Response to the Victorian Scheduled Premises Regulations Review Discussion Paper

December 2015

AUSTRALIAN LOT FEEDERS' ASSOCIATION (ALFA)
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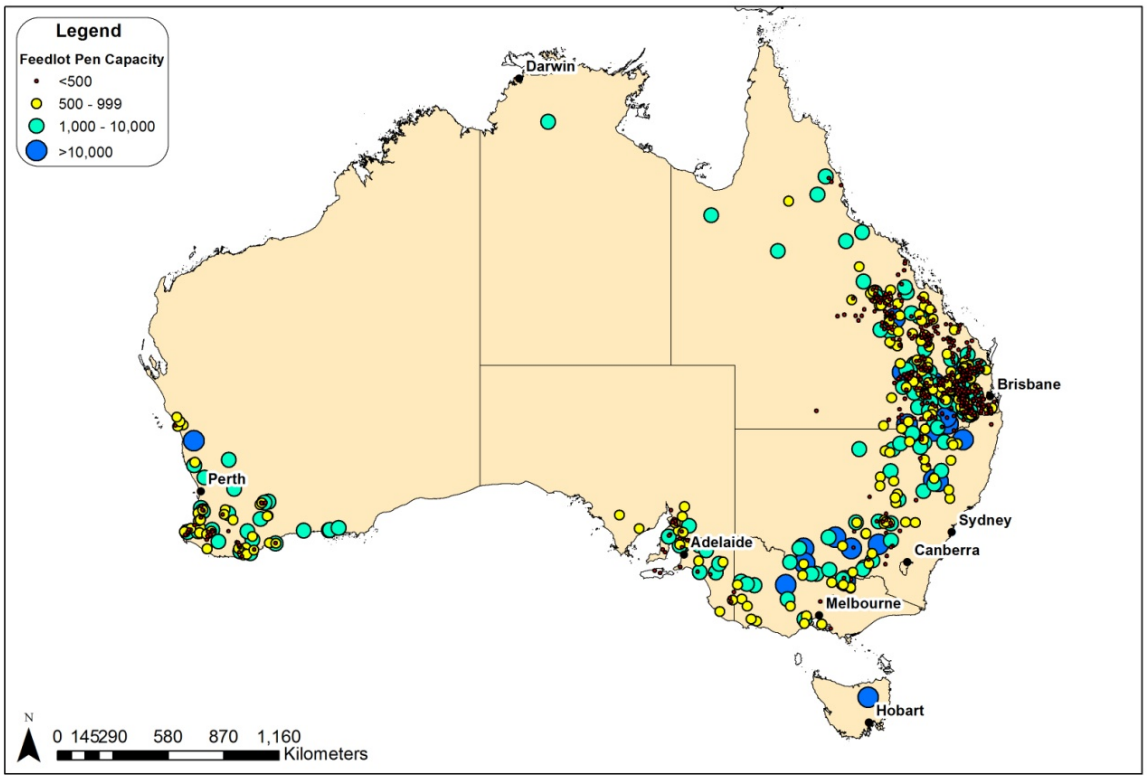
Background

The Australian Lot Feeders' Association (ALFA), as the peak representative body for the cattle feedlot industry, appreciates the opportunity to respond to the draft Victorian compost guidelines.

The grain fed cattle industry has a value of production of approximately $2.6 billion and employs some 28,500 people directly and indirectly. Approximately 34% of Australia's total beef supply, 80% of beef sold in domestic supermarkets and the majority of beef industry growth over the last 15 years has been due to the expanding feedlot sector.

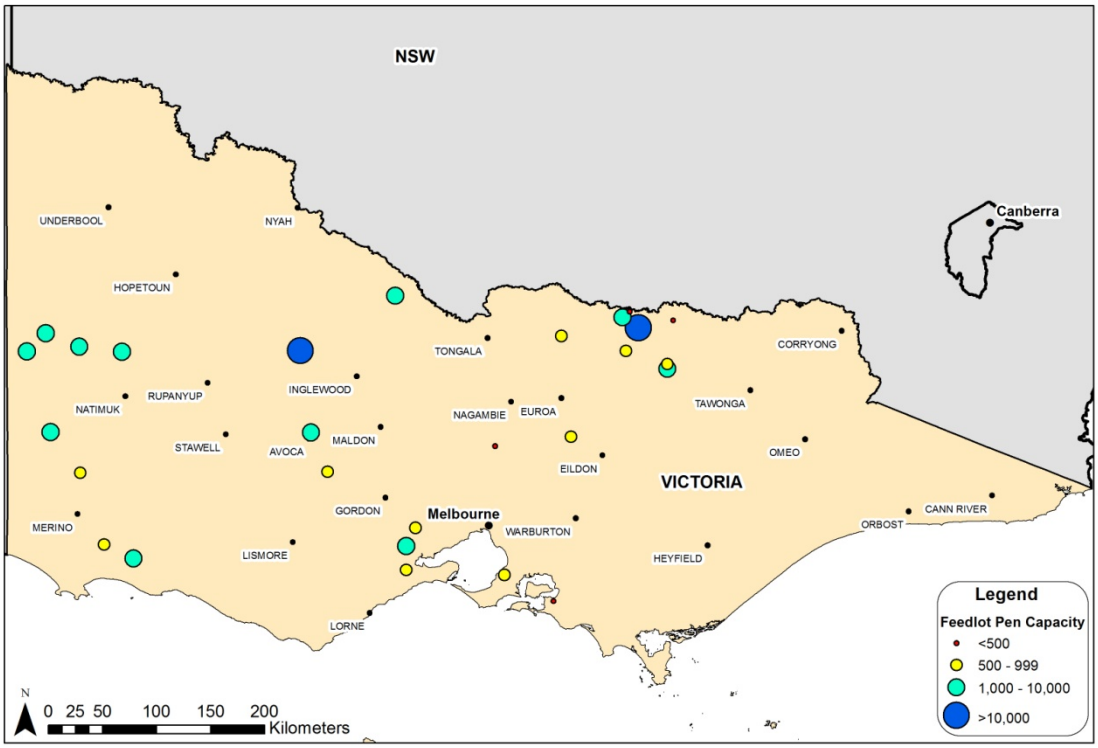
There are approximately 400 accredited feedlots in Australia located in areas that are in close proximity to cattle, grain, water and beef processing facilities. The majority of feedlots are located in Queensland followed by NSW, WA and then Victoria and South Australia.

The location, number and size of feedlots throughout Australia



As the following map demonstrates, Victoria is not a large feedlot state both in terms of the numbers of feedlots and their relative size compared to feedlots in other states. More specifically, there are only 17 feedlots located in Victoria that are members of the industry's quality assurance program, the National Feedlot Accreditation Scheme with a small number of additional facilities not currently accredited. Only 2 feedlots in the state are considered large operations. Notably, the number of feedlots in Victoria is also reducing over time. For example, in 2011, there were 32 NFAS accredited feedlots in the state (compared to only 17 now).

The location, number and size of feedlots in Victoria



The environmental requirements for feedlots in Australia are managed via the National Feedlot Accreditation Scheme (NFAS), and more specifically the National Beef Cattle Feedlot Environmental Code of Practice (CoP) and National Guidelines for Beef Cattle Feedlots in Australia (Guidelines) both of which underpin the program. The CoP is intended to provide nationally consistent requirements under State regulation for lot feeders and administrators regarding the environmentally relevant aspects of the establishment and operation of beef cattle feedlots. In contrast, the Guidelines provide 'guidance' on how the Code of Practice requirements regarding the establishment and operation of beef cattle feedlots may be achieved. Both documents have been approved by state and federal Governments along with the former Primary Industry Ministerial Council.

NFAS was the first quality assurance scheme introduced in Australian agriculture. It is independently owned and managed with accredited feedlots also third party audited each year to ensure compliance with its standards along with environment, food safety, product integrity and animal welfare legislation. It is overseen by a committee comprising predominantly state Government representatives. It is additionally more stringent and encompassing than legislation. Given the rigor, integrity and credibility of NFAS, the program has been recognised in various states (including Victoria) as meeting the compliance function of Government. NFAS requirements are continually updated as developments in legislation, codes of practice, technology, best management practice and science occur. Notably, not only is strong environmental management a requirement under legislation and NFAS, it is also a key tenet of the industry's prestigious Feedlot of the Year competition.

It is important to note that feedlots offer a number of environmental benefits. Beef feedlot production is more efficient, enabling more beef to be produced with less land, water, manure, feed and emissions. Cattle feedlot manure is collected, composted and sold as a valuable soil conditioner. It can also be used to sequester carbon or produce energy. Such an opportunity is not available in the pasture based cattle production system. Any runoff from yards is collected in ponds

and also used to irrigate crops. From an emissions perspective, superior nutrition means feedlot cattle compared to grass fed cattle, emit significantly less greenhouse gases per kilogram of beef produced. Given feedlot cattle reach market weights quicker, they also produce fewer emissions over their lifetime. In point of fact, feedlot cattle produce 38% less emissions per kg of beef produced compared to grass fed cattle whilst control over production inputs and outputs provides more potential to reduce emissions further. This research is supported by international studies. US research has concluded that it takes 226 less days for grain-finished cattle to reach market weight than grass-finished cattle, with each pound of grain-finished beef requiring; 45% less land, 76% less water, 49% less feed, while generating 51% less manure; and 42% fewer carbon emissions. The role of the feedlot sector is a key reason why the total Australian beef industry has reduced its emissions by 14% and water use by 65% over the 30 years from 1981-2010.

Feedlot odour levels have additionally reduced in recent years due to advances in best management practices, particularly in relation to improvements in ration digestibility, manure management and carcass disposal. Moreover, regular soil and water monitoring and reporting undertaken by feedlots as part of their environmental license requirements in various states throughout Australia suggest that the feedlot presented risk to human health and the environment is low. This information and data can readily be sourced and verified from jurisdictional EPA websites.

Irrespective of its environmental credentials, the Australian feedlot industry recognizes that it has a responsibility to improve its management of the environment over time. Over the last few years, ALFA has made a number of amendments to NFAS to enhance environmental management, has reviewed the National Beef Cattle Feedlot Environmental Code of Practice (CoP) and National Guidelines for Beef Cattle Feedlots in Australia (Guidelines); and rolled out environmental training workshops throughout Australia. Through such activities, the feedlot sector has continually improved its environmental management credentials and track record over time.

Given the decline in feedlot numbers in the state, the continual improvement in environmental management requirements within NFAS; the better management of odour; and development and promulgation of environmental training, ALFA argues that feedlots in the state represent a low and declining environmental risk. Accordingly, we contest that environmental regulation (and associated compliance cost) for such feedlots be commensurate with this lower risk.

Such a position is reinforced by the actions of other states with respect to the feedlot sector. For instance, in Queensland, where the majority of feedlots are located in Australia, NFAS was the first quality assurance program to be approved under its environmental protection legislation, the *Environment Protection Regulation 2008* (*http://www.legislation.qld.gov.au/LEGISLTN/SLS/2008/08SL370.pdf*). Under the regulation, NFAS is now an approved industry Environmental Management System's (EMS's) (see Section 122 and 123) meaning that NFAS accredited feedlots are entitled to a 20% discount on their environmental license fees (see Section 126 and 127) in recognition for the decreased environmental risk that they present. Notably, such programs are not mandated under the legislation and Government does not relinquish its legislative ability to take enforcement action if a breach occurs. The 5 year approval process followed an extensive evaluation of NFAS rules and standards by Government and independent experts to ensure;

- Governance and procedures had credibility, integrity and transparency.
- Onsite environmental management, monitoring and reporting mechanisms were in place to ensure performance was maintained and improved over time.

ALFA strongly encourages the Victorian Government to implement a similar approach given the mutual benefits provided:

Benefits to Government	Benefits to industry
Improved environmental performance (as more industry participants are encouraged to voluntarily participate in auditable quality assurance programs)	**Reduced environment license fees**
Reduced compliance costs (as this responsibility is delivered via independent annual audits)	**Reduced auditing costs** (duplicative Government environmental audits are no longer required)
Reduced potential reputational damage to Government for the actions of industry.	**Improved uptake of QA programs among industry** (leading to reduced industry reputational risk from matters captured within QA schemes eg environment, animal welfare and food safety
Regulatory requirements are more commensurate with environmental risk	**Regulatory requirements are more commensurate with environmental risk**

In short, ALFA believes that the Victorian Government should encourage increased industry adoption of independently audited quality assurance programs (which include environmental management as a core element) via offering license fee discounts.

ALFA commends the Vic EPA and DELWP for embarking on a risk assessment approach to make licensing requirements more commensurate with environmental risk. To this end, ALFA requests recognition of NFAS as a key component of the risk assessment process for cattle feedlots in the state so that license conditions and fees are reduced for such businesses. After all, license holders which have lower environment risk also present lower compliance and enforcement costs for Government.

In NSW, the EPA's risk-based licensing system also aims to ensure that environmental license holders receive a level of regulation commensurate with the risk they pose. In accordance with this approach, one tool used to assess environmental risk is to determine whether the licensee has in place an ISO 14001 environmental management system (or equivalent).

If Victoria is to adopt a similar approach to NSW, ALFA recommends that it provides the ability to consider and accept industry quality assurance programs such as NFAS as being comparable to ISO 14001 from the outset. Unless this is undertaken, industry has to otherwise undertake an exhaustive and arduous process to secure Government recognition of industry quality assurance programs which achieve similar and if not superior outcomes to ISO.

ALFA agrees with the comment that the risk assessment process needs to provide clarity, fairness and certainty to industry. We would also argue that the risk assessment process:

- Should be objective and not be unduly influenced for example by the subjective views of regional operations staff who may have an extremely limited understanding of industry's such as the cattle feedlot sector. In such an instance, a subjective process could unreasonably impact the risk assessment or review outcome. ALFA requests that it be consulted in the proposed development of a qualitative risk assessment process.
- Should not act as a deterrent to environmental license holders who have demonstrated improved environmental performance and wish to accordingly alter their overall risk level with EPA.
- Should not place any undue weight on pollution complaints given the propensity for such complaints to often be vexatious in nature. It is the experience of many lot feeders that pollution complaints are often the result of neighbour disputes and lacking substance.