

Review – On-farm QA in the Australian Livestock Sector

Summary Report

October 2002

Project number: PICU.700

Published by Meat & Livestock Australia Limited
October 2002
© Meat & Livestock Australia
ISBN 1 74036 031 1

MLA makes no representation as to the accuracy of any information or advice contained in this document and excludes all liability, whether in contract, tort (including negligence or breach of statutory duty) or otherwise as a result of reliance by any person on such information or advice.

Quality Assurance

Project Team

This report was compiled by the On-farm QA review team as part of the project "Increasing the adoption of on-farm Quality Assurance – Review, consultation and strategy development" for Meat and Livestock Australia.

The project team included:

Rod Cox
Program Coordinator, On-Farm QA
Faculty of Rural Management
University of Sydney, Orange

Peter Horchner & David Phillips
Alliance Consulting & Management
(MLA contract number PICU.702)

Noel Haug
(MLA contract number PICU.701)

Graeme Forsythe
Graeme Forsythe & Associates
(MLA contract number PICU.703)


Acknowledgements

The project team acknowledges contributions to this report, in particular the industry reference panel and all of the stakeholders, interested parties and companies that participated in workshops, surveys, interviews and consultations.

Consultation with the following staff is also acknowledged:

Dr Dennis Brett, AUS-MEAT
Dr Ben Russell, MLA
Allan Bloxsom, MLA
Dr Len Stephens, MLA

Summary	5
Introduction	7
Objectives of the review.....	7
1.1 Definition of QA.....	7
1.2 On Farm QA in Australia	8
2 Situation Analysis	9
2.1 Consumer research.....	9
2.2 Desk top review	12
2.3 Other industries and countries	13
2.4 Qualitative surveys and interviews	13
2.5 Quantitative survey	17
2.5.1 Drivers for and Barriers to Adoption	20
2.5.2 Undertakings/assurances	22
2.5.3 Demonstrating Commitment	24
2.5.4 Structure and Management of QA Schemes	25
2.6 Summary of key qualitative (workshops, surveys and interviews) and quantitative (phone survey) messages	26
3 Strategy for Food Safety and Customer Quality Assurance for the Livestock Sector.....	27
3.1 Objectives.....	27
3.2 Overview of proposed framework	27
3.3 Level 1: Food Safety Assurance.....	30
3.4 Level 2: Customer Quality Assurance	34
4 IMPLEMENTATION ISSUES	35
4.1 Levels 1 & 2 to be Complementary.....	35
4.2 Legislated or Industry Driven.....	35
4.2.1 Industry Driven.....	35
4.2.2 Legislated.....	35
4.3 Stakeholder Representation and Setting of Standards.	36



4.4	Audits/Verification	36
4.5	Management	37
4.6	Funding	37
4.7	The Name of the Scheme.	38
4.8	The Role of CATTLE CARE, FLOCK CARE and other QA schemes in Level 2	38
4.9	Involvement of Farm Enterprises Other than Beef and Sheepmeat.	38

SUMMARY

On farm QA schemes were established in the Australian red meat industry almost a decade ago. Despite considerable effort by many industry bodies, participation in these schemes by producers is less than desirable, given increasing consumer expectation of the safety of food. Therefore a review was conducted with two objectives:

- To identify strategies that can increase the adoption of QA schemes by beef and sheep meat producers.
- To revise on farm QA so that it forms part on the fabric of the industry rather than being seen as an “add on”.

The Australian red meat industry has established global credibility as a supplier of safe, wholesome beef and sheep meat. However, over the past decade there have been occasional incidents where agricultural chemicals were found at low levels in fresh beef. Even though these incidents are extremely uncommon and the levels of chemicals detected are far below those likely to cause human health problems, consumers the world over expect food to be chemical free. Any one of these incidents has the potential to bring the trade to a temporary halt, at great cost to Australia. Also, if producers who have used chemicals incorrectly cause the problem, companies involved are increasingly likely to take civil legal action to recover their losses.

The beef and sheep meat industries have gone to considerable effort to minimize these risks through the use of CATTLECARE, FLOCKCARE, the National Feedlot Accreditation Scheme, and the National Vendor Declaration (NVD).

As at 30 June 2002, approximately 43% of all beef cattle and 9.6% of all sheep slaughtered in Australia were sourced from farm or feedlot enterprises operating an industry owned or private QA scheme. The cattle are derived from CATTLECARE accredited properties (17.2%), feedlots (13.9%), and dairy farms (6.7%) and supply chain alliances (5.0%). Approximately 4,700 beef cattle properties are CATTLECARE accredited. The sheep are derived from FLOCKCARE accredited properties (2.2%) and supply chain alliances (7.4%). Approximately 800 sheep properties are FLOCKCARE accredited. For several years the level of producer enrolment in on-farm QA schemes has been static.

The NVD was introduced to provide additional assurances of freedom from chemical contamination and there are now very few slaughter cattle or sheep sold in Australia without an NVD. However, the NVD applies only to a consignment of livestock, it is not audited and there is no requirement to keep records to support the claims made on the form. The NVD therefore exposes producers to liability without offering the protection of supporting QA arrangements.

The review found that Australian consumers expected food safety to be a “given” and felt that red meat was already safe, with the government and retailers being the main groups responsible for food safety. This is good for the industry but also means that any future problem will significantly damage consumer trust.

Industry workshops and surveys involving over 800 people identified that the main drivers for producers to join a QA scheme were improved access to markets and financial incentives. Barriers to entry or reasons for leaving a QA scheme were lack of financial return, complexity and inflexibility of the schemes, onerous audit arrangements and the fact that QA accreditation is not required to sell cattle in many cases. Improving the pull through from customers and adding value to producers as a result of participation in QA were found to be essential elements

of any revised approach to on farm QA.

Throughout the review it was noticeable that there is willingness by the majority of producers to give assurances on food safety and animal health issues about their livestock. A new approach suggested in the workshops was to develop levels or tiers of assurance, beginning with a minimum level, based on food safety, for all producers. There was overwhelming support for linking the basic level of assurance to the NVD so that processors would assist in pulling the scheme through. The universal uptake of the NVD made it a natural point to connect QA into the majority of producers.

A new concept was developed in which it is suggested that CATTLECARE, FLOCKCARE and other QA schemes introduce two levels. The first level would only contain those elements concerned with food safety. Record keeping for producers in Level 1 would need to be simplified, possibly assisted by the use of a standardised diary. Annual audits of all farms would be replaced by self-assessment, random audits, and automatic audits on detection of a breach. There would also need to be significant consequences for consistent audit failures. Level 1 should be seen as an industry wide food safety assurance scheme, aimed at controlling risk factors across most livestock properties.

Level 2 would contain the commercially driven supply chain alliances and the generic QA schemes that would include a series of modules that meet quality criteria in addition to food safety. These modules would be based on existing QA elements and progressively revised to include new customer requirements as they occur. Examples include hides, environment, OH&S, animal welfare, transport and eating quality. These modules must conform to the needs of customers, while also adding value to the management of the farm business. Producers would only need to participate in those modules specified by their customers. Level 2 should be seen as the scheme for customers who require product from fully guaranteed, quality assured businesses. Level 2 should build on level 1, to enable producers to progress.

Once producers have joined the revised scheme (one or two levels) they would be eligible to use the scheme certification mark. For these producers the NVD would serve as the documentary confirmation of their certification to purchasers of their livestock.

Prior to implementation of Level 1 all sectors of the industry will need to agree on a revised set of standards. To assist in pulling the revised scheme through, it has been suggested that these standards could be underpinned by the AUS-MEAT National Accreditation Standards. This would commit the majority of beef processors and major sheep meat processors to purchase livestock from QA certified properties. In addition, some Australian State governments have indicated their intention to legislate to make NVDs compulsory. Over the coming months there must be considerable debate about these options. The industry will be in a good position for this debate if CATTLECARE and FLOCKCARE are revised along the lines proposed in this review. The introduction of Level 1 will enable all producers to meet future food safety assurance requirements and will assist in minimising their liability.

INTRODUCTION

In the face of ever increasing consumer demand for guaranteed food safety, Meat and Livestock Australia Ltd (MLA) commissioned a review of On Farm Quality Assurance (QA) in the Australian cattle, sheepmeat and goat industries. This report summarises the review findings and recommends strategies for taking On Farm QA forward. Conclusions in this report are drawn from the following reports:

- ❑ Detailed literature review of on-farm QA nationally and internationally
- ❑ Review of Europgap, Australian wine grape and NZ fresh produce industries
- ❑ Widespread consultations, interviews and workshops
- ❑ A qualitative survey of 161 stakeholders
- ❑ A quantitative survey of 595 stakeholders, including further detailed analysis on CATTLECARE and FLOCKCARE within the producer sector
- ❑ Australian Meat Integrity - Consumer Perceptions and Expectations research study by The Leading Edge.

Further information and detail can be sourced from these individual reports. Other referenced materials used in this report can be found in the reference section of the literature review.

Objectives of the review

On farm QA schemes were established in the Australian red meat industry almost a decade ago. Despite considerable effort by many industry bodies, participation in these schemes by producers is less than desirable, given increasing consumer expectation of the safety of food. Therefore a review was conducted with two objectives:

- To identify strategies that can increase the adoption of QA schemes by beef and sheep meat producers.
- To revise on farm QA so that it forms part on the fabric of the industry rather than being seen as an “add on”.

1.1 Definition of QA

The research identified that both the terms “Quality” and “Assurance” were defined differently by stakeholders throughout the red meat supply chain. For clarity, the “Quality” attributes that require “Assurance” in the supply chain can be broadly grouped into:

- ❑ Food Safety Assurances, which are basic, assumed or a given; and
- ❑ Customer Quality Assurances, which are specific to individual customers' needs and are based on value drivers for that customer.

These two terms are not definitive, however, they are commonly used by consumers and supply chain participants alike.

For the purposes of this report, a QA system is defined as “All those **planned and systematic actions** necessary to provide adequate **confidence** that goods and services will meet customers/consumers predetermined requirements for quality.” and include all four of the following components:

- ❑ Standards/requirements

- ❑ Agreement to comply with the provisions of the Standards
- ❑ Records or other evidence to demonstrate compliance with standards
- ❑ Monitoring/verification of compliance with standards

1.2 On Farm QA in Australia

The Australian red meat industry has established global credibility as a supplier of safe, wholesome meat. However, in the beef industry over the past decade there have been occasional incidents where agricultural chemicals were found at low levels in fresh meat products. Recent examples include endosulfan and bioresmethrin. The National Residue Survey routinely samples beef and sheep meat products in Australia. Random sampling of beef products during 2000/01 detected only 5 of 7,272 (0.06%) with chemical residues higher than the maximum residue limit (MRL). None of 4,587 sheep meat products tested contained any chemical residue levels, however, 20 samples contained heavy metal concentrations over the MRL.

Even though these incidents are extremely uncommon and the levels of chemicals detected are far below those likely to cause human health problems, consumers the world over expect food to be chemical free. Any one of these incidents has the potential to bring the trade to a temporary halt while the source of the problem is identified and the product recalled. This would cause enormous financial loss to the industry as a whole. These incidents also result in considerable expense being incurred by processors and retailers. Increasingly it is likely that civil legal action will be taken to recover these expenses if the problem is caused by producers who have used chemicals incorrectly.

The beef and sheepmeat/lamb industries have gone to considerable effort to minimize these risks. The on-farm QA schemes, CATTLECARE and FLOCKCARE, plus the National Feedlot Accreditation Scheme, have been central planks in the industry's approach. Other schemes such as SQF, Dairy QA schemes and individual supply chain schemes have also played a role.

As at 30 June 2002, approximately 43% of all beef cattle and 9.6% of all sheep slaughtered in Australia were sourced from farm or feedlot enterprises operating an industry owned or private QA scheme. The cattle are derived from CATTLECARE accredited properties (17.2%), feedlots (13.9%), and dairy farms (6.7%) and supply chain alliances (5.0%). Approximately 4,700 beef cattle properties are CATTLECARE accredited, which represents 11% of the estimated 43,000 properties with more than 50 cattle. The sheep are derived from FLOCKCARE accredited properties (2.2%) and supply chain alliances (7.4%). Approximately 800 sheep properties are FLOCKCARE accredited, which represents 5% of the estimated 17,000 properties that obtain some income from prime lamb. For several years the level of producer enrolment in on-farm QA schemes has been static.

The introduction of on-farm QA schemes has been supported by the use of the National Vendor Declaration (NVD) for Cattle, Sheep, Goats and Bobby Calves and government run veterinary public health programs. The NVD has achieved a high uptake by cattle producers, with three million cattle NVD's used in 2000. Rapidly increasing numbers of sheep producers are now using sheep NVD's, which were introduced in 2000. The current NVD system does not include audits and does not require records to be kept to support the claims made on the form. The NVD also applies only to a consignment of livestock, rather than a whole farm. As such, the NVD cannot be regarded as a QA scheme in itself.

2 SITUATION ANALYSIS

The investigation phase of the review was conducted during May - September 2002 and included consumer research, desk top literature review, stakeholder consultations, workshops and focus groups, a qualitative survey, and a quantitative stakeholder survey.

2.1 Consumer research

Australian meat, particularly beef and lamb are promoted Nationally and Internationally as 'clean and safe' products. A quantitative survey of 450 consumers in Brisbane, Sydney and Melbourne was conducted in August 2002 by Leading Edge Market Research Consultants to answer the question "How assured is the red meat industry that this (i.e. red meat is clean and safe) is the case?' The core objective of this research was:

- To understand how critical the issue of food safety and integrity is to consumers – is it a top of mind issue at the moment, and what are the implications for the development of an on-farm Quality assurance program?

The following series of tables summarises the key findings, which were:

- Chicken has the highest integrity concerns
- Beef was marginally more trusted than lamb
- "Safety assurance" was critical (as opposed to quality assurance).

Meat Imagery – Safety and Integrity Concerns

	beef %	lamb %	chicken %	pork %	fish %	D/K %
Price is not always a reliable guide to quality	69	55	53	47	2	3
This meat is generally of a good quality	61	54	64	44	2	2
I think it's quite fatty	16	46	15	45	0	2
It is more likely to be linked to health problems	21	12	36	37	0	5
The way they rear the animals bothers me	27	19	66	28	0	5
Worries me that meat may contain chemicals /hormones	43	32	76	38	1	2
It's usually well presented in the store	86	71	67	64	2	1
Aust. quarantine measures keep meat free of disease	81	63	56	58	2	9
Trust the quality and safety of this meat more than others	64	50	37	28	2	3
This meat is environmentally friendly	35	33	32	23	2	17

CHICKEN HAS THE HIGHEST INTEGRITY CONCERNS...

D/K = Don't know

Responsibility for 'Meat Safety Assurance'

responsible for 'meat safety assurance'...	%
Government bodies	29
Retailers like supermarkets and butchers	22
Farmers	12
Abattoirs	9
Meat organisations	7
Individuals when they purchase meat	6
Other	11
Don't know	3

GOVERNMENTS AND RETAILERS HOLD MOST RESPONSIBILITY

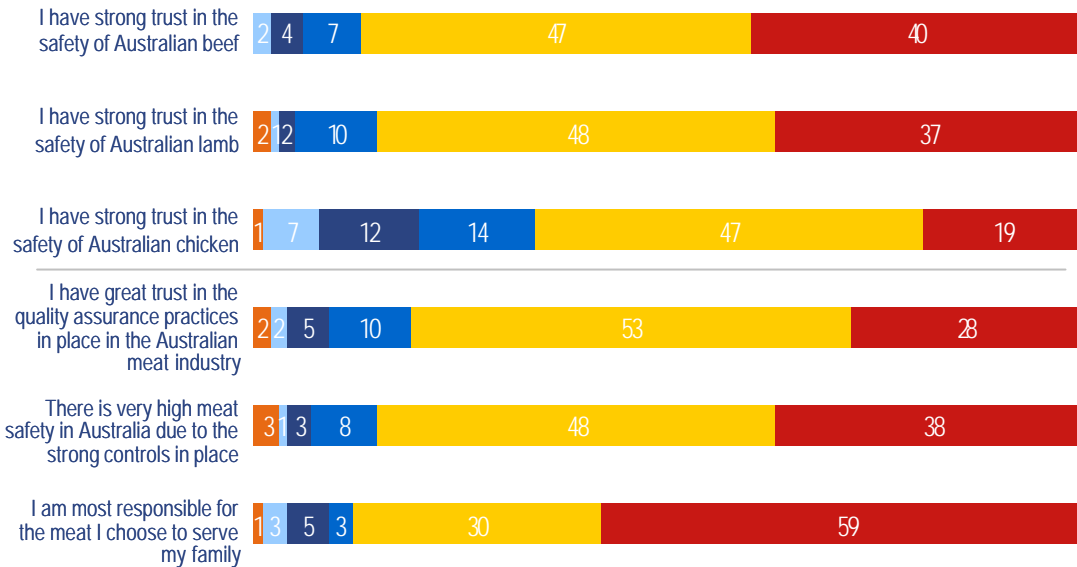
Responsibility for 'Meat Quality Assurance'

responsible for 'quality assurance'...	%
Retailers like supermarkets and butchers	32
Government bodies	20
Farmers	15
Meat organisations	10
Abattoirs	5
Individuals when they purchase meat	5
Other	10
Don't know	3

RETAILERS MOST RESPONSIBLE FOR QUALITY ASSURANCE

Trust

■ don't know
 ■ strongly disagree
 ■ tend to disagree
 ■ neither
 ■ tend to agree
 ■ strongly agree



BEEF MARGINALLY MORE TRUSTED THAN LAMB... HIGH MEAT SAFETY ATTRIBUTED TO STRONG CONTROLS, HOWEVER CONSUMER ULTIMATELY RESPONSIBLE

Assurance Importance



'SAFETY ASSURANCE' MORE CRITICAL

Implications

- Consumers believe their meat to be currently 'safety assured'
- 'Meat safety assurance' is viewed as the more critical term (over 'meat quality assurance'). The Government is viewed as having most responsibility for meat safety assurance
- We are playing a dangerous game if we adopt a reactive strategy- can we afford to do this in the light of increased media focus and consumer education?
- While salient concerns are currently at manageable levels, the momentum of the industry is already embracing safety/ integrity via 'heartsmart', 'freshness guaranteed' and chemical free/organic offers, and the strong integrity of packaging communication- in many ways, we are also fuelling awareness and expectation
- Safety/ integrity assurance is not marketing edge, it is a basic level of expectation for consumers

SAFETY IS A SIMPLY COST OF ENTRY FOR THE INDUSTRY

2.2 Desk top review

A desktop review of livestock on-farm QA schemes conducted by the project team identified approaches that could lead to a greater adoption of on-farm QA in the Australian cattle and sheep industries. Key findings were:

- Throughout the world, on-farm Quality Assurance (QA) schemes are seen as a means of assuring the needs of the customer and consumer are met.
- A review of on-farm QA schemes in New Zealand identified the following characteristics of a "good" QA system which may deliver benefits to all players over and above market access:
 - Simple, user-friendly, relevant & has achievable targets
 - Provides clear financial return for additional cost & effort to implement
 - Integrates all relevant aspects of the farm operation but is flexible enough to provide for differences between properties
 - Does not trap producers into one customer
 - Has a clear demonstrable need, especially for customers
 - Delivers what it says it will eg, provision of security of markets
 - Does not require excessive administration time & cost
 - Is not prescriptive & doesn't stifle innovation & independence
 - Audit provisions are seen as reasonable and appropriate
 - Helps assure their ability to supply markets
- Despite various studies suggesting there are benefits to be obtained through adoption of on-farm QA,

some authors suggest QA schemes should simply be regarded as a cost of entry to a particular market rather than a product differentiator.

- Methods used to motivate producers to join on-farm QA schemes depend on the scheme and include:
 - Although most schemes are voluntary, market access issues and preferred supplier status encourages greater uptake in QA schemes that are linked to supply channels
 - Most on-farm QA schemes use auditing to demonstrate the integrity of the scheme. In the USA, however, grassfed livestock schemes (BQA, SSQA) are based on producers undertaking regular training/education programs and committing to a farm management plan that is developed in conjunction with an authorised representative of the scheme. Auditing only occurs if there is a violation detected. Auditing costs are therefore minimised.
 - Providing some form of funding/subsidisation to offset the additional cost of developing, implementing and administering an on-farm QA scheme is seen as advantageous.
 - Personal contact from industry or company personnel has assisted the uptake of on-farm QA schemes by producers in NZ and the USA. These personnel provide both practical and technical assistance with the implementation of QA programs on-farm. Contact rates of 1:50-100 producers are common.
 - Industry response to a food safety crisis and promotion of this response to consumers has assisted the uptake of on-farm QA in Holland (eg, IKB (Holland)).

2.3 Other industries and countries

A review of QA programs covering New Zealand fresh produce; Australian wine grape industry; Australian grains industry); and Eurepgap, a new European Retailers Code for Good Agricultural Practice highlighted features of successful programs as follows:

- The fundamental and common characteristic of successful QA programs was having “buy-in” from the demand end of the chain – where the buyer requires their suppliers to be accredited as a pre-requisite to doing business
- Linking QA in the demand chain to food safety legislation produces powerful outcomes that underpin “buy-in” from the demand chain
- The “simplest is best” approach. Many unsuccessful QA programs were designed by QA consultants without recognising the specific and often less demanding requirements of the buyer / customer
- Risk management can also operate as a core business process for the grower, e.g. introducing an independent verification mechanism for safe chemical use, with results made available to customers if approved.
- Transparency - details of participant status freely available to the public and importantly, customers
- Efficient and uncompromising administrative underlay to manage a QA program, usually through a centralised management entity
- Creative approaches to auditing which mitigate or have the potential to mitigate the many negatives continually raised about the audit process, but still retain integrity in the eyes of customers.

2.4 Qualitative surveys and interviews

A series of 12 industry workshops and 213 face to face questionnaires and consultations with producers, processors, service providers and government officials was conducted to determine stakeholder opinion of On Farm QA. The number of respondents in each stakeholder group is shown in Table 1. The

research explored the motives for joining, not joining or leaving On Farm QA schemes; the assurances which were sought and willing to be given; the method of giving assurances; and suggested structure and management of On Farm QA for the livestock industry. Data from the qualitative phase was used to develop themes and questions for an extensive quantitative phone survey. Approximately 68% of producers interviewed or surveyed were currently participating in an On Farm QA scheme. The individual consultations included a large number of the largest 50 beef and sheepmeat producers across Australia.

The qualitative survey of producers and processors identified the same drivers for producers joining On Farm QA schemes as those identified in the literature review, with **financial incentives** and **market access** being the main drivers for On Farm QA adoption. Similarly, survey respondents identified the main barrier to adoption of On Farm QA was a perceived lack of financial incentive (reward or penalty) over and above the costs involved in adoption. They also expressed concern at the level of record keeping required and/or considered On Farm QA was too daunting or unnecessary.

Table 1: Overview of respondents undertaking a qualitative survey

Respondent type	Number
Producers	
- In QA	102
- Not in QA	49
Total Producers	151
Processors	
- Domestic	8
- Export	9
Total Processors	17
Service Providers	
- Auditor/trainer	15
- Livestock agent	9
- Government	12
- Producer body	4
- Industry body	3
- Other	2
Total Service Providers	45
Total Respondents	213

Survey respondents were asked to list those assurances they considered producers should always be prepared to give on their livestock as well as those undertakings they felt could be provided if requested. Table 2 shows the results for each respondent type. The “workshop” category applies to collective results from each workshop. There was a clear indication that producers accept they **must** provide assurances on the residue status (food safety) of their livestock and their traceability while most other assurances **could** be provided if requested by the customer. Only 5% of producers nominated CATTLECARE or FLOCKCARE as the minimum assurance requirement (must or could be).

Table 2: Product Assurances that Must or Could Be Given by Producers by Respondent Type

Assurance	Respondent Type							
	Workshop N = 13		Producer N = 151		Processor N = 17		Service Provider N = 45	
	Must (%)	Could (%)	Must (%)	Could (%)	Must (%)	Could (%)	Must (%)	Could (%)
NVD, Residue free, Food safety	77	-	83	7	100	36	90	18
Traceability/NLIS	62	-	20	16	35	14	29	18
HGP status	54	-	-	-	-	-	-	-
Clean product	46	15	-	22	-	50	-	-
Min stress/Eating quality/MSA	38	46	-	12	-	64	21	26
Animal Welfare	31	38	25	8	41	-	21	15
Disease status/animal health administration	38	15	22	1	6	-	12	9
No animal by-products fed	23	-	-	-	-	-	-	-
Undamaged product/dehorned	15	46	11	1	12	21	-	-
C'CARE /F'CARE as minimum	-	-	5	5	-	7	-	-
Curfew	23	8	-	-	-	-	5	-
Meet Specifications/ customer needs	-	46	5	26	-	-	7	35
Environment	-	15	2	-	12	-	5	-
Sex/pregnancy status	-	23	-	-	-	-	-	-
Integrity/auditable	8	23	2	4	-	-	10	-
OH&S	-	-	1	1	-	-	2	-
Use QA Transport	-	46	-	-	-	-	-	-
Live Export requirements	8	-	-	-	-	-	-	-

Respondents also made suggestions for improvements to On Farm QA schemes. These are shown in Table 3, according to respondent type.. As shown for the first four suggested improvements in Table 3, the main approach recommended was to simplify the system and base it around the risk issues covered by the National Vendor Declaration (NVD). Producers and service providers supported combining schemes where practicable. Processors especially were keen to have a simple food safety or risk based system. There was support for a modular type system for issues other than food safety.

Table 3: Suggested Improvements to On Farm QA Schemes by Respondent Type

Suggested Improvement	Respondent Type					
	Producer N = 151		Processor N = 17		Service Provider N = 45	
	Rank	%	Rank	%	Rank	%
Combine schemes where practical	1	32%			2	39%
Simple system based on NVD producers set own target above this	2	24%	2	50%	5	11%
Simple system based on risk			1	70%		
Simple entry level with modular progression					1	50%
Producer education program with modular progression plan	3	20%	3	40%		
Integrate NVD with CC/FC	4	18%			3.5	17%
Integrate NLIS with CC/FC			5.5	10%		
Improve national ID/traceability (focus on rather than QA)	5	10%	5.5	10%		
Outcomes based with individuals setting their own processes			5.5	10%		
No need to change if use existing schemes	6.5	8%			3.5	17%
Let market decide, don't want everyone in	6.5	8%				
ISO 9000 series	8	4%				
Reduce impractical recording in existing schemes	9.5	2%	5.5	10%	6	6%
Change the name from QA	9.5	2%				

% = percent of respondents that supported the change

2.5 Quantitative survey

Following the qualitative work, a quantitative survey was designed and a total of 594 producers, processors, live exporters, auditors, livestock agents, retailers, customers and regulators were surveyed. The number of respondents in each stakeholder group is shown in Table 4. Seventy-two percent (72%) or 427 of the respondents were producers.

Table 4: Numbers in Quantitative Survey

Survey Group	No. of respondents
Producers	427
Processors – Export	24
Processors – Domestic	21
Live Exporters	12
Agents	15
Auditors/Trainers	49
Retail butchers and supermarkets	31
Regulators/govt	16

Producer respondents were spread geographically across Australia and grouped by size of operation as shown in Table 5.

Table 5: Demographics of Producer Respondents

Region	Number	Livestock Number – 1 cu = 10 sheep, 10 goat or 1 cattle				
		< 200 cu (%)	200-400 cu (%)	400-800 cu (%)	800-2,000cu (%)	2,000+ cu (%)
N Qld, NT, N WA	39	2.6	5.1	2.6	15.4	74.4
Central Qld	49	12.2	22.4	18.4	22.4	24.5
S Qld, N NSW	58	15.5	19.0	20.7	19.0	25.9
Central NSW	27	7.4	11.1	18.5	44.4	18.5
S NSW, N Vic	55	16.4	21.8	21.8	23.6	16.4
SE Vic	30	36.7	36.7	26.7	-	-
W Vic, SE SA	52	11.5	23.1	26.9	23.1	15.4
W SA, C SA	40	25.0	35.0	17.5	10.0	12.5
Tas	29	34.5	27.6	20.7	13.8	3.4
S WA	44	22.7	25.0	13.6	31.8	6.8
Total	423	17.5	22.5	18.9	20.6	20.6

Thirty-four percent (34%) of respondents were in a QA program and 9.6% were previously in a QA program. The survey was a stratified sample and there was a greater proportion of producers currently in a QA program than is represented by the overall livestock producer population. The higher proportion was required to obtain meaningful comparisons between QA and non-QA producers. Equal numbers of

large, medium and small beef and sheep meat producers were surveyed. Table 6 lists the number of producer respondents that were, were not or had recently left each type of QA program. Table 7 shows the number of producer respondents in each QA scheme according to property size. Larger livestock producers were more likely to be in CATTLECARE, a Wool QA scheme (Woolcare), NFAS and/or some other type of QA scheme (Table 7). Some producers were in more than one On Farm QA scheme:

- 25% of CATTLECARE producers were in at least one other scheme
- 76% of FLOCKCARE producers were in another scheme (primarily CATTLECARE). Results presented for FLOCKCARE producers may therefore be biased
- 50% of NFAS producers were in another scheme (primarily CATTLECARE)
- One dairy farmer was also in CATTLECARE
- 83% of Graincare producers were in another scheme (primarily CATTLECARE and/or FLOCKCARE)
- 84% of producers in a wool QA scheme were not in any other scheme.

Table 6: Percent of 424 Producer Respondents in Each Type of QA Program

QA Scheme	In QA (%)	Recently left (%)	Not in QA (%)
ALL Schemes	34.0	9.6	55.7
CATTLECARE	16.8	4.3	79.0
Dairy QA	6.9	0.5	92.7
Woolcare	5.9	3.1	91.0
FLOCKCARE	3.5	1.4	95.0
NFAS	2.1	0.2	97.6
Graincare	1.2	0.2	98.6
Supply chain Alliance	0.7	0	99.3
SQF1000	0.2	0	99.8
Other ¹	5.2	1.9	92.9

1 – Includes MSA, EU, Johnes, Q Care, Organic certification, Cotton and Seedstock programs

Table 7: Livestock Number by QA Scheme

QA Scheme	Number	Livestock Number – 1 cu = 10 sheep, 10 goat or 1 cattle				
		< 200 cu (%)	200-400 cu (%)	400-800 cu (%)	800-2,000cu (%)	2,000+ cu (%)
ALL Schemes	423	17.5	22.5	18.9	20.6	20.6
CATTLECARE	88	10.2	14.8	13.6	28.4	33.0
Dairy QA	31	22.6	41.9	35.5	-	-
Woolcare	38	2.6	21.1	15.8	39.5	21.1
FLOCKCARE	21	9.5	33.3	14.3	19.0	23.8
NFAS	10	-	-	10.0	50.0	40.0
Graincare	6	-	16.7	16.7	66.7	-
Supply chain Alliance	3	-	33.3	33.3	-	33.3
SQF1000	1	-	100	-	-	-
Other ¹	31	32.3	9.7	9.7	25.8	22.6

1 – Includes MSA, EU, Johnes, Q Care, Organic certification, Cotton and Seedstock programs

2.5.1 Drivers for and Barriers to Adoption

Producers were asked why they had joined or would join a QA scheme. Table 8 shows producers are more likely to agree that "Market access" and "Financial incentives" are their main driver for joining On Farm QA schemes, with 77.1% and 70.1% of respondents agreeing respectively. Significant differences between respondent groups are provided in footnotes to Table 8. A further detailed analysis of these data is provided in the full report for On Farm QA.

Table 8: Producer Reasons for Joining QA¹

Reason	No. of Responses	Response (%)			
		Agree	Neither Agree nor disagree	Disagree	Don't know
To help the industry maintain market access	419	77.1	13.1	7.9	1.9
To help you gain access to some specific market ²	418	70.1	14.8	13.2	1.9
Because you believed there would be financial incentives such as a premium price	420	66.4	15.7	16.0	1.9
To be recognised as producing a better product than other producers	419	56.1	22.4	20.0	1.4
To demonstrate you are a responsible producer	417	53.0	20.4	25.7	1.0
Because it is a requirement of your immediate customer or supply chain alliance	416	49.0	19.2	24.5	7.2
To link with QA in other sectors of the industry	417	46.3	23.5	18.5	11.8
Pride in product/business ³	418	40.9	28.2	27.8	3.1
Because it might improve the efficiency of your operation	418	40.2	24.2	33.0	2.6
To avoid litigation from defective product or to reduce insurance cost ⁴	416	38.7	24.5	28.6	8.2
To gain access to new information	418	36.4	29.9	26.3	7.4
To improve your record keeping	419	35.6	28.2	34.8	1.4

¹The question asked of participants was "Many reasons can be given for why people join QA schemes. Of the statements made in the table below, we would like you to respond with one of the following - either you "Agree"; "Neither Agree nor Disagree"; "Disagree" or "Don't know"

² Producers in CATTLECARE were less likely to agree that they joined QA to access a specific market.

³ A higher proportion of producers that had been in QA (57.5%) and were currently in QA (47.2%) agree they joined a QA scheme because it gave them pride in their product or business (particularly smaller producers (< 800 cu)

⁴ Producers that were not in QA or in CATTLECARE are more likely to agree than disagree that they would join QA to avoid litigation and/or reduce their insurance cost.

Producer participants who are in On Farm QA were asked if they had any concerns about the scheme which could result in them leaving the scheme, to which 54% of those in CATTLECARE and 44% of those in FLOCKCARE expressed concern. These respondents and those who are not currently in a QA

program were subsequently asked why they might leave or not join QA.

Table 9 provides the reasons cited by producers for leaving/not joining QA. Producers are most likely to agree that the lack of financial incentive (81.7% agreed), QA not being required to sell product (78.1%) and they already felt they were being responsible (66.0%) were reasons for leaving/not joining QA. Significant differences between respondent groups are provided in footnotes to Table 9. A further detailed analysis of these data is provided in the full report for On Farm QA.

Table 9: Reasons for Leaving/Not Joining QA¹

Reason	No. of Responses	Response (%)			
		Agree	Neither Agree nor Disagree	Disagree	Don't know
There is no apparent financial reward	301	81.7	8.3	7.0	3.0
QA is not required for you to sell products	297	78.1	9.1	9.1	3.7
You are already a best practice/responsible producer	297	66.0	26.3	5.7	2.0
There is no product differentiation in the market place	296	63.9	17.9	7.8	10.5
You don't feel any great need to be involved	299	60.9	16.4	21.1	1.7
There are too many schemes/options unclear	294	40.1	29.9	22.1	7.8
The cost to be involved is too high ²	292	39.7	25.0	13.7	21.6
QA schemes have not been explained well enough ³	296	39.2	22.0	36.8	2.0
The audit process concerns you ⁴	295	37.6	18.3	34.2	9.8
Collection and keeping of records is off-putting ⁵	294	34.0	18.0	43.9	4.1
Other producers or agents have said its not worth joining	295	29.5	25.8	33.2	11.5
QA is too daunting or complicated ⁶	295	28.1	20.3	44.1	7.5
Auditors are not practical or consistent ⁷	295	22.7	23.4	11.9	42.0
You have concerns about your ability to comply with the requirements	296	19.3	13.2	62.2	5.4
QA is only suited to larger producer ⁸	295	16.6	22.7	50.2	10.5

¹ The question asked of participants was: "Many reasons have been given for why people don't join or leave QA schemes. For the list of reasons shown in the following table, we would like you to indicate whether you either "Agree"; "Neither Agree nor Disagree"; "Disagree" or "Don't know"."

² Larger producers and those in CATTLECARE are more likely to consider the cost of QA to be too high.

³ Those not in QA and not in either CATTLECARE or FLOCKCARE consider QA has not been explained well enough.

⁴ Larger cattle producers (800+ hd) are more likely to give the 'audit process' as a reason for leaving QA than smaller cattle producers.

⁵ Smaller cattle producers (<400 hd) appear less concerned about record keeping as a reason for leaving QA

⁶ Non-CATTLECARE producers find QA more daunting than those in CATTLECARE.

⁷ Larger producers are more likely to consider auditors impractical or inconsistent. Most of the producers that had left QA consider auditors impractical or inconsistent. Producers in CATTLECARE were more likely to find auditors practical and consistent in contrast to those producers in FLOCKCARE.

⁸ Although most cattle producers disagree that QA is only suited to larger producers, more smaller cattle producers (<400 hd) consider QA is only suited to larger producers.

Note on Dairy farmers:

The survey respondents included 38 beef producers who were also dairy farmers. This group was identified and analysed as “dairy farmers”. Within the survey there were significant differences between dairy farmers and other livestock producers for many of the survey questions. Dairy farmers are more likely than non-dairy farmers to join QA to improve the efficiency of their operation. Dairy farmers also conveyed a strong reason for joining QA was to avoid litigation or reduce insurance premiums. In terms of leaving QA, dairy producers were less likely to consider there was no need for QA. The audit process was not of concern to dairy farmers.

Dairy farmers primarily join QA to maintain market access to a specific market/s (presumably their processors). The dairy farmer findings confirmed the findings of the literature review and wine grape industry review that on-farm QA schemes driven by the demand chain were more likely to be successful.

2.5.2 Undertakings/assurances

Table 10 shows which assurances or undertakings respondents were willing to give (producers) or should be asked to give (non-producers) on their products "every time". In general, there is high proportion of assurance sought and willingness to give assurances all the time for food safety and animal health type issues.

Regulators were more likely to support assurances "every time" on food safety, animal health and group traceability issues with little support for meat and hide/skin quality or environmental issues. More than 50% of producers agree they would give assurances "every time" on all undertakings except individual identification and customer specifications. Domestic processors and Livestock exporters were less inclined than Export processors to demand assurances 'every time'.

Table 10: Undertakings on the product¹

Assurance	% Respondents indicating 'Every time'							
	Producer	Proc. Export	Proc. Dom.	L/stk Export	L/stk Agent	Auditor	Butcher	Regulator
	<i>n</i> = 427	<i>n</i> = 24	<i>n</i> = 21	<i>n</i> = 12	<i>n</i> = 15	<i>n</i> = 48	<i>n</i> = 31	<i>n</i> = 16
Chemical residue status	91.7	100	90.5	58.3	86.7	91.7	80.6	93.8
Clean/dirty status	79.5	91.7	66.7	90.0	86.7	79.2	74.2	56.3
Physical defects	80.9	79.2	76.2	83.3	73.3	93.8	93.5	93.8
HGPs	89.7	87.5	61.9	91.7	80.0	87.5	100	81.3
Animal health treatments	87.8	95.8	71.4	33.3	73.3	85.4	70.0	75.0
Disease status	87.3	95.8	81.0	75.0	86.7	87.5	87.1	87.5
Fed animal by-products	91.1	95.8	81.0	75.0	93.3	89.6	87.1	75.0
Details on feeds	76.3	50.0	52.4	25.0	40.0	56.3	25.8	25.0
Minimal damage or bruising	56.4	39.1	57.1	41.7	26.7	44.7	67.7	25.0
Minimal stress	67.3	39.1	47.6	33.3	40.0	45.8	45.2	25.0
Pregnancy status	54.7	50.0	61.9	83.3	86.7	48.9	51.6	31.3
Customer specifications	48.7	43.5	25.0	54.5	50.0	56.3	61.3	31.3
Undamaged hides or pelts	55.1	45.5	57.1	25.0	28.6	54.2	38.7	18.8
Animal welfare	76.1	83.3	57.1	58.3	60.0	64.6	61.3	43.8
Group traceability	74.2	95.8	85.7	75.0	86.7	81.3	58.1	93.8
Individual ID	41.6	50.0	52.4	25.0	53.3	47.9	35.5	62.5
Environment	62.6	12.5	4.8	25.0	26.7	36.2	35.5	18.8

¹ The question asked of participants was: "Irrespective of your involvement in on-farm QA, we need to find out what undertakings you are willing to give on your products. Of the undertakings shown in the following table, please indicate whether you would give these undertakings "every time"; or "Only when the customer asks"; or "Left up to you to decide" or "there's No Need to"; or you "Don't know"." **Note:** for non-producers, the question was phrased such that their opinion was based on undertakings producers should give.

2.5.3 Demonstrating Commitment

Respondents were asked how prepared they were (producers) or should be (non-producers) to demonstrate their commitment to the undertakings given in the previous question (Table 11). Respondents are more likely to commit to all undertakings by means of a signed declaration (with or without penalty), by an audit if an identified problem is traced back to their property, or by keeping records.

Table 11: Demonstrate commitment to undertakings¹

Commitment to undertakings	% Respondents indicating 'All undertakings'							
	Producer	Proc. Export	Proc. Dom.	L/stk Export	L/stk Agent	Auditor	Butcher	Regulator
	427	24	21	12	15	48	31	16
Sign declaration	83.3	100	90.5	66.7	93.3	70.2	75.0	81.3
Dec. with penalty	63.5	87.5	95.2	50.0	100	74.5	61.3	81.3
Audit if problem	80.7	91.7	90.5	66.7	86.7	80.9	83.9	93.8
Keep records	80.9	87.5	95.2	75.0	73.3	83.0	90.0	87.5
Undertake training	47.4	58.3	52.4	50.0	80.0	63.8	58.1	68.8
Annual audit	53.5	54.2	61.9	16.7	60.0	78.7	61.3	50.0
Random audit	41.2	75.0	66.7	50.0	66.7	53.2	56.7	81.3
Incur penalty	46.2	70.8	66.7	58.3	80.0	57.4	77.4	68.8

¹ The question asked of participants was: "Irrespective of your involvement in on farm QA, we need to find out how prepared you are to demonstrate your commitment to the undertakings from the previous question. The following table lists methods by which you could demonstrate your commitment - they are worded as statements. We would like you to indicate whether you are prepared to give each commitment "For all undertakings"; or "For some undertakings"; or "Only when the customer asks"; or "There's no need to"; or "Don't know"." **Note:** for non-producers, the question was phrased such that their opinion was based on producer commitment required.

2.5.4 Structure and Management of QA Schemes

Table 12 shows how respondents thought on farm QA schemes should be set up and run. In summary:

- ❑ There was strong demand across all respondents for a simple, single On Farm QA scheme
- ❑ There were low levels of agreement that the current approach to QA was effective across producers and customer groups
- ❑ Only 8.7% of producers stated the current NVD was not effective
- ❑ Producers agree the current system of adoption of on farm QA should remain voluntary whereas customer groups want mandatory; and
- ❑ On farm QA schemes should have several levels or modules from basic to more detailed customer requirements.

Table 12: Management and Structure of QA Schemes¹

System comments	% Respondents indicating 'Strongly Agree' or 'Agree'							
	Producer	Proc. Export	Proc. Dom.	L/stk Export	L/stk Agent	Auditor	Butcher	Regulator
	427	24	21	12	15	48	31	16
NVD effective	66.6	58.3	66.7	66.7	80.0	56.5	50.0	37.5
CVD effective	24.0	39.1	38.1	16.7	20.0	30.5	26.7	12.5
Voluntary	74.8	39.1	52.4	58.3	60.0	48.9	31.0	68.8
Modular	49.9	87.5	71.5	75.0	66.6	60.0	63.3	75.1
Mandatory	35.3	83.4	57.2	75.0	60.0	58.7	53.3	56.3
Simple	67.2	87.0	95.3	58.3	86.6	75.5	73.4	81.3
One scheme	59.4	83.3	76.2	91.7	100	95.7	66.7	93.3
Current QA is effective	28.1	8.7	33.4	16.7	60.0	50.0	16.7	25.0

¹ The question asked of participants was: "We would like to know how you think On Farm QA schemes should be set up and run. From the list provided in the following table can you indicate for each system whether you "Strongly Agree"; or you "Agree"; or you "Neither Agree nor disagree" or you "Disagree"; or you "Disagree strongly"; or you "Don't know"."

2.6 Summary of key qualitative (workshops, surveys and interviews) and quantitative (phone survey) messages

- There is a clear indication that producers should provide assurances and traceability mechanisms on the residue status (food safety) of their products (table 2)
- Develop a simple system based around the risk issues and those food safety issues covered by the National Vendor Declaration (table 2 & 3)
- Despite the high proportion of producers attending workshops and completing surveys indicating they were in a QA scheme (68%), only 5% nominated CATTLECARE or FLOCKCARE as providing a minimum assurance requirement (must or could be) to give on their beef and sheepmeat products (table 2)
- A tiered approach to a QA scheme was favoured (table 3)
- Producers supported combining QA schemes where practicable (table 3)
- The most frequent reasons for producers joining a QA scheme were market access, financial incentives, recognition as a better producer and to demonstrate responsibility. There were significant differences between producer groups (eg dairy, CATTLECARE, non-CATTLECARE) as to reasons for joining a QA scheme (table 8)
- 81.7% of producers thought there was no financial benefit in joining a QA scheme. Other predominant reasons for not joining or leaving a QA scheme included "they were already best practice or responsible", "there was no product differentiation in the market" and "they saw no need to be involved". Larger producers and those in CATTLECARE considered the cost of QA was too high and could be a reason for leaving a scheme (table 9)
- Food safety and traceability issues were predominantly cited by respondents as those undertakings they were most willing to provide on their products. Producers, export processors and regulators on the whole support the inclusion of food safety issues (table 10)
- In demonstrating a commitment to undertakings, respondents supported signing a declaration, keeping of records and audit if a problem existed. Processors and livestock agents were more supportive of penalties on breaches than producers (table 11)
- There were low levels of agreement that the current approach to QA is effective across producers and customer groups alike – significant change is therefore essential if an increase in the uptake of QA is sought (table 12)

For further results of the quantitative survey please refer to the detailed On farm QA report

3 STRATEGY FOR FOOD SAFETY AND CUSTOMER QUALITY ASSURANCE FOR THE LIVESTOCK SECTOR

This section describes the proposed strategy for food safety and customer quality assurance for the livestock sector.

3.1 Objectives

Based on the wide consultations and the independent review, the following objectives were identified for an On Farm QA scheme for the Australian livestock sector.

1. To increase confidence by customer countries and the Australian public in our products.
2. To achieve widespread uptake of on farm QA in the livestock production sector.
3. To ensure the on farm QA systems have a high level of integrity through independent verification.
4. To provide an efficient and effective management and administrative structure for On Farm QA.
5. To create a culture and provide supporting mechanisms for continuous improvement and recognition.
6. To ensure producers have access to adequate communication and training.

3.2 Overview of proposed framework

A reference panel was formed to draw together the results of desktop reviews, workshops, consultations and surveys, consider the needs of the industry and use their collective experience to frame a draft strategy for the future. Figure 1 shows the proposed framework for taking On Farm QA forward.

The framework is summarised in Table 13.

In short, the central idea is to separate the issues associated with **food safety** from **other customer defined quality criteria** by having two distinct levels in the framework. This approach is strongly supported by the stakeholder quantitative research and consultations.

Having a food safety assurance based Level 1 will satisfy the broader industry needs for market access and cover core assurances. Level 1 involves revising the food safety elements of the current on farm QA schemes to produce the basic food safety assurance program. This should closely mirror the questions on the current NVD so that producers certified under Level 1 can use the NVD as a statement of their certification.. This will require:

- Better defining standards that underpin the food safety elements of current QA schemes and the market access statements of the NVD
- Simplifying the requirements for supporting evidence (eg recording keeping); and
- Revising the annual audit process currently used in QA schemes to a “spot check” process.

Level 2 is likely to include many different commercially available quality assurance schemes and will meet the needs of respective supply chain participants over and above food safety. Business improvement and commercial benefits are captured at this level.

Figure 1: Proposed On Farm Food Safety and Customer QA Framework

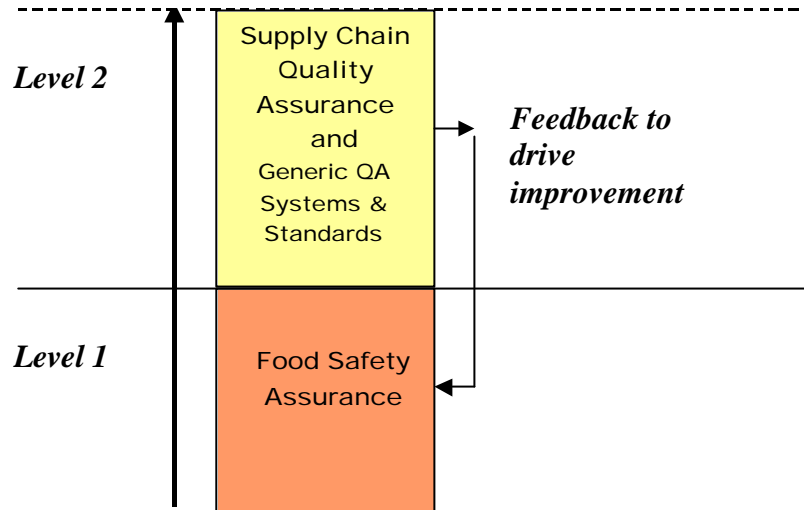


Table 13: Summary of the Proposed On-farm Food Safety and Customer QA Framework¹

		Voluntary or Mandatory	Scope (What does it cover?)	How Verified/ Monitored	Who should own?	Who should manage?	Who should pay?	Who should facilitate and promote?
Level 2	Supply Chain Quality Assurance <u>AND</u> Generic QA Schemes & Standards	Customer/ Consumer driven Voluntary at industry level	Individual commercial supply chain needs (eg. customer specs; consistency; environment; animal welfare) Generic standards, systems and templates for QA - ie. to assist various scheme owners Measurement and improvement programs	Third party independent audit OR company specific auditing requirements OR audits as required by customer Benchmarks	Standards set by SAFEMEAT and owned by meat industry. The standards available to other schemes, companies or alliances	Managed within current industry structure. Standards set by SAFEMEAT. AUS-MEAT maintains standards and service provision by commercial interests	User pays. Value created by commercial value.	MLA or scheme owner. Generic low level support
Level 1	Food Safety Assurance	Industry Driven By inclusion in AUS-MEAT standards, and/or by state legislation	Food Safety limited to the same issues as covered by current NVD Traceability Records kept as evidence for NVD statements	Structured/low cost mix of the following:- - Random audits - Audit on breaches and/or key risk areas - Penalties for deliberate breaches. - Desk review checks against standard records eg Generic diary - self assessment audits	Owned within the current meat industry structure	Managed within current industry structure. Standards set by SAFEMEAT. AUS-MEAT maintains standards and manages the audit process	Industry levies used to initiate the scheme. Ongoing costs recovered on a user pays principle, eg. registration fees	MLA to drive, promote and facilitate.

¹ Further information on the implementation issues for this framework are contained within section 3.3

3.3 Level 1: Food Safety Assurance

This section provides further detail on the components of the proposed Level 1. The proposal is to have a central or common set of requirements/outcomes, compliance criteria and evidence requirements for the red meat industry at Level 1, but separate NVD/movement documentation and supporting implementation documents that deal with specific issues within species. The components are drawn from the existing NVDs and QA schemes. They are shown in Table 14 as requirements/outcomes, compliance criteria and evidence requirements. The current NVD implies these requirements and outcomes, but there is no requirement to produce evidence or have it verified. The NVD is a declaration rather than a QA system that demonstrates compliance. The proposed Level 1 revises existing QA schemes by simplifying evidence requirements (mainly record keeping) and verification (eg audits). The system does not replace NVDs and individual NVDs for each species would still be required.

Verification for Level 1 will include a number of different regimes depending on the outcome required, including:

- Random audits (frequency and sampling plan to be determined)
- Audit on breaches and/or key risk areas
- Penalties for breaches if found to be deliberate. That is, breaches would not relate to typographical errors but breaches whereby misleading information is presented or discovered.
- Outcome measures at industry level (eg microbiological or chemical residue testing)
- Desk review against standard records (eg use of a generic diary)
- Self-assessment (eg as a page to be returned contained as intervals in the NVD book)

Table 14: Level 1, Components of Food Safety Assurance

Control Points	Requirements/Outcomes	Compliance Criteria (i.e. what they will need to)	Evidence Requirements
1. TRACEABILITY SYSTEM			
1a. Consignment identification	Can the livestock vendor be identified and are the details correct?	A PIC or tail tag must be applied to the consignment and be accompanied by a way-bill and/or NVD with trading name and address.	Vendor details match PIC or tail tag as registered with State Department of Agriculture.
1b. Whole of life traceability	Does a management history of the livestock exist?	Livestock bred or raised on a property or properties other than the vendors must be identified. Producers must keep records of sales and other documentation (eg NVDs) including how long ago the livestock were obtained or purchased.	There is a documented traceability system to the previous property of ownership.
1c. NLIS	Are single cattle identified from the property of birth <u>Note: Only if required for specific markets</u>	Cattle carry NLIS endorsed breeder or post-breeder devices.	Vendor purchases devices from an approved NLIS supplier after receiving authorisation from the State Department of Agriculture (or the Rural Lands Protection Board in NSW).
1c. HGP status	Are cattle destined for HGP sensitive markets identified as HGP free?	The use of pink HGP-Free transaction tags on cattle is one method of identifying HGP-Free cattle. Cattle cannot be sold to HGP-sensitive markets without pink HGP-Free tags. Beef products exported to the EU must come from cattle raised on properties accredited by AQIS under the HGP-free Accreditation scheme. HGP's are not allowed to be used on sheep	Documentation exists to demonstrate HGP free status.

Review of On Farm QA - Summary Report

Control Points	Requirements/Outcomes	Compliance Criteria (i.e. what they will need to)	Evidence Requirements
2. CHEMICAL USE			
2a. Animal treatments	Have livestock been treated with a veterinary drug or chemical, which could cause unacceptable chemical residues in animal products?	The vendor is responsible for declaring any risks from veterinary drugs or chemical residues. Livestock must not be sent for slaughter if they have been treated and are still within the withholding period or export slaughter interval set for the chemical. For lambs and calves this also includes exposure to drugs or chemicals that may have been excreted in the milk of lactating ewes/cows.	Records kept of chemical products, treatment dates, WHPs and ESIs (if set). No livestock sent for slaughter with chemical residues above the MRL.
2b. Endosulfan	Have the cattle been exposed to the chemical endosulfan, which could cause unacceptable chemical residues in animal products?	Vendors must indicate whether endosulfan was the active ingredient in any spray applied within the past 10 weeks to any crop on any property grazed by cattle in the 42 days before the sale. In addition, vendors must indicate if the property owner or manager has waived the endosulfan down-wind no-spray zone requirement for a nearby cotton property and; endosulfan has been sprayed on that nearby cotton within ten weeks prior to the sale of these cattle and; at the time of spraying any part of the property grazed was in a down-wind no-spray zone.	Records kept of treatment dates and WHPs and ESIs (if set). No livestock sent for slaughter with endosulfan residues above the established WHP or ESI.
2c. Feeding and grazing	Could materials that have not been produced specifically as stock feed cause unacceptable chemical residues in animal products?	Producers must take particular care when trying to source stock fodder as drought feed to avoid the potential risks of crop by-products and failed crops. Commodity Vendor Declarations (CVDs) should always accompany stock feed purchased for drought or supplementary feeding.	A completed commodity vendor declaration should be obtained from the supplier when purchasing fodder, which indicates the chemicals the material had been exposed to, or that there has been no chemical exposure.

Review of On Farm QA - Summary Report

Control Points	Requirements/Outcomes	Compliance Criteria (i.e. what they will need to)	Evidence Requirements
2c. Feeding and grazing (cont.)	Could pasture, crop, stubble, grain or fodder cause unacceptable chemical residues in animal products?	Producers must ensure that cattle grazed or been fed any pasture, crop, stubble, grain or fodder treated with an agricultural chemical do not contain unacceptable residues, in particular:- In the 60 days prior to harvest or grazing and at the time of harvest or first grazing, the Grazing/Fodder WHP stated on the product label had not been breached or the agricultural chemical had no grazing/Fodder WHP stated on the label	Agricultural chemical treatment records are kept including records of products, date applied, grazing WHP and start and finish dates of feeding from consigned animals.
	Are persistent chemicals present in the soil and could these cause unacceptable residues in animal products from livestock grazing on affected soil?	Vendors must indicate whether their property has an ERP status under the NORM program or whether grazing restrictions have been imposed by a State/Territory authority.	No discrepancy between the ERP database and the vendors declaration of status.
3. ANIMAL HEALTH			
3a BSE		No feeding of meals from mammals with no exceptions, as well as meals derived from fish, poultry and blood meal.	Feed declarations made available

3.4 Level 2: Customer Quality Assurance

Level 2 is made up of market driven, commercial schemes likely to be supported by industry guidelines and codes of practice that have prescriptive elements. Level 2 may also contain benchmarking to enable participants to monitor performance improvements over time. Compliance with Level 2 would be demonstrated by a second or third party independent audit, company specific auditing requirements or audits as required by the customer. Benefits of joining Level 2 would include supply chain access, company identified benefits, increased compliance with specifications and reducing discounts (supply chain schemes).

The recent emergence of EUREPGAP (European Retailers – Good Agricultural Practice) as a global standards body for on-farm QA is significant in this regard. EUREPGAP uses the ISO Guide 65 to benchmark on-farm QA standards in any country that exports food products to one of its twenty-five retail members in Europe. EUROPGAP also encourages suppliers to become members to ensure that the benchmarking is consultative. Until recently EUREPGAP has concentrated on horticultural products, however standards for grain and meat are now under development.

Examples of component modules of a Level 2 scheme include:

- Meat quality - when customers seek specific animal and carcass characteristics (eg Meat Standards Australia).
- Animal welfare - when animal welfare assurances are required. These would be based on current Codes of Practice.
- Environment - when environmental assurances are required (eg implementation of EMS)
- Occupational Health Standards, driven by the need to improve on-farm OH&S to reduce insurance premiums.
- Livestock Transport – aimed at improving animal welfare and reducing bruising
- Organic - organic certification.

While this level is specific to individual customers' needs, generic standards, systems and templates may assist various scheme owners. For example, elements of the current CATTLE CARE and FLOCK CARE quality systems may easily fit into modules proposed for Level 2. These modules must conform to the needs of customers, while also adding value to the management of the farm business. Producers would only need to participate in those modules specified by their customers.

4 IMPLEMENTATION ISSUES

The following issues have been developed in consultation with staff from MLA and AUS-MEAT.

4.1 Levels 1 & 2 to be Complementary.

Levels 1 & 2 need to be structured in a manner that encourages participants to move from Level 1 to Level 2 in response to customer/market requirements. It will therefore be essential for Levels 1 and 2 to be implemented simultaneously. Also participants should have the ability to add new commodities, such as grain, wool, etc through the same scheme. Singular management of certification and auditing should assist this process.

Existing CATTLECARE and FLOCKCARE accredited producers will want to see the value of their investment preserved. The best way to do this is to implement Level 2 at the same time as Level 1, so that existing accredited producers automatically enter Level 2.

4.2 Legislated or Industry Driven

During the review there has been a degree of confusion created by use of the word “mandatory”. This has arisen from use of the word to explain both a legislated scheme, in which participation would be required by State law, and the current commercial mandate whereby most processors will not buy livestock without an accompanying NVD. In a legal sense, the producers who provide NVDs to processors under the current system are doing so voluntarily, even though it is illegal to make a false claim on the NVD. This has sometimes been termed “industry mandatory”. However, for the purpose of this discussion, the two approaches will be described as Legislated or Industry Driven.

4.2.1 Industry Driven

The proposed Level 1 introduces a basic food safety certification scheme, based on the NVD and revisions of the food safety elements of CATTLECARE and FLOCKCARE. Participants in the scheme would be eligible to use a new certification mark and the NVD would be the means on communicating their certification status to purchasers. If participation by producers in Level 1 were voluntary, producers would need to submit an application and have their name recorded in a register. Eligibility to use the certification mark would be based on agreement to comply with the basic food safety standards, to keep records and be subject to the revised audit procedure. It has been suggested that an NVD pre-printed with their PIC and other details, could be made available to certified producers to prevent false declarations by uncertified producers. This is likely to be costly, as it would require a significant administrative unit to keep the scheme up to date. The alternative would be to issue sequentially numbered NVD's to approved producers for use under license. A new NVD could carry a registered certification mark with a set of certification rules.

This scheme would only have credibility if producers who failed audits where in some way identifiable. Also, a sanctions policy would be needed for producers who repeatedly failed audits. The “penalty” being a commercial one, through reduced access to the market.

To assist in obtaining the “buy-in” needed to pull the revised scheme through, the Level 1 standards could be underpinned by the AUS-MEAT National Accreditation Standards. Only livestock accompanied by an NVD from a certified producer would then be accepted by most beef processors and a significant number of sheep processors.

4.2.2 Legislated

Research conducted for this review showed that Australian consumers believe that the Government should be responsible for food safety assurance. Community expectations and international market requirements are therefore likely to drive governments to insist on legislation to make NVDs compulsory

in future. The concept is already before SAFEMEAT for consideration, is under examination by NSW and it links with the NLIS legislation in Victoria, and chemical use legislation in NSW. Western Australia has already linked waybills with NVDs.

It is extremely important for all sectors of the industry and government to acknowledge that legislation to require producers to sign NVDs will not of itself ensure food safety. Extensive preparatory work will be required to obtain agreement on the standards, to define requirements for improved record keeping, chemical use, inspections and penalties. An extensive producer awareness and education campaign will be required. While a legislative approach would be welcome in dealing with those who have no respect for food safety, the risk of food safety problems and loss of markets is likely to be less if governments assist with the introduction of an Industry Driven basic food safety scheme. The ideal approach might be a system that incorporates co regulation of industry standards, underpinned by a legislative base for non-compliance.

4.3 Stakeholder Representation and Setting of Standards.

All stakeholders need to be involved in designing the operational details and setting the standards of the revised scheme to ensure that it achieves customer needs as well as taking account of individual sector/commodity requirements. It is advisable to separate the management of the scheme from the standards setting process. The industry has successfully used SAFEMEAT in similar roles, such as the management of NLIS and NVDs. It is therefore proposed that during the implementation phase that a new committee is established under SAFEMEAT to provide advice on how Levels 1 and 2 should operate. This could be called the Livestock Production Assurance Steering Committee (LPASC).

Once the revised scheme is established the LPASC could be replaced with a smaller, ongoing standards committee to manage the standards for Levels 1 and 2. If acceptable to the majority of industry, the AUS-MEAT Australian Meat Industry Language and Standards Committee would be requested to modify the AUS-MEAT standards so that AUS-MEAT accredited plants could only accept Level 1 certified livestock. AUS-MEAT is also the appropriate body to manage the Standards for Level 2 after they have been developed by the LPASC.

It is important that Level 1 is developed and implemented as a Certification Scheme carrying an appropriate Certification Mark, which could in turn be registered with the Australian Consumer and Competition Commission.

A key finding of the literature review was that all successful QA schemes were based on “buy-in” by all stakeholders in the supply chain. An essential element for successful implementation strategy will be the development of a Heads of Agreement document for signature by all relevant stakeholders including Peak Councils representing producers, processors and live exporters, and major retailers and food service operators.

4.4 Audits/Verification

A major recommendation of this review is for the industry to break out of the current approach to auditing every farm every year. Significant innovation and willingness to change will be required in order to develop acceptance of audits by producers while maintaining customer confidence. Suggestions concerning the frequency of audits have included random audits of a percentage of properties per year, targeted audits in known problem areas and monitoring of NVDs at abattoirs/saleyards with follow up audits where faults are found. Suggestions were also made on ways to reduce the number and cost on-farm audits. Examples include self-assessment, submission of photographs / photocopies of records and conducting paperwork audits in groups, possibly combined with training. The extent of change in audits may also require significant expansion of the procedure for monitoring and standardising the audit process. The above suggestions have not been fully evaluated and ultimately the LPASC should determine the audit method, frequency and stringency

4.5 Management

The changes proposed in this review will require a significant effort to implement. In order to reduce costs while utilising existing skills, the ongoing management should be integrated into existing industry structures of AUS-MEAT and MLA.

The tasks required of this management group include the following:

- A major effort to ensure all Industry Peak Councils and stakeholders take ownership of the revised scheme from day one;
- Formation by SAFEMEAT of the Livestock Production Assurance Steering Committee (LPASC) from a broad range of stakeholders and a small, temporary Implementation Group that would report to the LPASC.
- Prior to the commitment of funds, develop a Heads of Agreement document for signature by all red meat industry stakeholders, Inc producer, processor Peak Councils, retailers and Foodservice operators;
- Establish the Standards for Levels 1 and 2, including the development of auditing and verification procedures to maintain the required level of integrity;
- Determine whether Level 1 standards will be underpinned by the AUS-MEAT National Accreditation Standards.
- Development of the existing AUS-MEAT database to manage Levels 1 & 2;
- Register the Certification Marks for Level 1 (ACCC);
- Support the SAFEMEAT NVD committee in the ongoing development of NVD's to support Level 1, while identifying new technologies that can facilitate compliance by producers;
- Develop and implement a major communication and marketing effort with all sectors of the industry to ensure Certification Marks for Levels 1 & 2 deliver value to all participants;
- Invoicing, budgets and financial control.

4.6 Funding

The review identified an expectation by producers that levies would pay for the Level 1 scheme. However, it is not good business to burden the industry levy base in the long term with the ongoing costs of a national program. It is preferable for industry funds to be used to initiate and test the revised scheme and for ongoing operational costs to be recovered on a user-pays basis. In this way, the revised scheme is subject to market realities. In addition, the Level 2 scheme should create value for the participants so that they are willing to pay enough to sustain the scheme. The ongoing running costs involved in running Level 1 and 2 include:

- Production and distribution of NVD's;
- Auditing;
- Administration including database management
- Maintenance and revision of standards
- Management
- Promotions and communication.

4.7 The Name of the Scheme.

There has been broad acceptance before and throughout this review that some of the operational aspects of CATTLECARE and FLOCKCARE need to change. The findings of this review show that some stakeholders believe the names would also need to be changed to attract producers into a revised scheme. However other stakeholders, particularly those involved in exports, stated that the names should be preserved. Industry leaders will need to consider this issue in further detail before a decision is made.

4.8 The Role of CATTLECARE, FLOCKCARE and other QA schemes in Level 2

There is a risk that some producers currently in CATTLECARE, FLOCKCARE and other QA schemes will only opt for Level 1. However there is also a feeling among certain producers, for example those in alliances, that CATTLECARE, (level 2) will remain as their minimum standard. Ultimately this would be a commercial decision, based on the assumption that some retailers and processors will require a source of livestock with a higher level of QA assurance. Over time it is probable that there will be a higher uptake of Level 2 schemes, as producers become more familiar with the basic concept of what is required for Level 1 accreditation and maintenance.

There is also some support to have both CATTLECARE and FLOCKCARE further developed into meaningful management tools for larger enterprises. This could be achieved by including optional modules based on an enhancement of the existing standards, including environment, animal welfare, OH&S, specific market access, transportation, training and other customer brand requirements. For example, companies exporting to Europe may want to revise modules to fit the EUREPGAP standards. It remains very important that Level 1 and Level 2 are seen as complementary, to allow progression to be as seamless as possible.

4.9 Involvement of Farm Enterprises Other than Beef and Sheepmeat.

Level 1 is a new concept and it is likely that other industries will assess its success before joining. However, producers have made it very clear that a single audit process for all farm enterprises is essential to gain acceptance of on-farm QA. There are opportunities to combine other QA programs with level 2. This has already been achieved with agreement of common elements between the current CATTLECARE, FLOCKCARE, GRAINCARE, FRESHCARE, and NFAS programs which currently allows one farm one audit for these programs. The meat industry should use the impetus created to date to drive "Australian Farmcare" forward. The consultative process will need to continue to ensure that this compatibility is maintained under any revised arrangements.