capability and issues to be considered by stakeholders
	Intensive	<ul style="list-style-type: none"> Financial difficulty Natural disaster Market failure 		<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ 		
Financiers (Appendix C)	Banks	<ul style="list-style-type: none"> Loss of management capacity 	<ul style="list-style-type: none"> Plans and resources Legal frameworks 	✓		
	Receivers	<ul style="list-style-type: none"> Financial difficulty Natural disaster Market failure 		<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ 		
	Agents	<ul style="list-style-type: none"> Loss of management capacity 		✓		
Community (Appendix C)	Informal (family, friends, neighbours) and formal (RSPCA, organisations)	<ul style="list-style-type: none"> Financial difficulty Natural disaster Market failure 	<ul style="list-style-type: none"> Plans and resources Legal frameworks 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ 		
Industry (Appendix E)	RDCs	<ul style="list-style-type: none"> Loss of management capacity 	<ul style="list-style-type: none"> Plans and resources Legal frameworks 	✓		
	Peak Councils (including NFF)	<ul style="list-style-type: none"> Financial difficulty Natural disaster Market failure 		<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ 		
	SFOs	<ul style="list-style-type: none"> Loss of management capacity 		✓		
Government (Appendix F)	Local	<ul style="list-style-type: none"> Loss of management capacity 	<ul style="list-style-type: none"> Plans and resources Legal frameworks 	✓		
	State	<ul style="list-style-type: none"> Financial difficulty Natural disaster Market failure 		<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ 		
	Federal	<ul style="list-style-type: none"> Loss of management capacity 		✓		

Crisis situations

The four categories of crisis situations adopted for the framework are outlined further in (Table 7) with more detail provided in Appendix A.

Table 7 Crisis situations

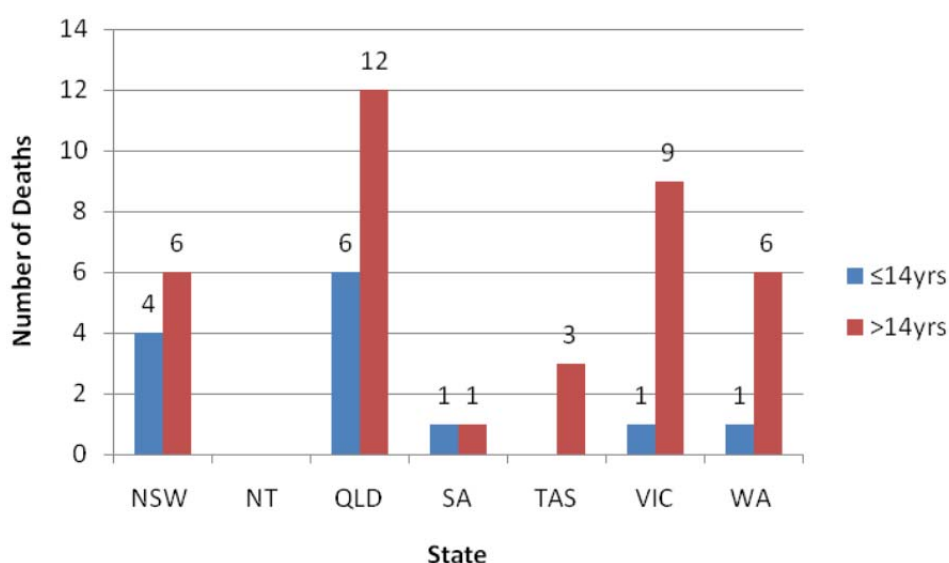
Category	Includes
Loss of livestock management capacity	<ul style="list-style-type: none"> Death of a manager or key staff member Injury to a manager or key staff member Mental health issue
Financial difficulty	<ul style="list-style-type: none"> Short term cash flow difficulty Bankruptcy, liquidation or receivership of business affecting its ability to feed and care for animals
Natural disaster	<ul style="list-style-type: none"> Fire, flood, drought and other natural disasters Emergency Animal Disease (EAD) Loss of essential services (power, water, criminal acts)
Market failure	<ul style="list-style-type: none"> Closure of key markets (e.g. due to disease, loss of market access) Breakdown in key supply chain functions (e.g. closure of processing plants)

Loss of livestock management capacity

Farm deaths

In 2012 there were 50 on-farm deaths reported in Australian print media (see Figure 7). 37 of which involved persons over the age of 14.

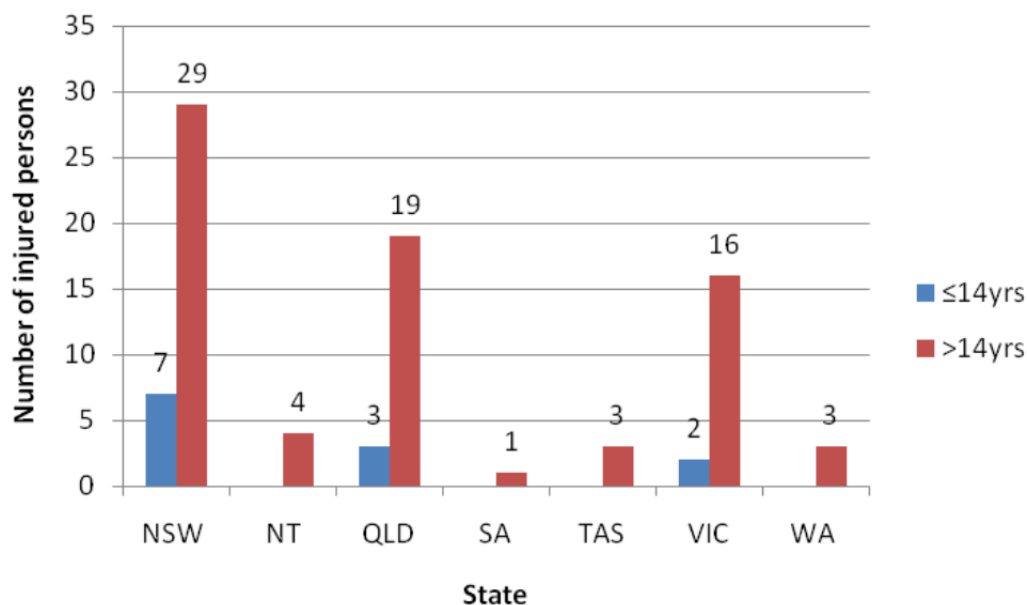
Figure 7 On-farm deaths reported in Australian print media by age and state, 2012.



Physical injury

In 2012 there were 87 on-farm non-fatal injury events reported in Australian print media (Figure 8). 75 of which involved persons over the age of 14

Figure 8 On-farm non-fatal injury events reported in Australian print media, 2012



Mental health

A 2003 study⁶ found higher suicide rates evident for men, particularly young men in rural (40.4 per 100 000) and remote (51.7 per 100 000) populations compared with metropolitan (31.8 per 100 000) populations. Although the proportion of young men reporting mental health disorders does not differ significantly between rural (23.5%) and remote (18.8%) areas compared with metropolitan (25.6%) areas, young men with a mental health disorder from non-metropolitan areas are significantly less likely than those from metropolitan areas to seek professional help for a mental health disorder (11.4% v 25.2%).

Financial difficulty

General financial difficulty

Livestock business often experience financial difficulty which may be short or long term. Drought is often the cause of financial difficulty in extensive livestock businesses, whereas intensive livestock businesses usually experience financial difficulty due to market depressions, costs and operational issues.

Bankruptcy

For businesses in financial difficulty the last step in paying off creditors and dealing with debt is sometimes a declaration of bankruptcy or liquidation of business assets.

The first aim of bankruptcy is to give immediate relief to an individual suffering extreme financial distress by stopping legal action against them from their creditors.

Bankruptcy can be initiated by either a creditor or an individual debtor.

Receivership

A bank may appoint a receiver or manager to oversee a bankrupt livestock business (usually only for large businesses or companies).

The receiver or manager will take responsibility for the welfare of all animals on the property. Usually all livestock will be quickly sold.

Colliers International estimate there were close to 100 rural and agribusiness distressed assets on the market during 2012.

⁶ Tanya M Caldwell, Anthony F Jorm and Keith B G Dear Suicide and mental health in rural, remote and metropolitan areas in Australia, *Med J Aust* 2004; 181 (7): 10.

Natural disaster

Natural disasters

The most common natural disasters affecting livestock businesses include:

- Drought
- Bushfire
- Flood
- Storm
- Hail
- Cyclone

Disease outbreak

An exotic disease outbreak (e.g. food and mouth disease) can result in a national livestock standstill and suspension of export markets.

Loss of essential services

This may involve the loss of electricity, water or other essential services to a business, due to natural disaster, criminal activity or other causes.

Market failure

Market failure can occur when there is a disease outbreak, supply chains break down or a market is closed or suspended.

Supply chain failure

Supply chains can fail when one or more supply chain participants become inoperable (e.g. transport, processing, ports). This can be caused by industrial action, natural disaster, bankruptcy etc.

Market closure, suspension or depression

Markets can be closed or suspended due to warfare, diplomatic disputes, trade disputes, animal welfare concerns, disease etc.

Markets can also become depressed to the point of being non-functioning for example due to chronic oversupply or lack of demand. This can occur during a drought situation, when livestock businesses cannot sell their stock.

Resources and arrangements

Each of the stakeholder groups has different capacities to respond to an animal welfare crisis. Responses can be categorised into those that are less formal (eg reliance on internal and other networks, established plans) and those that are more formal and likely to be triggered by legislation. The main regulatory instrument for ensuring the welfare of animals for livestock businesses is the Prevention of Cruelty to Animals (POCTA) legislation of the respective states and territories. More details on the various POCTA legislation in each state are provided in Table 21.

In addition, an analysis of potential responses is enhanced by considering examples of past crises or through the creation of scenarios of a potential crisis. The lessons learned from these provide the ability to identify gaps in the current arrangements and consider any improvements that could be adopted in the future. The difference response categories are summarised in Table 8.

Table 8 Capacity and arrangements

Response Category	Includes
Plans and resources	<ul style="list-style-type: none"> Resources and networks which are available Established plans, protocols, agreements in place
Legal frameworks	<ul style="list-style-type: none"> Laws and regulations
Precedents, case studies and scenarios	<ul style="list-style-type: none"> Examples (real or fictional) of how crisis situations have/would be handled

Summary of capacity

For each crisis situation, the response is likely to vary depending on individual circumstances. In some circumstances, businesses or response agencies will have high capacity and resources to enable a resolution, while others may have no capacity. The responses required are considered to be one or more of the following: care, cash and dispatch. These are further described as follows:

- Care: identifying emerging crisis situations, seeking assistance, providing on-the-ground labour to manage livestock.
- Cash: to resolve a crisis situation by purchasing feed, water, transport, agistment or other requirements.
- Dispatch: where necessary, resolution could include selling or slaughtering animals.

For the crisis situations analysed, a rating system was used to assess capacity as per Table 9.

Table 9 Capacity analysis definitions

Measure	Definition
✓✓✓	The stakeholder typically has <u>high capacity and resources</u> to provide care, cash or resolution during an animal welfare crisis.
✓✓	The stakeholder typically has <u>reasonable capacity and resources</u> to provide care, cash or resolution during an animal welfare crisis.
✓	The stakeholder typically has <u>low capacity and resources</u> to provide care, cash or resolution during an animal welfare crisis.
No tick	The stakeholder typically has <u>no capacity and resources</u> to provide care, cash or resolution during an animal welfare crisis.

Appendix B – Review of livestock business capacity

Primary responsibility for the welfare of production animals rests with individual livestock businesses. There are approximately 167,000 livestock businesses in Australia caring for over 203 million animals (Table 10). The number of livestock businesses are predominantly involved with the beef cattle and sheep industries (Table 11)⁷.

Table 10 Livestock numbers and businesses by state

	Livestock Numbers	Livestock businesses
NSW	71,375,268	59,930
Vic	42,226,979	39,347
QLD	37,092,992	33,638
SA	12,664,276	13,874
WA	16,427,014	13,177
TAS	3,060,254	5,523
NT	2,243,281	438
ACT	148,738	116
Australia	203,874,146	166,663

Table 11 Livestock numbers and businesses by sector

	Livestock Numbers	Livestock businesses
Beef cattle	25,936,178	74,476
Sheep	73,098,761	43,828
Dairy cattle	2,569,990	8,898
Poultry	98,767,276	3,004
Pigs	2,285,214	2,310
Other	1,216,727	34,147
Australia	203,874,146	166,663

The Australian Emergency Management Arrangements defines the responsibilities of livestock businesses to prepare for and manage emergency situations, as follows:

The risk of emergencies is one of the risks that any business enterprise should take into account in business planning. With regard to risk reduction, strategies should include:

- emergency risk assessment and disaster resilience measures;
- use of any physical or logistical measures to protect or remove assets and stock from the effects of the hazard;
- development and implementation of other plans and strategies to reduce risk and mitigate impacts, and
- insurance cover for assets, stock, business interruption and loss of income where available.

While the above is sound business practice and would eliminate an animal welfare crisis in most situations, the fact that crises do occur indicates that there are gaps in management and this project provides a systematic analysis of the gaps and seeks solutions to bridge the gaps.

⁷ 71210DO001_201011 Agricultural Commodities, Australia, 2010-11

Extensive vs Intensive livestock businesses

Livestock industries can be further broadly categorised into extensive and intensive businesses. Extensive livestock businesses include grass-fed beef cattle and sheep. These businesses are generally wholly or substantially pasture based where animals have *ad libitum* access to feed and water and do not have a daily reliance on carers for their welfare. This means there is a reasonable time between a carer becoming incapacitated and an animal welfare crisis ensuing. However, extensive livestock businesses are less likely to have support staff to draw upon, and are also less likely to have crisis response plans and contingencies in place. As a result, crisis situations are more likely to go undetected for longer periods on extensive livestock businesses.

While dairy businesses are categorised as extensive businesses in this review, they are more vulnerable to crisis situations than other extensive businesses because of the semi-intensive nature of the industry that may include daily reliance of animals on the provision of feed supplements by managers.

Intensive livestock businesses include chicken meat, egg, pork and cattle feedlot enterprises. These enterprises are totally dependent on the daily provision of feed and water by carers and are thus vulnerable to interruptions to management that deprive them of feed and water. Livestock under these conditions can quickly develop animal welfare issues. However intensive livestock businesses generally have more support staff and contact with suppliers and processors, and are more likely to have established contingency plans and arrangements in place to alleviate welfare issues.

Intensive livestock businesses are generally more susceptible to disease or supply chain failure than drought, fire and other natural disasters that have more of an impact on extensive enterprises.

Business structures within livestock businesses

While the categorisation of livestock businesses as extensive or intensive enterprises is useful in determining the immediacy of a welfare issue occurring in response to a crisis, it is not sufficient in identifying the capacity of such businesses to respond. The capacity to respond, at least in the first instance, will depend in part on the business structure under which the enterprise operates. Different business structures can mean there are different levels of internal support available once a crisis is identified.

Typical business structures within the livestock industries include: sole traders, partnerships, trusts and companies, and within these there are further complexities that occur with contract growers and livestock agistees. Contract growers are very common in the chicken meat and pig industries and operate under contractual agreements which specify the responsibilities of the animals' owners and the contract grower. Generally the owner will supply all feed and pharmaceuticals while the grower will be responsible for supplying the facilities and infrastructure, water, heating and cooling and day to day care for animals.

The percentages of the various farm business structures within Australian agriculture are (ABS, unpublished):

- Sole traders: 28%
- Partnerships: 57%
- Trusts: 11%
- Companies: 5%

For each of these business structures it has been necessary to generalise about the level of 'internal support' available to the primary carer in the event of a crisis.

While accepting the difficulty of generalising the internal level of support for each business structure, the authors have adopted the categories described in Table 12 to inform the gap analysis. This

characterises businesses into three levels of internal support depending on the business structure and the number of substitute carers (managers, staff and business partners) who can be drawn upon to take responsibility in a crisis.

Table 12 Internal support category definitions

Support category	Types of business structures	Typical number of managers, staff or business partners
Low internal support	<ul style="list-style-type: none"> • Sole traders • Contract growers and agistment arrangements 	1-2
Medium internal support	<ul style="list-style-type: none"> • Partnerships • Trusts 	2-5
High internal support	<ul style="list-style-type: none"> • Companies 	Over 5

Justification for the categories is described below although it is noted that the structures described are not mutually exclusive. For example a business might operate as a partnership but also be involved in contract growing or agistment.

Low internal support businesses

Sole traders

Sole trader (or sole operator) is the simplest form of business structure, whereby business owners trade under their own name. Many smaller livestock businesses operate as sole traders for taxation purposes. Internal support is typically low, with nil to few permanent staff or business partners.

There is a range of situations where a livestock business will support animals on their property without taking ownership of the animals.

Contract Growers

Contract growers are very common in the chicken meat and pig industries and operate under contractual agreements which specify the responsibilities of the animals' owners and the contract grower. Generally the owner will supply all feed and pharmaceuticals while the grower will be responsible for supplying the facilities and infrastructure, water, heating and cooling and day to day care for animals.

Agistment

Agistment is common in beef, sheep and dairy industries particularly in times of drought. Agistment arrangements are usually short term (less than one year) and sometimes occur without being formalised via a contract.

Legal implications

Animal welfare legislation generally requires or recommends that where animals are being agisted a written agreement should be in place to handle defaults in payment, and specify the management of sick or injured animals and abandonment of livestock. In the absence of a written agreement, the property owner is responsible for the care and welfare of the animals (including veterinary care).

Medium internal support businesses

Partnerships

A partnership is formed when two or more people (up to 20) go into business together, usually formalised in a written agreement or contract. There are three main types of business partnerships:

- A general partnership: one where all partners are equally responsible for the management of the business, and each has unlimited liability for the debts and obligations it may incur.
- A family partnership: where two or more members are related to one another.
- A limited partnership: where the liability of one or more partners for the debts and obligations of the business is limited. A limited partnership consists of one or more general partners (whose liability is unlimited) and one or more limited partners (whose liability is limited in proportion to their investment).

Trusts

A trust is an obligation imposed on a person - a trustee - to hold property or assets (such as business assets) for the benefit of others. These others are known as beneficiaries. A trust can be wound up and the assets distributed, but only where there is consent of the beneficiaries. Where beneficiaries are children, it can be difficult to obtain consent.

High internal support businesses

Companies

A private company is a more complex business structure formed by one or more people who wish to have a business that is a separate legal entity to the individuals. A company can be wound up at the instruction of the directors e.g. due to insolvency or voluntary reasons.

Extensive livestock businesses

The large majority of extensive livestock businesses are sole traders or partnerships; however company structures are becoming more common, particularly as foreign or corporate investment increases. Extensive livestock businesses often enter into lease or agistment arrangements to avoid livestock losses or welfare problems from feed and/or water shortages.

Capacity and arrangements

Plans and resources

In a crisis situation extensive livestock businesses generally rely on the support of family, friends and neighbours to manage the welfare of animals. This support is supplemented by any available support from government.

Only a limited number of extensive livestock businesses have in place emergency response or contingency plans.

Legal frameworks

The main regulatory instrument for ensuring the welfare of animals on an extensive livestock business is the POCTA legislation of the respective states and territories (see Table 21).

Summary

- Most extensive livestock businesses have the skills and resources to address animal welfare situations before a crisis occurs. Producers can alleviate a situation by de-stocking, agisting or selling livestock. In the case of a farm death or injury situation, family, staff and neighbours can usually be relied upon to alleviate any risk to animal welfare.
- Capability gaps may exist in the following situations:
 - When sole traders particularly on isolated properties experience loss of management or bankruptcy without neighbours or friends being aware.

- When businesses are unable to sell livestock due to depressed or non-functioning markets (e.g. due to widespread drought, supply chain failure).
- When a crisis situation affects properties on which livestock are agisted.
- More information provided in Table 13 below.

Table 13 Capability analysis for extensive livestock businesses

Crisis Situation	Internal support	Capacity	Arrangements or gaps
Loss of management capacity	Low (Sole traders, contract growers and agistment arrangements)	✓	Potential gap when crisis affects a business with low internal support (e.g. a sole trader), particularly in isolated areas where situation is not visible to neighbours and community.
Financial difficulty	Medium (partnerships, trusts)	✓✓	Crisis can usually be resolved via internal support from business partners and family.
Natural disaster			Crisis can usually be resolved via internal support within the company.
Market failure	High (companies)	✓✓✓	Contingency plans and arrangements are often in place, except in the case of extreme risks such as sudden and profound market failure.'

Intensive livestock businesses

Resources and arrangements

Legal frameworks

Intensive livestock businesses are regulated by POCTA, including contract growers, who have legal responsibilities under POCTA despite not owning livestock.

Plans and resources

Intensive livestock businesses generally monitor livestock more closely and are therefore more likely to detect an emerging crisis.

The large majority of intensive livestock businesses have contingency plans and resources in place, for example to protect against loss of power, water etc.

Intensive livestock businesses adhere to relevant animal welfare codes of practice, and industry Environmental Managements Systems (EMS) or Quality Assurance Programs.

Summary of capacity

Intensive livestock businesses are generally well equipped to avoid and manage crisis situations, as there is a smaller window of opportunity before animal welfare becomes affected. Intensive livestock businesses generally have more support staff and contact with suppliers and processors, and are more likely to have established contingency plans and arrangements in place. Intensive livestock businesses are generally more susceptible to disease or supply chain failure, than drought, fire or other natural disasters.

Table 14 Capability analysis for intensive livestock businesses

Crisis Situation	Internal support	Capacity	Arrangements or gaps
Loss of management capacity	Low (Sole traders, contract growers and agistment arrangements)	✓	Potential gap when crisis affects a business with low internal support (e.g. a sole trader), particularly in isolated areas where situation is not visible to neighbours and community.
Financial difficulty	Medium (partnerships, trusts)	✓✓	Crisis can usually be resolved via internal support from business partners and family.
Natural disaster	High (companies)	✓✓✓	Crisis can usually be resolved via internal support within the company. Contingency plans and arrangements are often in place.

Appendix C – Review of financier capacity

Stakeholders

Livestock businesses generally have some connection to the financial system as a result of the need to secure both long term and short term finance. Banks are the predominant financial sector but livestock agents are also key lenders of short term finance.

Resources and arrangements

The ability to ensure the continuation of lending facilities when a crisis occurs is an important consideration in ensuring animal welfare.

Most major financiers have policies in place to quickly resolve farm financial issues and these policies recognise the importance of the protection of animal welfare. Where issues cannot be resolved at an informal level, mediation can occur before a bank can seize assets. For example, in NSW the *Farm Debt Mediation Act 1994* states that mediation is required before a creditor can take possession of property or other enforcement action under a farm mortgage. It is designed to provide for the efficient and equitable resolution of farm debt disputes.

In addition, the Commonwealth and state governments fund the Rural Financial Counsellor Service to assist farming businesses in financial difficulties.

Bank policies generally support outcomes that ensure the continuation of cash flow in farm businesses as banks generally do not wish to take on farm management responsibility. Banks if necessary will arrange for animals to be moved to other properties or agisted if animal welfare is an issue.

Livestock agents often act as financiers for livestock businesses, as well as providing a range of other services. Agents therefore usually have close contact with businesses and are capable of determining when an animal welfare issue is developing.

Summary of capacity

As explained above, financiers consider it is in their best interests to ensure a business remains viable and they are conscious of the animal welfare implications of any decisions they make if businesses are operating outside of agreed loan facilities. In addition, banks are aware of the need to act quickly when animal welfare issues arise, and that the delays that are likely to occur when formal mediation processes are followed can exacerbate animal welfare issues.

Financiers have a range of policies and procedures for dealing with livestock businesses in crisis situations. In many cases financiers can help livestock businesses resolve a crisis situation by restructuring debt or assisting managers to find help.

Situations involving financial difficulty are managed on a case by case basis. Normally in these circumstances a bank would work with the customer to manage this issue. If expenditure is required to manage an animal welfare situation then funds would be made available for that specific purpose. Financiers generally only foreclose on a livestock business as a last resort, and predominately due to financial rather than animal welfare concerns. The process of foreclosure is generally too slow to address immediate animal welfare issues.

Once livestock have been seized, financiers generally understand and take seriously their legal responsibility under POCTA legislation. Financiers will generally sell livestock immediately or ensure livestock are provided with sufficient feed or water.

Where the customer is a company, and the business is of significant scale, a receiver/manager may be put in place. In these circumstances it is the receiver/manager’s responsibility to manage animal welfare issues.

Table 15 Capability analysis for financiers

Crisis Situation	Capacity	Arrangements and Gaps
Loss of management capacity	✓	Established support policies Provisions to seize assets where necessary
Financial difficulty	✓ ✓	Established support policies Provisions to seize assets where necessary
Natural disaster	✓ ✓	Established support policies Provisions to seize assets where necessary
Market failure	✓ ✓	Established support policies Provisions to seize assets where necessary

Appendix D - Review of community capacity

During a crisis situation livestock businesses often receive support from community sectors. Community sectors can be broadly categorised as either:

- Informal: friends, neighbours and extended family; or
- Formal: organised community and animal welfare organisations (e.g. CWA, Salvation Army, RSPCA, animal shelters, WSPA etc).

Informal community support can be critical in avoiding or resolving an animal welfare crisis. Friends, neighbours and family are often the first external stakeholders to notice a potential crisis situation emerging following a loss of management or financial difficulty.

Stakeholders

During a crisis situation livestock business often receive informal support from community stakeholders, particularly friends, neighbours and extended family.

Informal community support can be critical in avoiding or resolving an animal welfare crisis. Friends, neighbours and family are often the first external stakeholders to notice a potential crisis situation emerging following a loss of management or financial difficulty.

Resources and arrangements

Legal frameworks

There are few legal limitations preventing community stakeholders from assisting in the management of an animal welfare crisis. However in many cases community stakeholders will not have the legal authority to sell or dispose of animals on behalf of owners.

Plans and resources

Neighbours, friends and family regularly provide assistance to livestock businesses, in order to avert or resolve crisis situations. In less isolated areas, neighbouring producers are often well placed to detect and resolve crisis situations, as they have the necessary skills, understanding and knowledge of animal requirements.

Service providers, such as livestock agents and processing company field officers, are also often well placed to avert or resolve crisis situations.

Summary of capacity

Sections of the community are generally well placed to help identify and resolve livestock crisis situations. By nature community support is ad-hock and may be inconsistent. The level of assistance provided by community stakeholders during a crisis situation will depend on:

- The type of community, e.g. level of cohesion and involvement.
- The type of people involved, e.g. level of connection with neighbours and community.
- The type of business, e.g. community support may be higher for family businesses, as compared with corporate businesses.
- The type of crisis, e.g. community support may be higher for more visible natural disasters or farm deaths, as compared to financial difficulty situations.

Some key limitations on community response include:

- Crisis situations such as injury, mental health or financial difficulty may not be immediately evident to community stakeholders.
- Inability of neighbours and community to offer assistance while also being affected by crisis (e.g. natural disaster or market failure).
- Lack of funding to pay for resolving a crisis situation.
- Lack of legal authority to sell or dispose of livestock on behalf of a business.

Table 16 Capability analysis for informal community support

Crisis Situation	Stakeholder	Capacity	Arrangements and Gaps
Loss of management capacity	Family, friends, neighbours, service providers and volunteer organisations	✓ ✓	Provision of labour, feed and water Alerting other stakeholders who can assist
Financial difficulty		✓	Provision of labour, feed and water Alerting other stakeholders who can assist. However crisis may be less evident to community.
Natural disaster		✓ ✓	Provision of labour, feed and water Alerting other stakeholders who can assist
Market failure		✓	Provision of labour, feed and water Alerting other stakeholders who can assist. In case of disease outbreak access may be limited

Appendix E – Review of industry capacity

Stakeholders

Levy funded service providers or Rural Research & Development Corporations (RDCs)

RDCs are jointly funded by industry levy payers and the Federal Government. The role of RDCs is generally limited to research, development and extension (RD&E) and marketing activities (where applicable). Australian livestock industries are serviced by the following RDCs:

- Meat & Livestock Australia
- Australian Wool Innovation
- Dairy Australia
- Australian Pork Limited (also serves as a peak industry council)
- Australian Egg Corporation Limited (AECL)
- Australian Meat Processor Corporation
- LiveCorp
- Rural Industries Research and Development Corporation (RIRDC)

Peak Industry Councils (PICs)

PICs are responsible for policy development for the particular industry, including setting strategies for RD&E to be adopted by RDCs, including strategies relating to animal welfare and risk mitigation. PICs are generally funded by industry members and generally have limited funding and resources.

Australian livestock industries are serviced by the following PICs:

- Cattle Council of Australia (CCA)
- Sheepmeat Council of Australia (SCA)
- WoolProducers Australia
- Australian Dairy Farmers (ADF)
- Australian Lot Feeders Association (ALFA)
- Goat Industry Council of Australia (GICA)
- Australian Chicken Meat Federation
- Australian Chicken Growers Council (ACGC)
- Red Meat Advisory Council (RMAC)
- National Farmers Federation (NFF)
- Australian Alpaca Association
- Harness Racing Australia
- Equestrian Australia

State Farmer Organisations (SFOs)

SFOs represent farmer members from the respective state who voluntarily choose to pay a membership subscription. SFOs may also contribute funds to PICs for their operations. Australian livestock industries are serviced by the following SFOs.

- WA Farmers Federation
- Pastoralists and Graziers Association of Western Australia (PGA)
- AgForce Queensland
- Victorian Farmers Federation (VFF)
- NSW Farmers
- Tasmanian Farmers' and Graziers' Association (TFGA)
- Northern Territory Cattlemen's Association (NTCA)
- Primary Producers SA
- Queensland Dairy Farmers' Organisation

RDCs are regulated under the *Primary Industries and Energy Research and Development Act 1989* (PEIRD Act) which restricts their activities to RD&E and marketing activities. There is however precedence for RDCs providing assistance measures during natural disasters (e.g. Dairy Australia during recent Victorian Bushfires).

PICs and SFOs are generally not restricted in their activities by legislation.

Resources and arrangements

Some RDCs have in the past provided limited assistance during natural disasters, a recent example being Dairy Australia who provided assistance via the organisations regional network during Victorian bushfires.

Peak councils are signatories to the Emergency Animal Disease Response Agreement (EADRA), which requires them to share the costs with government of an emergency disease response. EADRA is underpinned by a levy system which is set at zero, and activated when required. The EADRA levy can be activated to deal with managed animal welfare issues caused by disease or disease restriction. Welfare crisis in areas not directly affected by disease or restriction are not covered by the EADRA.

State Farmer Organisations have a history of supporting members and non-members during crisis situations, particularly natural disasters. In Victoria the State Government often provides funding to the VFF to coordinate assistance following bushfires or floods, usually in the form of emergency feed. The VFF also seeks funding from the business and the community via its Disaster Relief Fund.

Different sections of industry have a range of national emergency management plans in place, including:

- Meat Industry Emergency Management Plan.
- AUSVETPLAN for emergency disease Management.
- SAFEMEAT Incident Response Manual.
- Industry also provides many different materials to help individual farms prepare for emergencies, including:
 - Preparing your dairy farm for fire threat (Dairy Australia/CFA)

- AUSVETPLAN Livestock Welfare Management Manual (Animal Health Australia, 2005), and associated resource documents⁸

Industry bodies have limited capability to address isolated farm crisis situations, e.g. due to loss of management or financial difficulty. In the case of natural disasters or market failure, industry bodies have some capacity and arrangements. For example:

- Some RDCs have provided assistance during natural disasters (e.g. Dairy Australia).
- PICs play a role during disease outbreaks, under the EADRA agreement.
- SFOs often co-ordinate disaster relief efforts with assistance from state governments.

Summary of capacity

The assessment of industry's capability to respond to crises is provided in Table 17 below.

Table 17 Capability analysis for livestock industry bodies

Crisis Situation	Stakeholder	Capacity	Arrangements and Gaps
Loss of management capacity	Levy funded organisations		No capacity or arrangements to provide on the ground support
	Peak industry councils		No capacity or arrangements to provide on the ground support
	State farmer organisations		No capacity or arrangements to provide on the ground support
Financial difficulty	Levy funded organisations		No capacity or arrangements to provide on the ground support
	Peak industry councils		No capacity or arrangements to provide on the ground support
	State farmer organisations		No capacity or arrangements to provide on the ground support
Natural disaster	Levy funded organisations	✓	No established support programs but capacity to provide ad-hock support in major disaster situations
	Peak industry councils		No capacity or arrangements to provide on the ground support
	State farmer organisations	✓	Capacity to provide ad-hock support usually with funding support from state governments
Market failure	Levy funded organisations	✓	No established support programs but capacity to provide ad-hock support in major market failure situations
	Peak industry councils	✓	EADRA
	State farmer organisations		No capacity or arrangements to provide on the ground support

⁸ Available from <http://www.animalhealthaustralia.com.au/programs/emergency-animal-disease-preparedness/ausvetplan/operational-procedures-manuals/>

Appendix F – Review of government capacity

Local government

Resources and arrangements

Local governments are the most-localised tier of government in Australia and therefore usually have the most contact with livestock businesses. There are 564 local governments in Australia.

Local Governments are administered under separate legislation within each of the States and Territories, but generally local government staff and representatives have limited powers under POCTA legislation to report potential animal welfare issues to officers.

State and Territory emergency management legislation (listed in Table 18) prescribes specific roles for local governments with regards to planning and coordination that usually includes animal welfare considerations. While many local governments employ rangers to enforce such matters as animal control, for commercial livestock the role of rangers is often limited to maintaining public safety.

Table 18 Emergency management legislation

State	Legislation
QLD	Disaster Management Act 2003,
NSW	State Emergency and Rescue Management Act, 1989,
ACT	The Emergencies Act 2004
VIC	Emergency Management Act 1986
TAS	The Emergency Management Act 2006
SA	The Emergency Management Act 2004
WA	Emergency Management Act 2005
NT	The Northern Territory Disaster Act 1982

Local disaster plans

State and Territory emergency and disaster legislation allows for local governments to develop local disaster plans to record the agreed local arrangements in regards to the prevention of, preparation for, response to and recovery from emergencies in the municipality.

Local disaster plans set arrangements and allocate responsibility for the care of animals in emergency situations.

Summary of capacity

Local governments are often the first government stakeholders to be informed of a potential animal welfare crisis in their municipality. However with limited resources and powers available their capacity to respond is limited as assessed in Table 19.

Table 19 Capability analysis for Local Government

Crisis Situation	Stakeholder	Capacity	Arrangements and Gaps
Loss of management capacity	Local Government		No established role
Financial difficulty			No established role
Natural disaster		✓	Emergency management roles
Market failure		✓	Emergency management roles

State government

Resources and arrangements

State and Territory authorities have a constitutional responsibility, within their boundaries, for coordinating and planning for the response to disasters and emergencies. When the total resources (government, community and commercial) of an affected State or Territory cannot reasonably cope with the needs of the situation, the State or Territory government can seek assistance from the Federal Government.

Through POCTA legislation, State and Territory Governments have the principal responsibility for livestock welfare in each of the jurisdictions. POCTA legislation gives State and Territory authorities powers to:

- Inspect animals;
- Issue infringement notices to owners;
- Declare animals at risk due to an emergency;
- Enter a property and provide feed and water to an animal;
- Seize animals;
- Obtain veterinary treatment;
- Destroy animals; and
- Recover costs.

State and Territory Governments often delegate some of these powers to the RSPCA. Table 20 below lists the relevant State and Territory Government agencies with responsibility for animal welfare and the role of the RSPCA within each jurisdiction.

Table 20 State agencies and responsibilities

State/Territory	Agencies with responsibility for Animal Welfare	Enforcement
QLD	<ul style="list-style-type: none"> • Qld Department of Agriculture, Fisheries and Forestry • Biosecurity Queensland 	<ul style="list-style-type: none"> • Inspection by the RSPCA (Queensland) for companion animals and State Department for livestock
NSW	<ul style="list-style-type: none"> • NSW Department of Primary Industries • Animal Welfare branch • Animal Welfare Inspectorial Office • RSPCA (generally only urban and coastal) 	<ul style="list-style-type: none"> • Inspection by the RSPCA (NSW), Animal Welfare League and police
ACT	<ul style="list-style-type: none"> • Territory and Municipal Services (TAMS) 	<ul style="list-style-type: none"> • Inspection by the RSPCA (ACT), government departments or police
VIC	<ul style="list-style-type: none"> • VIC Department of Environment and Primary Industries • Bureau of Animal Welfare 	<ul style="list-style-type: none"> • Inspection by the RSPCA (Vic), State Departments, local government and police
TAS	<ul style="list-style-type: none"> • Department of Primary Industries, Parks, Water and Environment • Biosecurity and Product Integrity Division • Animal Biosecurity and Welfare Branch 	<ul style="list-style-type: none"> • Inspection by the RSPCA (Tasmania) and State Departments
SA	<ul style="list-style-type: none"> • Department of Environment, Water and Natural Resources 	<ul style="list-style-type: none"> • Inspection by the RSPCA (SA), State Departments and the police
WA	<ul style="list-style-type: none"> • Department of Agriculture and Food WA • Livestock Compliance Unit • Livestock Industry Directorate 	<ul style="list-style-type: none"> • Inspection by the RSPCA (WA) (non-commercial livestock and companion animals only), Local Government and State Departments
NT	<ul style="list-style-type: none"> • Department of Primary Industries and Fisheries • Animal Welfare Authority • Animal Welfare Branch 	<ul style="list-style-type: none"> • Inspection by State Department and Police

Table 21 provides a comparison the State and Territory POCTA legislation, including a summary of the government powers to pre-emptively act to prevent a crisis situation occurring.

State and Territory Animal Welfare Legislations, with relevant sections listed

Legislative powers				
Water or treatment	Seize animals	Destroy or sell animals	Recover costs	Summary of government powers to pre-emptively act to prevent a crisis
	24Q	24Q	24R	<p>Governments can pre-empt a crisis by charging individuals with:</p> <ul style="list-style-type: none"> Failing to “<i>exercise reasonable care, control or supervision of an animal to prevent the commission of an act of cruelty upon the animal</i>” <p>Animals can be seized:</p> <ul style="list-style-type: none"> Under the written order from the Director General, following an official warning (24Q).
	142-145	162	189	<p>Governments can pre-empt a crisis by charging individuals with:</p> <ul style="list-style-type: none"> Breaching their duty of care to animals in their charge. <p>Animals can be seized:</p> <ul style="list-style-type: none"> If an inspector believes an animal is “under an imminent risk of death or injury”, “requires veterinary treatment”, or “is experiencing undue pain”, and “the interests of the welfare of the animal require its immediate seizure” (144).
	82	85	85	<p>Governments can pre-empt a crisis by charging individuals with:</p> <ul style="list-style-type: none"> Committing an act of cruelty, or causing unnecessary pain (eg. failing to provide an animal with appropriate, and adequate, food, water, shelter or exercise). <p>Animals can be seized:</p> <ul style="list-style-type: none"> If an inspector believes “it is necessary to seize any animal... that the inspector

Jurisdiction	Animal Welfare Legislation	Enter land and inspect animals	Provide feed, water or treatment	Seize animals	Destroy or sell animals	Recover costs	Legislative powers
							Summary of government powers to pre-emptively act to prevent a crisis
	to Animals 1986				24Y		<ul style="list-style-type: none"> Acting or failing to act to prevent pain or suffering. Doing, or omitting to do an act with the result that unreasonable pain or suffering is caused, or is likely to be caused, to an animal; <p>Animals can be seized:</p> <ul style="list-style-type: none"> If an inspector, with written approval from the Department Head, obtains a search warrant, which authorises animals to be seized. <p>In addition the authorities may declare a class of animals at risk due to an emergency (20A). This provides a mechanism to appoint additional inspectors to assist the animal welfare response.</p>
TAS	Animal Welfare Act 1993	16	23	17	22, 24	45	<p>Governments can pre-empt a crisis by charging individuals with;</p> <ul style="list-style-type: none"> Doing any act, or omit to do any duty, which causes or is likely to cause unreasonable and unjustifiable pain or suffering to an animal. <p>Animals can be seized:</p> <ul style="list-style-type: none"> If an inspector is satisfied that an offence under the Act is being committed, and unless possession of the animal is taken, its life will be endangered, or any pain and suffering it is undergoing will be unreasonably or unjustifiably prolonged.
SA	Animal Welfare Act 1985	31	35	30	31A	31A	<p>Governments can pre-empt a crisis by charging individuals with;</p> <ul style="list-style-type: none"> failing to provide appropriate, and adequate, food, water, living conditions or exercise; or failing to take reasonable steps to mitigate harm suffered by the animal; <p>Animals can be seized:</p> <ul style="list-style-type: none"> If the inspector suspects on reasonable grounds that the animal is suffering or may if

Jurisdiction	Animal Welfare Legislation	Enter land and inspect animals	Provide feed, water or treatment	Seize animals	Destroy or sell animals	Recover costs	Legislative powers
							Summary of government powers to pre-emptively act to prevent a crisis
							urgent action is not taken, suffer unnecessary harm
WA	Animal Welfare Act 2002	38	40	42	41	56	<p>Governments can pre-empt a crisis by charging individuals with failing to:</p> <ul style="list-style-type: none"> Failing to provide sufficient feed, water, shelter etc. <p>Animals can be seized:</p> <ul style="list-style-type: none"> If an inspector reasonably suspects that an offense is being or has been committed, or under a warrant.
NT	Animal Welfare Act	62	68	66	67	68H	<p>Governments can pre-empt a crisis by charging individuals with:</p> <ul style="list-style-type: none"> Failing to ensure the animal receives the minimum level of care; and intending to cause harm to the animal. <p>Animals can be seized:</p> <ul style="list-style-type: none"> If an authorised person believes on reasonable grounds that: an animal has not been provided with appropriate or sufficient food or drink during the previous 24 hours; an animal is so severely injured, overworked, diseased or in such a physical condition that it is necessary for the animal to be provided with veterinary treatment; or an animal is being treated in a manner that is likely to cause it suffering.

In emergency situations, State and Territory agencies (or the delegated authority) are often first on the scene to evaluate animal welfare issues and coordinate assistance to farmers. State and Territory agencies generally play a coordinating role, with assistance from community, industry and local, interstate or federal governments.

The capability of State and Territory agencies is sometimes limited by:

- A lack of resources.
- Delays in identifying crisis or potential crisis situations.
- Delays in obtaining necessary approvals (e.g. search warrants and permissions to enter premises).
- Delays and difficulty identifying the owner or person responsible for animals.

State disaster plans

E.g. The NSW Disaster Plan which includes sub-plans dealing with animal welfare issues (e.g. NSW Human Influenza Pandemic Plan).

Victoria's emergency management arrangements define the Department of Primary Industries as the primary agency for livestock and companion animal welfare support services during an emergency response. The Department of Sustainability and Environment is the primary agency for wildlife welfare support services. As the closest level of government to the affected community, local government also has a key role in supporting emergency animal welfare activities. Numerous non-government organisations assist in the management of animal welfare, with the RSPCA, Australian Veterinary Association and the Victorian Farmers Federation having special capacities to assist.

Summary of capacity

As discussed above, the State and Territory Governments in partnership with the RSPCA have the principal responsibility for livestock welfare in each of the jurisdictions. POCTA legislation gives State and Territory agencies authority to monitor and resolve animal welfare crisis situations.

The capability of State and Territory agencies is sometimes limited by:

- A lack of resources.
- Delays in identifying crisis or potential crisis situations.
- Delays in obtaining necessary approvals (e.g. search warrants and permissions to enter premises).
- Delays and difficulty identifying the owner or person responsible for animals.

The analysis is provided in Table 22.

Table 22 Capability analysis for the State Government

Crisis Situation	Stakeholder	Capacity	Arrangements
Loss of management capacity	State and Territory Governments	✓✓	<ul style="list-style-type: none"> • Arrangements under POCTA legislation • RSPCA • Incidents can be difficult to detect in time
Financial difficulty	State and Territory Governments	✓✓	<ul style="list-style-type: none"> • Arrangements under POCTA legislation • RSPCA • Incidents can be difficult to detect in time
Natural disaster	State and Territory Governments	✓✓✓	<ul style="list-style-type: none"> • Arrangements under POCTA legislation • RSPCA • Emergency Management Coordination
Market failure	State and Territory Governments	✓✓✓	<ul style="list-style-type: none"> • Arrangements under POCTA legislation • RSPCA • Emergency Management Coordination

Federal Government

Resources and arrangements

- With regard to animal welfare, the role of the Federal Government is generally limited to policy setting and coordination, however it is responsible for trade and international agreements relating to livestock welfare including live animal exports and export abattoirs. It is also involved in the Emergency Animal Disease (EAD) Response Agreement between the governments of Australia and the livestock industries (Appendix E).
- In addition, Federal Government funds assist RDCs to operate animal welfare programs and it also funds the following that assist with animal welfare:
 - National Drought Program Reform.
 - Tax relief.
 - The Federal Government recently announced a policy change where management of the Australian Animal Welfare Strategy (AAWS) is to be divested to the jurisdictional governments and funding of AAWS projects will cease.
- In widespread natural disaster situations the Federal Government has the ability to provide on-the-ground assistance via the armed forces, the Australian Emergency Management Arrangements (AEMA) and the Commonwealth Government Disaster Response Plan (COMDISPLAN) .
- However in these situations resources would normally be focused on protecting human lives, rather than livestock.
- Aside from mobilisation of armed forces in severe situations the Federal Government is generally not in a position to provide on-the-ground assistance to resolve animal welfare issues caused by crisis situations.

Australian Emergency Management Arrangements (AEMA)

The Arrangements provide an overview of how Federal, State, Territory and Local Governments collectively approach the management of emergencies, including catastrophic disaster events.

They were endorsed by the Ministerial Council for Police and Emergency Management (MCPPEM) and outline the principles, structures and procedures that support the coordination of emergency management in Australia and its offshore territories; and the collaboration necessary to match the response and assistance required to the nature of the event.

The Arrangements cover emergency situations including major animal or plant health emergencies and natural disasters, which may require an animal welfare response.

The Arrangements set out roles and/or responsibilities for a range of different stakeholders including:

- Local governments;
- State and Territory Governments;
- Commonwealth (Federal) Government;
- Families and individuals;
- Communities;
- The insurance industry; and
- Businesses and primary producers.

Commonwealth Government Disaster Response Plan (COMDISPLAN)

The aim of COMDISPLAN is to describe the coordination arrangements for the provision of Australian Government physical assistance to states or territories or offshore territories in the event of a disaster.

The plan can be activated for any disaster regardless of the cause. Before physical assistance is provided under the plan, the Director General EMA will obtain the Attorney-General's approval for the provision of Australian Government physical assistance.

National Drought Program Reform

Australian, State and Territory primary industries ministers have agreed the framework for a new national package of drought programs to replace the existing Exceptional Circumstances arrangements. The package includes:

- The new Farm Household Allowance.
- Farm Management Deposits and taxation measures.
- A national approach to farm business training.
- A coordinated, collaborative approach to the provision of social support services.
- Tools and technologies to inform farmer decision making.

National Planning Principles for Animals in Disasters (AAWS/WSPA)

The National Planning Principles for Animals in Disasters was developed following a process of assessing the status of animals in emergency management planning across Australian jurisdictions. The review found that the extent to which animals are integrated into emergency arrangements varies significantly across states, territories and local government areas, however a number of examples of best practice were identified.

The purpose of the National Planning Principles is to provide a non-prescriptive tool to help jurisdictions customise plans to meet their particular circumstances. The principles aim to ensure State and Territory plans for animals in disasters are sufficiently aligned to share common characteristics and approaches, particularly to enable the jurisdictions to work together in emergencies that extend across borders.

The National Planning Principles have been endorsed by the Australian Animal Welfare Strategy Advisory Committee and also endorsed by Animal Welfare Committee. Endorsement is currently being sought from the Australia New Zealand Emergency Management Committee (ANZEMC).

Summary of capacity

The Federal Government’s capability to respond to animal welfare crisis situations is limited to providing financial assistance and concessions, particularly during natural disaster or market failure situations (e.g. FMD).

Aside from mobilisation of armed forces in severe situations, the Federal Government is generally not in a position to provide on-the-ground assistance to resolve crisis situations. The capability analysis is provided in Table 23.

Table 23 Capability analysis for the Federal Government

Crisis Situation	Stakeholder	Capacity	Arrangements and Gaps
Loss of management capacity	DoA, ATO	✓	<ul style="list-style-type: none"> • Tax relief • Rural Financial Counselling Service
Financial difficulty	DoA, ATO	✓	<ul style="list-style-type: none"> • Farm Finance • Rural Financial Counselling Service • Tax relief
Natural disaster	DoA, ATO	✓✓	<ul style="list-style-type: none"> • National Drought Program Reform • Tax relief • Rural Financial Counselling Service • Disaster response arrangements (AEMA and COMDISPLAN)
Market failure	DoA, ATO, AHA	✓✓	<ul style="list-style-type: none"> • Tax relief • EADRA

Appendix G – Capacity review

Each of the above stakeholders will have varying capabilities and capacities to respond to a crisis that affects animal welfare. The resolution of animal welfare requires responses that can be categorised as either: care, cash or dispatch (or a combination of these). The type of response required will vary depending on the circumstances and then the appropriateness of each of the stakeholders being involved in the resolution.

The following describes the response capacity for each stakeholder and provides a qualitative ranking assessment of the stakeholder's capacity to respond to a crisis for the protection of animal welfare. A low ranking indicates there is a gap in the response that needs further investigation.

Note that for each of the extensive and intensive livestock industries, the assessment is complicated by the business structure operating the business. The business structure provides a good indicator to the internal response capacity for an individual business.

Table 24 is a summary of the overall capability of different stakeholders to respond to different crisis situations.

Table 24 Overall summary of capability gaps

Crisis Situation	Internal support	Livestock business		Financiers	Community	Industry			Government		
		Extensive	Intensive	Banks, receivers, agents	Family, friends, neighbours, service providers	RDC	Peak Council	SFO	Local	State	Federal
Loss of management capacity	Low (Sole traders, contract growers and agistment arrangements)	✓	✓	✓	✓✓				NA	✓✓	✓
	Medium (partnerships, trusts)	✓✓	✓✓	Established support policies	Provision of labour, feed and water	-	-	-		Arrangements under POCTA legislation	Tax relief
	High (companies)	✓✓✓	✓✓✓	Provisions to seize assets where necessary	Alerting other stakeholders who can assist					RSPCA support	Rural Financial Counselling Service
Financial difficulty	Low (Sole traders, contract growers and agistment arrangements)	✓✓	✓✓	✓✓	✓				NA	✓✓	✓
	Medium (partnerships, trusts)	✓✓✓	✓✓	Established support policies	Provision of labour, feed and water	-	-	-		Arrangements under POCTA legislation	Farm Finance
	High (companies)	✓✓✓	✓✓✓	Provisions to seize assets where necessary	Alerting other stakeholders who can assist. However financial difficulty may be more difficult for community to detect.					RSPCA support	Rural Financial Counselling Service
Natural disaster	Low (Sole traders, contract growers and agistment arrangements)	✓	✓	✓✓	✓✓	✓		✓	✓	✓✓✓	✓✓
	Medium (partnerships, trusts)	✓✓	✓✓	Established support policies	Provision of labour, feed and water	No established support programs but capacity to provide ad-hock support in major disasters	-	Capacity to provide ad-hock support usually with funding support from state governments.	Emergency management role	Arrangements under POCTA legislation	National Drought Program Reform
	High (companies)	✓✓✓	✓✓✓	Provisions to seize assets where necessary	Alerting other stakeholders who can assist					RSPCA support	Tax relief
Market failure	Low (Sole traders, contract growers and agistment arrangements)	✓	✓	✓✓	✓	✓	✓		✓	✓✓✓	✓✓
	Medium (partnerships, trusts)	✓✓	✓✓	Established support policies	Provision of labour, feed and water	No established support programs but capacity to provide ad-hock support in major market failures	EADRA	-	Emergency management role	Arrangements under POCTA legislation	Tax relief
	High (companies)	✓✓✓	✓✓✓	Provisions to seize assets where necessary	Alerting other stakeholders who can assist. In case of disease outbreak access may be limited					RSPCA support	EADRA
										Emergency management coordination	

Appendix H - Precedents, case studies and scenarios

Table 24 provided an overall summary of the overall capability of the different stakeholders to respond to a crisis and protect animal welfare. While that table identified a lack of capability by stakeholders in many circumstances, this does not mean that it is necessary for each of those capability gaps to be addressed in order to protect animal welfare. The response by stakeholders is likely to be restricted to certain events and as such it is important to consider those circumstances where there are gaps in the collective response to a crisis. This has been done via a scenario analysis in Table 25. Table 25 considers a number of crisis scenarios for a range of livestock businesses and assesses the current capacity and arrangements for the various stakeholders to ensure animal welfare outcomes. The table then summarises the potential gaps as a result of the scenario. These gaps need to be investigated further to identify if changes to current legislation or other response mechanisms can be introduced to resolve the issue.

Table 25 Scenario analysis

Scenario	Crisis Situation	Internal support	Capacity to resolve potential animal welfare crisis									Arrangements for resolving the crisis	Potential gaps		
			Livestock business	Financiers	Community	Industry			Government						
			Extensive or intensive	Banks, receivers, livestock agents	Family, friends, neighbours, service providers	RDC	Peak Council	SFO	Local	State	Federal				
Death of a sole trader on an isolated beef property	Loss of management capacity	Low (Sole traders, contract growers and agistment arrangements)	✓	✓	✓							✓✓	Business is heavily reliant on community and state government support and assistance, however the issue may not be identified in time to avoid impact on animals.	Potential gap when crisis affects sole manager, with no internal support, particularly in isolated areas where situation is not visible to neighbours and community.	
Mental illness affecting an egg producer	Loss of management capacity	Medium (partnerships, trusts)	✓	✓	✓							✓✓	✓	Ideally the issue would be identified and resolved by family, friends, staff, neighbours and service providers, with intervention from state government if required	Possible gap in detecting the issue, however intensive industries have closer contact with staff and service suppliers, so issue should be detected.
Injury pig farmer	Loss of management capacity	Medium (partnerships, trusts)	✓	✓	✓							✓✓	✓	Ideally the issue would be identified and resolved by family, friends, staff, neighbours and service providers, with intervention from state government if required	No gap identified.
Bankruptcy of a feedlot	Financial difficulty	High (companies)	✓	✓✓								✓✓		Banks appoint a receiver to manage the property, while the State Government monitors animal welfare and intervenes where necessary.	Possible gap in that the transition of ownership from business to bank, can take time, during which animal welfare can be affected.
Bankruptcy of RM Williams Ag Holdings (case study below)	Financial difficulty	High (companies)	✓					✓				✓✓	✓	The company and banks combined to ensure animal welfare was maintained.	No identified gaps

Scenario	Crisis Situation	Internal support	Capacity to resolve potential animal welfare crisis									Arrangements for resolving the crisis	Potential gaps	
			Livestock business	Financiers	Community	Industry			Government					
			Extensive or intensive	Banks, receivers, livestock agents	Family, friends, neighbours, service providers	RDC	Peak Council	SFO	Local	State	Federal			
Bankruptcy of Tip Top poultry (case study below)	Financial difficulty	High (companies)	✓						✓			✓✓	The Victorian State Government resolved the issue by purchasing additional feed and arranged processing of livestock	Potential gap, with governments left with debt following intervention.
Bankruptcy of a contract chicken grower	Financial difficulty	Low (Sole traders, contract growers and agistment arrangements)	✓✓	✓	✓				✓			✓✓	Processing companies have contract arrangements which allow them to take control of a bankrupt or non-performing contract grower.	No identified gaps
Black Saturday Bushfires (case study below)	Natural disaster of market failure	Mixed	✓	✓	✓				✓	✓✓	✓✓✓	✓	The Victorian Government provided initial contact and support to farm businesses, before coordinating efforts by the community, other governments, the RSPCA, the VFF and others.	Royal commissions found animal welfare response was 'fragmented', leading to number of improvements, including the development of the Victorian Emergency Animal Welfare Plan. Gaps may exist in other states and territories
Flood affecting a dairy farm	Natural disaster	Medium (partnerships, trusts)	✓	✓	✓✓	✓			✓	✓		✓✓	Business seeks assistance primarily from community, industry and government.	No identified gaps
FMD affecting sheep/beef property	Market failure	Medium (partnerships, trusts)	✓	✓	✓		✓✓	✓	✓			✓✓	AUSVETPLAN protocols and EADRA funding arrangements	No identified gaps
FMD affecting feedlot	Market failure	High (companies)	✓	✓	✓		✓✓					✓✓✓	AUSVETPLAN protocols and EADRA funding arrangements	Closure of markets may force directors to declare the company insolvent, raising questions as to how animals will be managed
Drought affecting family sheep property.	Natural disaster	Low (Sole traders, contract growers and agistment arrangements)	✓	✓✓	✓							✓✓	Livestock sold or disposed of when cannot be supported.	No identified gaps
Suspension of live cattle exports to Indonesia (case study below)	Market failure	Mixed	✓	✓✓	✓		✓					✓✓	Livestock were sold into a depressed market or destroyed on farm. Some assistance provided via the Federal Government and industry (Cattle Disease Contingency Fund).	No identified gaps

Real case studies

Tip Top Poultry

In February 2012 the chicken processor Tip Top Poultry was under financial stress and therefore having difficulty providing necessary feed to its chickens. Contract chicken growers alerted the Victorian Department of Primary Industries (DPI) of the potential animal welfare crisis (Neale's 2012).

Acting under the POCTA legislation the DPI seized approximately 700,000 birds and provided the necessary feed.

Having now taken possession of the animals the DPI worked to arrange for their processing, by inviting local processors, including Ingham's, Baiada and La Ionica, to tender for the purchase of the birds. When no tenders were received, the DPI arranged to donate the birds to local processors to process.

Under POCTA legislation, the DPI has sought to recoup its significant costs. However with Tip Top poultry now bankrupt, the Victorian DPI is competing with other creditors including growers and stock feed companies.

Ingham's Fire

In January 2010 a fire destroying Ingham's Somerville chicken processing plant, which is responsible for processing approximately one third of Victorian broiler chickens.

Following the fire there was concern about the loss of processing capacity, with an immediate need to process a large number of mature birds.

Ingham's managed to resolve the situation internally, and with cooperation and assistance from other processors. Enacting a contingency plan, Ingham's arranged for birds to be processed by:

- Increasing processing capacity at other Ingham's plants in Victoria.
- Transporting birds to interstate Ingham's plants, with added protection to avoid wind chill.
- Arranging for other local processors (including Baiada and La Ionica) to take birds.

Collapse of R.M. Williams Agricultural Holdings

In July 2013 R.M. Williams Agricultural Holdings (a private company) was placed into receivership, with insolvency firm PPB Advisory appointed as administrators.

PPB worked with the company's board to complete a review of operations, across two Northern Territory and one Queensland cattle properties. Following the review management changes were implemented and some livestock sold. At no point in the process was animal welfare at risk (Business Spectator 2013).

The collapse also affected Inglewood Farms, a subsidiary free range poultry company, which was also placed into receivership. In this case PPB Advisory undertook an urgent review to ensure operations continue with minimal disruption and to prepare the business for a possible sale.

Black Saturday Bushfires

Following the Black Saturday Bushfires in 2009, the DPI identified animal welfare as a high priority and sought additional resources from interstate to assist with the inspection of properties. They assessed 4,700 properties for losses and estimated that more than 8,000 farm animals were killed, either directly by the fires or euthanised (Royal Commission 2009)

Following the fires the VFF sought funding via its existing Disaster Relief Fund. Almost \$510,000 was donated to the fund in the weeks and months following the bushfire, specifically to assist affected

farmers. Cash assistance was provided to over 170 affected farmers (members and non-members) after their applications were reviewed by a committee. Key considerations were the level of reliance the applicant had on the income from the farm and the extent of the damage incurred by the applicant as a result of the 2009 bushfires (Get Farming 2009)

The Department of Primary Industries' review of its response after the fires, and the subsequent Royal Commission found the animal welfare response was somewhat fragmented, with confusion about roles and responsibilities.

The Department of Primary Industries' review of its response after the fires noted the complexity of recovery due to the high number of fires on private land, the loss of life, the impact on the peri-urban areas made up of small landholdings, and the number of shires involved. The loss of fencing meant it was impossible to link stock to properties and owners, or to contain animals, and it also hampered the treatment of animals. There was a lack of clarity about which agencies had responsibility for which animal grouping, and if animals were found together whether all were treated by that agency. The fire agencies also recently updated Protocols for Volunteers involved in Wildfire Rescue Operations. It details arrangements for fire agencies, independent wildlife shelters, foster carers and rescue organisations, and differentiates between native wildlife, companion animals and agricultural stock. However, this does not address the issues identified by DPI.

There does not appear to be a coordinated approach to animal welfare during relief operations. Improving agency coordination would help to provide more effective relief to all animals regardless of whether they are wildlife, stock, companion animals or pets. There is a good argument to address the welfare of all animals holistically in the Emergency Management Manual Victoria.

Since the Royal Commission the Victorian Government has developed the Victorian Emergency Animal Welfare Plan, which aims to provide a coordinated approach to animal welfare during relief operations.

Suspension of live cattle exports to Indonesia

On 7 June 2011 the Minister for Agriculture, Fisheries and Forestry, suspended live animal exports to Indonesia for slaughter following evidence of animal welfare abuses in some abattoirs.

The Australian Farm Institute (Keogh 2013) described the subsequent impacts as follows:

The subsequent dramatic decline in the number of live cattle exported from Australia, had a large and immediate impact on beef cattle farmers in northern Australia.

The trade suspension occurred in the middle of the annual mustering season in northern Australia, and the result was that many young cattle destined for export in 2011 were retained on properties in the hope of being able to be exported at a later date, or to be sold into other markets. The relatively high cattle numbers were maintained on northern cattle properties through 2012 in the hope of markets again becoming available, and given the lack of available alternative markets.

Many of these cattle properties then experienced very adverse seasonal conditions, with the 'wet' season failing to occur in late 2012/early 2013 across much of northern Australia. As pasture availability declined in some areas, especially north western Queensland, cattle farmers were forced to either shoot cattle, or where economically feasible, to ship them south to abattoirs. The result was record high slaughter numbers by Australian beef processing plants over the past few months.

Affected livestock businesses were offered assistance from the Federal Government via a \$3M Centrelink compensation program. Assistance was also provided by industry via the Cattle Disease Contingency Fund.

International examples of responsibility and cost sharing for animal health and welfare

In a 2013 draft discussion paper, Dr Kevin de Witte⁹ identified the following international examples of industry-government responsibility and cost sharing arrangements for managing animal health and welfare.

The examples provided vary in scope and purpose but relate predominately to disease outbreaks and serve similar functions to Australia's EADRA and other jurisdictional compensation arrangements for livestock industries. Apart from the Belgium example there is little relevance to the supply of assistance in a welfare crisis that is not caused by a disease.

Table 26 Summary of international examples of responsibility and cost sharing arrangements for animal health and welfare (de Witte 2013).

Country	Summary of arrangements
Germany	Arrangements in Germany for responsibility and cost sharing have existed for a long period of time. Animal Disease Funds exist in each Land (province). These funds are legal bodies and are financed by livestock keepers and the Länder and Federal Governments. Some peacetime disease control expenses are financed jointly by the livestock keepers and the Government e.g. vaccination banks, research and development. Costs of dealing with disease outbreaks are met 50:50 by Government and livestock keepers with statutory limits on compensation. Industry contributions are determined on the basis of annual declarations of animals held on holdings.
Netherlands	Disease outbreak costs are financed by livestock producers up to a pre-determined limit. Representatives of livestock keepers (the Product Boards) and Government negotiate the limit and this is set out in a five year agreement. The industry must service a bank guarantee up to the limit. Expenses within the five years in excess of the limit are met by the Government. Some routine surveillance and monitoring is financed by an on-going levy collected by the Product Boards.
France	Although disease outbreak costs are met by the Government France has a well-developed system of industry driven self-help to improve animal health and welfare. The Groupement de Défense Sanitaire (GDS) exists in each Department and is financed from livestock subscription to deal with diseases outside of the direct purview of the Government. Participation in an animal health measure by livestock keepers becomes compulsory once a trigger has been reached on the number of farmers participating voluntarily. The GDS also operates an FMD mutual insurance for business interruption costs covering those livestock farmers affected by disease control restrictions but not subject to slaughter of animals.
Republic of Ireland	Ireland has been operating an animal disease levy system in respect of milk deliveries and cattle slaughtered or exported live, since the creation of their Bovine Diseases (Levies) Act in 1979. The money collected is used to contribute towards the compensation costs for the TB and Brucellosis Eradication Schemes. The companies paying the levy are entitled to recoup the money paid in levy to the Government from their suppliers, by deducting it from the price paid for the milk or animal.
Belgium	Separate sanitary funds exist for cattle, pigs, poultry, dairy and small ruminants. Livestock keepers pay levies and the money collected is used to fund the replacement of stock slaughtered compulsorily as part of disease control and prevention, to compensate for destruction of products (e.g. eggs, milk), for the acquisition of vaccines (e.g. salmonella), for fees to vets for surveillance, for monitoring and eradication programmes and for building up reserves for crisis situations. Slaughter compensation is based upon standard values. The funds are held separately for each species as part of the Consolidated Fund of the Belgian state.
Denmark	Production-based levies in Denmark are well developed; and aim to meet common challenges of the future for the agriculture sector which cannot be met by the farmer alone. Levy funds raised contribute to investments in research and development, prevention and control of diseases, promotion of products and education and consultancy. Farmers are compensated for all losses.

⁹ With contributions from Spiro Adamopoulos of the Agricultural Levy Institute of Australia.

Appendix I – Discussion paper

1. Introduction

1.1 Purpose

Stakeholders are invited to provide feedback on how existing arrangements for dealing with animal welfare crisis situations can be improved. This paper identifies some broad areas for improvement, with initial recommendations, (see Section 6) including:

- Helping businesses help themselves
- The role of the finance sector
- The role of industry
- Legislative powers
- Who pays?

Stakeholders are invited to provide feedback on the consultation paper by 28 March 2014 via:

- **Written feedback** emailed to Seamus Hoban of GHD (seamus.hoban@ghd.com), and/or via
- **Telephone interviews** which will be scheduled and conducted in the coming weeks.

For more information about this project please contact Seamus on (02) 9239 7288.

1.2 Background

Australian livestock businesses have economic, legal and ethical motives to ensure the welfare of production animals in their care is maintained. However, in certain situations livestock businesses may suffer interruptions that could affect their ability to care for animals resulting in a crisis of animal welfare.

The purpose of the Crisis Response for Animal Welfare (CRAW) project is to examine what happens when a business is unable to resolve an animal welfare crisis, and external stakeholders step in. It will examine the role of external stakeholders, the current arrangements for them becoming involved and how these arrangements could be improved.

The project was commissioned by Animal Health Australia, on behalf of the Australian Animal Welfare Strategy (AAWS) Livestock and Production Animals Working Group. The project deals with the intensive livestock industries (i.e. poultry, pig, dairy and beef feedlots) and the extensive livestock industries (i.e. sheep, goats and cattle at pasture or on the rangelands).

This Consultation Paper is designed to elicit feedback from stakeholders on how their involvement in animal welfare crises could be improved. Following feedback from this paper a final report with recommendations will be prepared for AHA.

2. Types of crises and how they occur

There are potentially many crises that could affect livestock businesses and the welfare of animals in their control. The types of crises have been categorised in Table 27. However it is important to understand that individual crises may not occur in isolation – for example a market failure could lead to financial difficulty.

Table 27 Categories of animal welfare crises

Category	Explanation
1. Loss of livestock management capacity	Death, injury or mental health incapacity of the owner/carer or key staff member such that livestock are deprived (temporarily) of the care required to ensure their welfare.
2. Financial difficulty	Short term cash flow difficulty or more permanent bankruptcy/liquidation/receivership of the business affecting its ability to purchase feed or provide staff to care for animals.
3. Natural disaster	Fire, flood, drought, storm or earthquake that impacts on inputs (i.e. feed), operations (i.e. husbandry such as weaning, shearing, milking) and outputs (getting livestock to market).
4. Market failure	Closure of key markets (e.g. due to disease, residue contamination, civil unrest, political impasse, business failures downstream in the market chain) that requires livestock to be held for longer than normal on a premises and leads to feed/water shortages.

Extensive livestock enterprises are susceptible to animal welfare crises because of their isolation, where the crisis may go undetected for a long time, they are highly exposed to the impacts of bush fires, floods and droughts and other natural disasters and they are likely to have limited numbers of staff. Extensive livestock enterprises are also susceptible to market closures and livestock standstills in the event of emergency animal disease outbreaks (e.g. foot and mouth disease). However, in the event of a crisis, extensive livestock businesses generally have a longer timeframe in which to respond as livestock are usually contained in paddocks with sufficient fodder and water supplies that ensure their welfare for a reasonable period if the carer is incapacitated.

Intensive livestock enterprises are susceptible to animal welfare crises because of the criticality of providing feed and water to animals at least daily. Any interruption to business operations or functioning of the supply chain can have serious and immediate consequences for animals. Because of the high stock densities, disease outbreaks in intensive livestock businesses are often serious. However, intensive livestock enterprises usually have low exposure to natural disasters, employ relatively large numbers of staff and may have well developed contingency plans and support from major, vertically integrated companies.

Some intensive livestock industries are vertically integrated with owners (usually companies) supplying animals and feed to farmers contracted to grow the animals. Problems then arise if the owner has financial difficulties and cannot purchase feed for the livestock, and the farmer, who is responsible for animal welfare, is unable to purchase the feed. The farmer, although not the owner of the livestock, is the carer, and therefore the person responsible under animal welfare legislation.

For the purpose of this project dairy and feedlot enterprises are categorised as being intensive.

3. Responses to crises and role of stakeholders

Most crises in animal welfare are resolved by the business; somehow the business finds the cash or resources to care for the animals, or they dispose of them. If the business cannot resolve the crisis, then external people and organisations (that from here on are collectively termed stakeholders) that can help fix the crisis become involved when they become aware of it. Table 2 shows the categories and types of stakeholders.

Table 28 Stakeholder categories

Stakeholder category	Types of stakeholders
Community	Informal (family, friends, neighbours) Local livestock businesses Private animal welfare organisations such as RSPCA, Animal Angels
Industry	Commercial supply chain: e.g. processing companies, suppliers and customers Broader livestock industry: farmer organisations (at local and state-wide levels), levy funded service providers
Financiers	Banks and finance companies, appointed receivers
Government	Local, State and sometimes Federal government depending on the scale of the crisis

4. How stakeholders may be involved in a crisis response

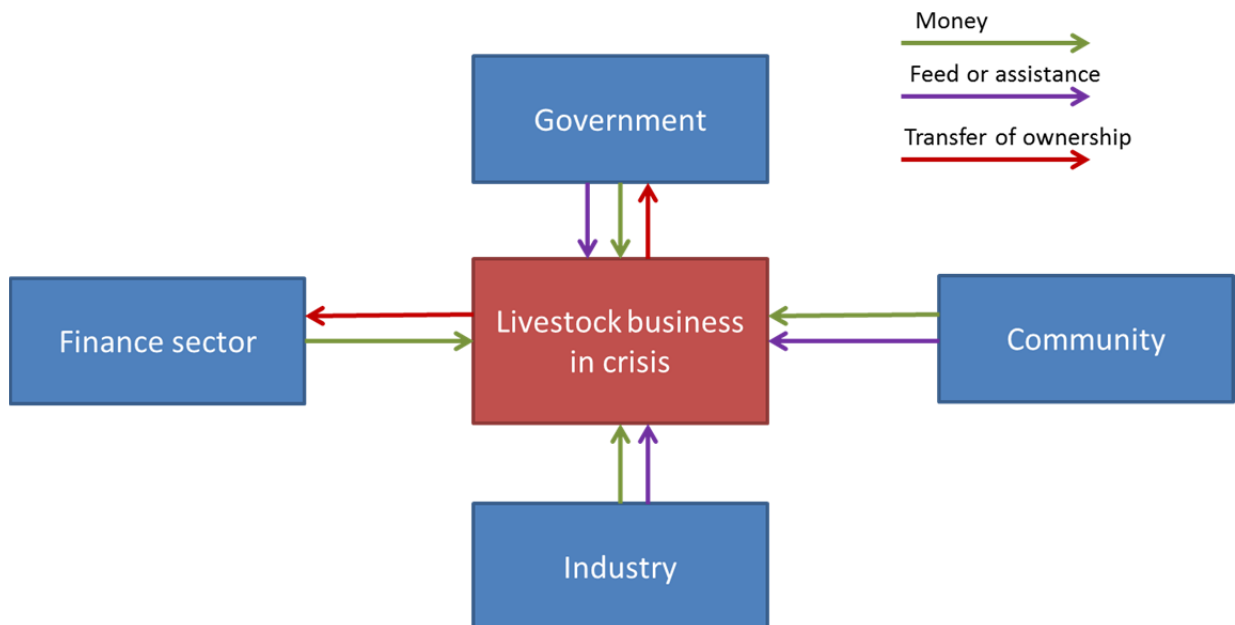
The measures required to ensure animal welfare is maintained in a crisis fall into the categories of 'care', 'cash' or 'dispatch', where:

- Care is the provision of essentials such as labour and feed are provided at no cost to the business.
- Cash is money donated, loaned or injected into the business to buy essentials such as feed or labour.
- Dispatch means livestock are sold, given away or slaughtered as a resolution.

One or more of these measures could remain completely within the control of the individual business, or they may be volunteered or invoked by stakeholders external to the business. Each of the stakeholder groups has different capacities to respond to an animal welfare crisis.

Response measures can be categorised into (i) those that are volunteered such as provision of fodder, finance and agistment by community, industry, government and financier stakeholders, and (ii) those that are invoked measures which includes financiers (and creditors), using the court system to seize assets, including livestock, and then dispose of them to recoup costs, and state government authorities using their legislated powers to seize animals when an animal welfare crisis is not resolved by the business or volunteer efforts. Figure 2 shows how stakeholders may be involved in an animal welfare crisis.

Figure 9 How stakeholders may be involved in a crisis response



Each of the stakeholders may have experience with previous crises and know well their role in preventing and resolving them.

5. Options for resolving different types of crisis

The options for resolving the four different types of crises are set out below. All options would include government support via social services to preserve human welfare, which is critical to preserving animal welfare.

5.1 Loss of management capacity

This situation could arise if the principal carer for the animals is incapacitated.

5.1.1 Extensive livestock

- Neighbours and community groups may be available to provide short-term non-financial assistance.
- Financiers could extend finance for hiring staff depending on lending history. Otherwise could support stock being relocated on agistment or sold.
- Provisions under animal welfare legislation can be applied if owner does not address animal welfare.

5.1.2 Intensive livestock

- Staff available to continue day-to-day husbandry activities.
- Financiers could extend finance for hiring extra staff depending on lending history.
- In the case of the broiler industry, processing companies assume management control of contract growing farms.
- Contingency plan enacted that triggers responses that will protect animal welfare (among other protections).
- Businesses have a quality assurance plan that includes an animal welfare response component.
- Provisions under animal welfare legislation can be applied if owner does not address animal welfare.

5.2 Financial difficulty

This situation could arise where lending facilities have been exhausted and/or there is a risk that the business becomes insolvent.

- Neighbours and community groups may be available to provide short-term non-financial assistance.
- Financiers could either extend finance to provide feed or water, or seize ownership of livestock and assets.
- Provisions under animal welfare legislation can be applied if owner does not address animal welfare.

5.3 Natural disaster

This situation may occur suddenly (e.g. bushfire, EAD) or develop over a longer time (e.g. drought).

- Neighbours and community groups can assist (however the extent of assistance could be reduced because they are suffering from the same disaster).
- SFOs and levy funded service providers can play support and coordinating roles for fodder and agistment donations. For example in 2011 the Queensland Dairy Farmers' Organisation (QDO) with support from Dairy Australia and the Subtropical Dairy Programme appointed a flood recovery support officer and established a 24 hour telephone service to assist dairy farmers to access assistance and support services for dairy regions severely affected by flooding.
- Financiers could extend finance for fodder etc depending on lending history.
- State governments may provide varying levels of assistance, for example in Queensland the Drought Relief Assistance Scheme provides up to \$20,000 (subject to extension in certain circumstances) per property per financial year for freight subsidies (transport of fodder and water during drought, transport of livestock returning from agistment, transport of livestock purchased for restocking after the drought) and water infrastructure purchased for emergency animal welfare needs.
- The Australian Government provides funding through the Natural Disaster Relief and Recovery Arrangements (NDRRA) to states and territories to help pay for natural disaster relief and recovery costs.
- The Australian Government also provides a range of programs that are better suited to long term preparedness rather than crises. These include: Farm Management Deposits - a tax-linked risk management tool that helps primary producers to be more self-reliant and better manage fluctuations in their income due to climate variability and market changes; Tax Relief - special taxation measures and concessions available to farmers; and the Rural Financial Counselling Service which provides free and impartial financial counselling to farmers.
- EAD Response Agreement (EADRA) includes the Commonwealth, State and Territory governments and livestock industry groups to collectively prepare for, and respond to, EAD incursions. Compensation is available for livestock businesses to recoup eligible control costs, which may include approved slaughter under managed conditions for welfare reasons. Industry's contribution to the compensation fund is via a levy of the respective industry.
- Provisions under animal welfare legislation can be applied if owner does not address animal welfare.

5.4 Market failure

This situation could arise if disruptions occur to the supply chain (insolvency of feed suppliers, processors etc; and EAD outbreak) causing animal welfare issues (difficulty in sourcing fodder, difficulty in marketing and processing livestock leading to a backlog on the property).

- EAD responses discussed above.
- Internal responses by extensive and intensive industries as discussed in section 5.1.1 and section 5.1.2, including assistance from the community and financiers.
- Provisions under animal welfare legislation can be applied if owner does not address animal welfare.

6. Opportunities for improvement

The above analysis demonstrates that Australia generally has the capacity to manage animal welfare issues arising as a result of natural disasters, EADs and the foreseeable market failures associated with these. In these situations livestock businesses routinely receive support and assistance from the community, financiers, industry and government.

However the capability and arrangements for dealing with more localised or isolated crises impacting on animal welfare (e.g. as a result of a loss of management capacity or financial difficulty) is less well developed. In these situations industry and government stakeholders may be less inclined to become involved with individual cases. These crises may also be less immediately visible and evident to community stakeholders.

It is not necessary or feasible for all stakeholders to have arrangements in place to respond to all possible crises; however it would be an advantage to have a collective capability among stakeholders to ensure resolution of an animal welfare crisis.

Following are five of the key gaps in animal welfare response arrangements that warrant further investigation. It is recognised that some of the gaps are the direct responsibility of the individual livestock businesses and that resolution will be via owners becoming aware of the risks and developing their own contingency plans that minimise likelihoods and consequences. While responsibility for developing such plans would rest with the individual businesses, other stakeholders could have a role in an awareness campaign and development of tools to guide such businesses.

Alternatively, there are some gaps that may be beyond individual businesses to address and the various stakeholders could take a more formal role in ensuring more acceptable animal welfare outcomes resulting from particular crises.

Your response to the five identified gaps will be important in developing a comprehensive approach to a nationally agreed response to animal welfare crises.

6.1 Helping businesses to help themselves

Many livestock businesses are sole traders and/or have no internal support in the form of staff or business partners to call on in the event of a crisis. These businesses are often less capable of managing crises internally, and are therefore more reliant on external support, particularly from community (e.g. neighbours) and government.

On these properties, particularly in remote regions, certain crises can go undetected by external stakeholders (e.g. accident, injury or financial difficulty of the owner). While responsibility for developing contingency plans in the event of a crisis is likely to be largely the responsibility of the individual business, business owners may not be aware of the animal welfare risks that could arise without such a plan.

In such cases, an understanding of the risks of a crisis occurring, the impacts on animal welfare and the possible responses available to the business could be an initial step in filling this gap. An awareness campaign and provision of response tools that could be adopted by businesses could be advantageous.

Initial recommendation

External stakeholders (industry bodies, governments, banks, community organisations) could collectively embark on an awareness campaign targeting the need for animal welfare crisis contingency planning in the livestock industries. The campaign would use a range of educational material and templates for businesses to develop contingency plans in recognition of the risks identified. The campaign could also include training for external stakeholders to identify and manage

on-farm animal welfare crisis situations. These measures should also take into account the availability of human welfare services.

Please provide your thoughts (or your organisation's) on this recommendation.

6.2 The role of the finance sector

When a livestock business experiences a crisis situation (including financial difficulty) that could cause an animal welfare issue, their financiers are likely to be one of the first to become aware of the issue. In general financiers recognise that livestock owners have animal husbandry skills that can promote animal productivity and profitability, and as such prefer to explore a number of options with the business before resorting to foreclosure. These options will often resolve the immediate animal welfare issue (e.g. restructuring of loans to allow feed to be purchased, organising agistment, selling of some livestock). However sometimes negotiations could be prolonged and exacerbate the existing animal welfare issue.

Generally financiers manage crises on a case by case basis, balancing their financial risk with their social/corporate responsibility (to the farm business and to the welfare of livestock). Inevitably this approach results in situations where financiers must make difficult decisions. The sorts of decisions financiers need to make could include the following:

1. Make extra funds available to the business to enable the purchase of fodder – but at the risk of the crisis being unresolved and the institution at risk of having to write-off loans;
2. Report animal welfare issue to government authorities – but at the risk of damaging the financier's reputation in responding to a crisis situation; and
3. Foreclose on the business – but at the risk of not resolving the animal welfare issue and also damaging the financier's reputation (i.e. not giving a farm business a chance to recover, not helping out in a crisis).

While the case by case approach taken by financiers provides flexibility to manage different situations, the risk of reputational damage to a single institution is high. This could be avoided if there was an animal welfare response policy promoted by financiers (e.g. a national code of conduct). Codes could be introduced as follows:

- On a company basis, whereby individual institutions develop and publicly promote their own policies and protocols;
- On an industry basis, whereby the Australian Bankers Association (ABA) amend its existing Code of Banking Practice to specifically include standards and guidelines for animal welfare; or
- On a regulated basis, whereby animal welfare legislation is amended to specifically require financial institutions to report potential animal welfare situations.

Initial recommendation

Financiers should develop codes of conduct for dealing with businesses where there is an existing or potential animal welfare crisis.

Please provide your thoughts (or your organisation's) on this recommendation.

6.3 The role of industry

The capacity for industry bodies (levy funded service providers, PICs, SFOs) to help resolve an animal welfare crisis situation is often ad-hoc and limited to larger scale natural disasters and market failure issues (e.g. an EAD outbreak). There are examples where industry has become involved to ensure animal welfare issues are avoided or contained (see section 5.3).

- There is uncertainty as to the extent to which levy funded service providers can use levy funds to provide assistance in animal welfare crisis situations. However some industries have reserve funds at their disposal that can be used to address certain animal welfare issues, examples include:
- Cattle Disease Contingency Fund (approximately \$20m). In 2011 \$5 million was made available from this fund as a loan, to assist in the transportation and feeding of livestock following the suspension of live exports to Indonesia.
- Red-meat-industry fund (approximately \$45m) managed by RMAC. This fund can be drawn upon in certain industry crises.
- Various compensation funds managed by committees of stakeholders on behalf of State and Territory Governments that provide compensation for specific disease situations.
- The Black Saturday Bushfires in Victoria, highlighted the need for relevant industry and community bodies to be included in government crisis management plans.

Initial recommendation

Industry bodies (levy funded service providers, PICs and SFOs) should define their role with regards to animal welfare crises, in terms of the following:

- When the organisation will become involved? (e.g. large scale events, isolated events, events that threaten industry reputation etc).
- What resources the organisation can provide? (e.g. coordination, communication, staff, funding, fund-raising).
- What assistance the organisation will require? (e.g. coordination, communication, staff, funding).

To help levy funded service providers define their role, the state or territory animal welfare authority should clarify if/how levy funds can be used during a crisis situation.

Industry (and community) bodies with capacity for assisting in the prevention or resolution of animal welfare crises, should be included in government crisis management plans.

Please provide your thoughts (or your organisation's) on these recommendations.

6.4 Legislative powers

Animal welfare legislation in all states and territories generally provides certain powers for inspectors to act pre-emptively (e.g. to seize, treat, feed, water, sell or destroy animals) if they have reason to believe an offence will occur, or if animals are at risk of harm, and to take action once the owner has committed a breach of the legislation.

These powers allowed the Victorian DPI inspectors to seize chickens from Tip Top poultry when it became evident that feed supplies would soon run out. Without these powers, DPI would have been forced to wait for an offence to occur, in this case, for poultry to be without feed for more than 24 hours.

State and Territory animal welfare legislation varies as to the circumstances when inspectors can act to prevent a crisis, and the process for obtaining approvals from courts, department heads etc.

Individual states and territories could consider whether the provisions in their animal welfare legislation are appropriate.

Initial recommendation

State and Territory Governments should consider whether their animal welfare legislation provides sufficient scope for inspectors to pre-emptively act to prevent an animal welfare crisis/

Please provide your thoughts (or your organisation's) on this recommendation.

6.5 Who pays?

Animal welfare legislation gives State and Territory Governments, powers to resolve animal welfare crises on livestock properties by seizing animals and providing feed, water or other treatments. The legislation also allows State and Territory Governments to recoup its costs from owners.

Often the initial cause of an animal welfare crisis can also limit the ability for governments to recoup costs of intervention. Drought, disease or market closure can lead to widespread financial stress and bankruptcies, in some cases forcing State and Territory Governments to intervene under animal welfare legislation to ensure animal welfare. However governments may then be unable to recoup costs by selling seized livestock through depressed or non-functioning livestock markets.

If the status quo continues, governments through taxpayers will be responsible for the costs of resolving animal welfare crises. Other options are canvassed in Table 29

Initial recommendation

The options in Table 29 should be considered.

Table 29 Options for recouping animal welfare costs

Option	Pros	Cons
Option 1: The status quo After exercising all options to recoup costs from the owner or market, the government absorbs the costs as a public good.	No legal and administrative changes required.	Is it equitable and in the public interest for tax payers, through government, to absorb the response costs caused by the misfortune or mismanagement of private businesses?
Option 2: Industry funding Provisions could be made for the respective industry to fund all or part of the costs. Funding could be established before the event (e.g. a contingency fund) or after the event (e.g. provisions for a special levy to be established, similar to EADRA cost sharing arrangements). Industry funding could be established for the entire livestock sector, or on an industry specific basis. Industry funding could be provided in all situations where governments are unable to recoup costs, or restricted to only major incidents.	Recognises the benefit to industry in resolving animal welfare crises. May avoid the need for additional animal welfare regulation.	Is it equitable for whole of industry or directly affected industries to fund costs incurred as a result of the misfortune or mismanagement of individuals? Difficulty in setting up a new levy.
Option 3: Mandatory insurance Regulatory changes could be put in place to make it mandatory for all livestock businesses to have insurance coverage enabling	Forces livestock businesses to pay the cost of misfortune or	Well managed livestock businesses will also have to pay, although premiums

Option	Pros	Cons
governments to recoup costs.	mismanagement	may be less if there is evidence of contingency plans in place.
<p>Option 4: Changes to government intervention approach</p> <p>Governments may choose to reduce the risk of it being left with a debt that cannot be recouped by changing the way it intervenes in animal welfare crises. Governments might seek to:</p> <ul style="list-style-type: none"> • Intervene earlier to ensure costs can be recouped • Increase infringement penalties • Choose to euthanise without delay rather than seeking to feed and sell animals 	Forces livestock businesses to pay the cost of mismanagement	Significant risk to industry reputation if animals are euthanised, rather than being sold/processed.

Please provide your thoughts (or your organisation's) on these options

Appendix J - List of stakeholder consulted

Stakeholders consulted	Telephone interview	Written submission or documentation received
Industry Organisations		
Cattle Council of Australia	✓	
WoolProducers Australia	✓	
Sheepmeat Council of Australia	✓	
Australian Chicken Meat Federation	✓	✓
Australian Chicken Growers Council	✓	
Australian Dairy Farmers	✓	
Australian Lot Feeders' Association	✓	✓
Australian Bankers Association	✓	✓
Livestock Property Agents Association	✓	
Primary Producers SA	✓	
Tasmanian Farmers and Graziers Association		✓
Queensland Dairyfarmers' Organisation	✓	
Royal Australian Collage of General Practitioners		
National Farmers Federation	Delegated to peak councils	
Research and Development Corporations		
Meat and Livestock Australia		
Dairy Australia	✓	✓
Australian Wool Innovation	✓	
Australian Pork Limited	✓	
Australian Egg Corporation	✓	
Animal Welfare Organisations		
RSPCA (national)	✓	✓
RSPCA (QLD)	✓	✓
WSPA	✓	✓
State and Territory Government Agencies		
Qld Department of Agriculture, Fisheries and Forestry	✓	
NSW Department of Primary Industries, Animal Welfare branch		✓
VIC Department of Environment and Primary Industries		✓
Tas Department of Primary Industries, Parks, Water and Environment		✓
SA Department of Environment, Water and Natural Resources	✓	
WA Department of Agriculture and Food	✓	
NT Department of Primary Industries and Fisheries		✓
Selected Federal Government agencies		
Department of Agriculture	✓	
Dept. Health and aging.	✓	

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Document Status

Rev No.	Author	Reviewer		Approved for Issue		
		Name	Signature	Name	Signature	Date
1	S Hoban	J Lane		J Lane		23/005/2014
2	S Hoban	J Lane		J Lane		05/06/2014
3	S Hoban	J Lane		J Lane		17/06/2014
4	S Hoban	J Lane		J Lane		26/06/2014
5	S Hoban	J Lane		J Lane		30/06/2014
6	S Hoban	J Lane		J Lane		11/07/2014

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