

Consultation Findings and Outcomes Report

Livestock Supply Chain Review

3 June 2022

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1 Background

The livestock industry is one of Australia's most valuable industries, and in 2018–19, domestic and export sales of red meat totalled \$32 billion.¹ The supply chain supporting the livestock industry is complex and involves a number of participants performing different roles. Participants vary in size and sophistication, from single operators who perform a single task, to large-scale, integrated businesses that perform all tasks, including producing, transporting, manufacturing and exporting.

The transport of livestock is a complex task. Unlike other forms of freight, livestock can move, which can affect vehicle stability and the ability to manage individual axle weights. Livestock can also gain or lose weight over the course of the journey. These factors affect safety and make it difficult to comply with mass and loading requirements of the Heavy Vehicle National Law (HVNL).

Parties in the livestock supply chain are required to meet the legislative requirements under the HVNL. Livestock transport operators also have to consider livestock welfare standards and guidelines, which are outside the HVNL, in addition to their HVNL responsibilities.

In 2018, a series of mass breaches was issued by the then New South Wales Roads and Maritime Services (now Transport for New South Wales), to Forbes Shire Council and Dubbo Regional Council. Improvement notices were issued, requiring the saleyards to install weigh bridges and take responsibility as loading managers under the Chain of Responsibility provisions of the HVNL.

The NHVR undertook further review and concluded that the requirement to install and operate a fixed weighing system goes beyond the scope of what is reasonably required under the HVNL. The improvement notices were subsequently withdrawn by the NHVR.

The NHVR further noted that while the improvement notices were issued in response to a specific circumstance, it was clear there was a need from industry for additional guidance to be provided about how to meet HVNL obligations. The NHVR provided additional guidance and material to the saleyards to improve understanding of their obligations.

The NHVR commenced the *Livestock Supply Chain Review* project to identify and better understand relationships, influences and capabilities of parties in the livestock supply chain in relation to meeting their regulatory compliance obligations. This Review commenced preliminary consultation in 2019. The NHVR engaged over 30 industry participants. Feedback from this consultation process informed the development of the *'Improving Awareness and Practices in the Livestock Supply Chain Issues Paper'* (Issues Paper). Formal consultation on this Issues Paper occurred in 2020, and ten submissions were received.

Consultation has assisted the NHVR to better understand how to work with industry to improve the ability of parties in the livestock supply chain to meet their regulatory obligations and support safe and productive road transport operations.

This report presents the findings and outcomes of the Livestock Supply Chain Review. This includes the actions the NHVR has already initiated in response to the Livestock Supply Chain Review, and further recommendations to improve saleyards and transport operators understanding of mass management obligations under the HVNL.

¹ Australian Meat Industry Council, 2022, Pre-budget Submission – 2022/23.

2 Consultation process

2.1 Pre-Issues Paper

In 2019 - 2020, the NHVR consulted with industry via individual meetings, phone calls and attendance at industry events. Additionally, the NHVR interviewed livestock transport drivers at saleyards to identify challenges and opportunities to address mass management issues. The following stakeholders were consulted, with feedback assisting the development of the Issues Paper:

- AgForce
- Animal Health Australia
- Australian Livestock & Property Agents Association
- Australian Livestock & Rural Transporters Association
- Australian Livestock Markets Association
- Australian Livestock Saleyards Association
- Australian Saleyards Expo Attendees: Roma 24-26 July 2019
- Beef City Feedlot
- Department of Agriculture and Fisheries
- Dubbo Saleyards
- Fletcher International Exports
- Forbes Saleyards
- Frasers Livestock Transport
- JBS Carriers
- Livestock, Bulk and Rural Carriers Association NSW
- Livestock and Rural Transporters Association of Queensland
- Livestock & Rural Transporters Association of SA
- Livestock & Rural Transporters Association of Victoria
- Livestock Transporters Association of Tasmania
- Livestock & Rural Transporters Association of Western Australia
- McCarron, Cullinane and Chudleigh
- Meat and Livestock Australia
- Neil Morrison Livestock and Grain Transport
- NH Foods
- NHVR Industry Operator Group attendees: Brisbane 19 July 2019
- O'Sullivan's Livestock Transport
- Roma Saleyards
- Sheep Producers Australia
- Teys Australia
- Transdel Livestock Carriers
- Warwick Saleyards
- Wool Producers Australia

2.2 Issues Paper

Industry feedback assisted the NHVR to develop the *'Improving Awareness and Practices in the Livestock Supply Chain Issues Paper'*. The Issues Paper was released for public consultation between March - May 2020.

The Issues Paper offered eight questions to ascertain each party's understanding of their role and responsibility in the livestock supply chain; and review the decision-making process and influencing factors for loading, transporting and receiving livestock (e.g. the methodology used for how many animals are loaded onto a vehicle, existing systems, processes, structures, relationships, knowledge and capabilities etc.).

11 submissions were received, from:

- Animals' Angels
- Australian Livestock Markets Association
- Australian Livestock and Rural Transporters Association
- Australian Livestock Saleyards Association
- Dave Murphy – private submission
- Dubbo City Council and Dubbo Regional Livestock Markets
- National Farmer' Federation
- National Road Transport Association
- NSW Farmers' Association
- Sheep Producers Australia
- Upper Hunter Shire Council

3 Consultation findings

3.1 Consultation informing the Issues Paper

While wide consultation occurred, the responses from pre-submission consultation are not considered comprehensive.

Findings include:

- Not all parties in the livestock supply chain are aware of their HVNL regulatory obligations.
- Not all parties in the livestock supply chain are held accountable or are breached for non-compliance events.
- Final destination participants have limited knowledge of their HVNL responsibilities.
- Saleyards across Australia vary in size, resources, function and operating periods—resulting in infrastructure and resource variances that complicate the loading task—making it difficult to implement a consistent approach.
- Due to the vast number and variation in size and sophistication of supply chain participants, there is a large variance in systems and processes deployed to meet HVNL obligations, from documented processes to implied understanding.
- Variability in jurisdictional livestock loading schemes adds to the complexity of managing mass for drivers travelling across multiple jurisdictions.
- There is a heavy reliance on experience to determine correct loading plans.
- Limited visibility of weight at certain points of the supply chain.
- Limited tools available to drivers to estimate average weight when loading trailer.
- Primary producers do not always know the weight of livestock.
- Education is needed to change the ‘next person is responsible’ attitude.
- Overloading occurs because of the following:
 - average size of animal is higher than estimated
 - inconsistent information regarding weight of livestock
 - variance in operator experience impacts accuracy of ‘rule of thumb’
 - limited knowledge and difference in understanding of livestock loading schemes
 - different vehicle capabilities and weights
 - limited control over which livestock exits pen and enters truck first, which impacts weight over axles
 - customer expectations to meet agreed service levels (e.g. in relation to meeting timeframes by ‘taking risks’ and absorbing the cost of breaches as part of standard business practice).

3.2 Formal submissions to Issues Paper

The submissions were evaluated using the qualitative analysis methodology.

Analysis of the submissions reemphasised the overarching theme of the Issues Paper, specifically the differing awareness level and understanding of Chain of Responsibility amongst Livestock Supply Chain stakeholders.

3.2.1 Key conflicting issues

- Stakeholders have different views on whether a party in a supply chain actually influences or has the ability to influence another party (e.g. some stakeholders state that producers cannot influence operators, while others state that operators are influenced by producers and consignors through pricing mechanisms and competition).
- Saleyards and non-saleyards disagree on the role of saleyards as loading managers. Saleyards state they only provide a safe facility and are not responsible for conducting or controlling activities such as loading; while non-saleyard stakeholders suggest saleyards have a shared responsibility because facilities determine what activity is or is not

undertaken by operators (e.g. providing weighbridges or better infrastructure to improve operator efficiency and mass compliance).

- On-board scales and weighbridges are viewed as an effective tool for mass management; however, depending on the type of infrastructure and the party who would be financially responsible, these solutions are seen as cost-prohibitive and unfeasible, or cost-efficient but could be incentivised (e.g. through productivity gains and/or reduced fees). However, parties agree that investment in solutions should not be mandated, particularly given that mass breaches are not unique to the livestock industry and other industries are yet to have mandated solutions imposed to address mass breaches.

3.2.2 Key shared issues

- Stakeholders are aware of the Chain of Responsibility and agree that safety is a shared responsibility, but there is a significant lack of understanding on identifying, let alone addressing, their own or others' roles, responsibilities and obligations (including when and how they may be shared); what constitutes misleading, influence, undue pressure and primary duty; and consequently, there is lack of clarity regarding when and under what circumstances they can challenge a directive/refuse to undertake an activity, and what avenues are available to address this.
- Compliance and enforcement practices seem to have focused on certain links in the Chain, in preference to others. Some stakeholders have suggested drivers and operators are being unfairly targeted, in lieu of pursuing those higher in the chain, because of their greater exposure to HVNL breaches, and ease of enforcement of breaches.
- Stakeholders suggest that the NHVR and authorised officers have insufficient resources and desire to pursue or investigate compliance, enforcement and education for parties higher in the supply chain who influence lower parties (including where the responsibility is shared with drivers and operators who are targeted).
- Laws and regulations are inconsistent, in particular with respect to livestock loading schemes. There are considerable difficulties in determining mass consistently and accurately with a load that moves and has fluctuating weight. Guidelines and volumetric loading schemes are seen as a mechanism to address this uncertainty and the costs associated with infrastructure to obtain certainty.
- More education, communication, guidelines and training should be provided so all parties have improved awareness and understand their own and each other's roles and responsibilities. This should be proactively and practically driven by both NHVR and industry, including a focus on specific activities that should be undertaken or avoided by different parties. Information material and tools needs to be easily digestible by industry – current methods are seen as overwhelming and confusing.
- Several stakeholders identified inconsistency in livestock loading schemes and access arrangements between states and territories as a contributing factor to ability to comply with HVNL obligations. Harmonisation of livestock loading schemes will address issues with compliance and productivity equity in the livestock industry.
- More compliance and enforcement activity could be proactively undertaken by the NHVR, and communications of action distributed to the entire supply chain as a deterrent. Penalties should be risk-based, focused on the most direct and immediate impact; and target all relevant parties conducting, contributing to or having some control of a safety risk.

3.2.3 Other feedback (provided by some stakeholders only)

- The NHVR should designate low-level offences (including responsible party/parties), and more actively investigate and prosecute breaches. Automatic deeming should be introduced for low-level chain of responsibility offences (e.g. specification of at-fault-party and associated penalties).
- Laws and regulations already impose a number of administrative requirements on livestock transport activities (e.g. for animal welfare and quarantining). This should also extend to knowledge on vehicle tare mass and livestock mass. It should be articulated which party is responsible for determining mass (e.g. tare mass is driver/operator from manufacturer's specifications, load manager is responsible for weighing or statement that livestock mass is an estimation by following a guide). This information should be transferred along the supply chain.
- More work needs to be undertaken to identify the frequency and extent of different types of breaches and the livestock being transported at the time. Without this, no meaningful remedial action or improvement to regulation can occur (e.g. stakeholders suggest overloading occurs more with sheep than cattle, and on certain axles over others).

4 Outcomes

Consultation has assisted the NHVR to better understand how to work with industry to improve the ability of parties in the livestock supply chain to meet their regulatory obligations and support safe and productive road transport operations.

The NHVR has identified three initiatives, which together, will assist to improve livestock industry awareness and understanding of mass obligations and chain of responsibility under the HVNL. These include:

- Review of state-based livestock loading schemes, with the view to create a more productive single national scheme.
- Through the Heavy Vehicle Safety Initiative, supporting the livestock industry to deliver fit-for-purpose safety, compliance and education outcomes.
- Development and delivery of a new registered industry code of practice for livestock transport mass management.

Some of these initiatives have commenced, other initiatives are in development.

4.1 Review of livestock loading schemes

Mass management was a recurring theme in a number of submissions, and that variances between different states and territories made it difficult to understand and comply with requirements.

Though review of livestock loading schemes was outside the scope of the Livestock Supply Chain Review Issues Paper, a number of submissions recommended that livestock loading schemes be harmonised.

The NHVR acknowledges the challenge to comply with various livestock loading scheme for livestock road operators and has developed a Discussion Paper relating to the Review of Livestock Mass, Dimension and Loading Arrangements, the purpose of which is to identify key issues with the current access arrangements, identify options to improve them and seek feedback on those.

Open consultation will be undertaken with industry and governments between 8 June 2022 and 26 July 2022. More information on this review and submissions process will be found on the NHVR website at <https://www.nhvr.gov.au/about-us/consultation>.

The feedback received will support the NHVR in developing clear recommendations for reforms that move towards a more consolidated, rationalised and harmonised national livestock transport access regime.

The outcome of this work would contribute to improving loading scheme consistency and identifying opportunities to improve productivity, thereby enabling improved compliance with the HVNL.

4.2 Heavy Vehicle Safety Initiative

The Commonwealth Government, through the NHVR, has provided or is making available over \$450,000 to the livestock industry through project grant funding under the Heavy Vehicle Safety Initiative (HVSII).

The HVSII program supports implementable, value-for-money projects that deliver tangible improvements to heavy vehicle safety. Successful projects are delivering outcomes aimed at making Australia’s roads safer for all users.

ORGANISATION	PROJECT NAME	PROJECT DESCRIPTION	HVSII FUNDING
Livestock Bulk and Rural Carriers Association	Chain of Responsibility and Safety Management System Training	Educate remote livestock transport industry stakeholders about Chain of Responsibility and Safety Management Systems.	Round 4 (2020-2021) \$68,000

ORGANISATION	PROJECT NAME	PROJECT DESCRIPTION	HVSI FUNDING
		Workshops at Bega, Nowra, Goulburn, Wagga Wagga, Dubbo Walgett, Morree, Tamworth	
Australian Livestock Markets Association	Livestock Loading in Saleyards Industry Code of Practice	Develop and register a saleyards livestock loading industry code of practice.	Round 4 (2020-2021) \$150,700 (original grant) \$100,700 (revised grant if pursued by ALMA) <i>No funding agreement in place</i>
Australian Livestock and Rural Transporters Association	Managing Effluent in the Livestock Supply Chain – an Industry Code of Practice Awareness Campaign	Develop and deliver an awareness campaign to enable stakeholders to better understand how to manage effluent for the Livestock Supply Chain Industry Code of Practice.	Round 5 (2021-2022) \$95,000
Livestock Bulk and Rural Carriers Association	Chain of Responsibility and Safety Management System Training	Educate remote livestock transport industry stakeholders about Chain of Responsibility and Safety Management Systems. Workshops at Casino, Armidale, Inverell, Narrabri, Cooma, Bungedore, Gundagai, Albury	Round 5 (2021-2022) \$60,000
Livestock Bulk and Rural Carriers Association	Heavy Vehicle Rollover Prevention Program	Development of a comprehensive and free online industry training program aimed at preventing heavy vehicle rollovers and crashes within the Australian bulk carrier industry to prevent loss of life or serious injury in our transport operations.	Round 6 (2022-2023) \$147,000

4.3 Registered Industry Code of Practice

Stakeholder feedback offered a range of positions regarding their interpretation of primary duty obligation under the HVNL. Through the consultation process it became evident that some livestock supply chain stakeholders support the development of a registered industry code of practice to help them better understand mass management and Chain of Responsibility.

4.3.1 What is a Registered Industry Code of Practice?

A registered industry code of practice is a resource that helps parties in the chain of responsibility ensure the safety of their transport activities. It provides information about the risks associated with heavy vehicle transport and recommends a range of measures that can be implemented to eliminate or minimise those risks.

A registered industry code of practice may be used in court proceedings as evidence of what a person knows or ought to know about hazards, risk assessments or risk controls associated with transport activities and may be relied on to determine what is reasonably practicable in the circumstances.

Based on practical industry experience and knowledge, a registered industry code of practice should also improve efficiency and enable businesses that work together to develop compatible systems and procedures.

4.3.2 The Australian Livestock Market Association (ALMA) Code of Practice

ALMA lodged a Notice of Intention to register an Industry Code of Practice under Round 4 of the HVSI (2020 – 2021). The project being the ‘Livestock Transport Code of Practice - Mass management for livestock being transported to/from saleyards, lairages and feedlots’.

The purpose of the ALMA code was to translate legal obligations relating to mass into a best practice methodology for risk management in the livestock industry. Providing clarity around the roles and responsibilities of saleyard stakeholders, and development of mitigation strategies for saleyard owners and transport operators, will improve heavy vehicle road safety and compliance with the HVNL. The NHVR supports the scope of the ALMA proposal.

The ALMA proposal was submitted under an older version of the guidelines for preparing and registering industry codes of practice, which precluded the NHVR from being a party to the development and drafting process.

In February 2022, the NHVR revised its guidelines. Under the new guidelines, a registered industry code of practice must still be externally initiated, but the NHVR may now partner with industry, this may include providing liaison, research, secretariat and drafting support.