



Queensland Treasury

RIA Ref: DAF0771-0622
File Ref: 04545-2022

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Dear Ms Clarke

Consultation Regulatory Impact Statement – Livestock Brands and Earmarks

Thank you for your enquiry of 6 October 2022 seeking advice on the adequacy of the 'Livestock Brands and Earmarks' Consultation Regulatory Impact Statement (RIS).

Background

The Department of Agriculture and Fisheries (the department) notes that Queensland's *Brands Act 1915* is over 100 years old and that the livestock branding system of identification does not reflect current industry trends or community expectations. Livestock branding no longer serves the significant biosecurity function it once did — there are now more effective systems of tracing animals in the event of a disease outbreak, such as the National Livestock Identification System. Queensland and the Northern Territory are the only jurisdictions that still mandate the branding of cattle.

In Queensland, the use of a brand is mandatory for cattle and for pigs (in certain circumstances), while it is voluntary for other animals such as horses, camels, sheep, and goats. The department notes that there are some livestock owners that still find significant value in branding, including to visually identify stray cattle, mitigate stock theft and as an object of cultural or family significance. However, others consider branding an unnecessary burden or would prefer not to brand to address animal welfare concerns.

The department notes that current regulatory fees do not cover the costs of delivering the branding registration system and a taxpayer subsidy of around 89 per cent is required to meet costs. The information technology system (IT system) used to manage registration has also reached the end of its life and needs urgent replacement.

Proposal

The department proposes to implement a new branding system. Retaining the current system and fees structure is not considered feasible given the amount of taxpayer subsidisation required to deliver a system that no longer serves a biosecurity purpose and is predominantly for private benefit.

The RIS presents two main options for regulating livestock brands in the future:

1. Retaining the current legislative requirements for branding (the status quo) with the addition of a renewal fee
2. Providing choice about branding under a streamlined system with a renewal fee under two sub-options:

- 2A – Giving owners the option of an exemption from mandatory branding of cattle or pigs (choice to opt-out)
- 2B – Giving owners the option of voluntary branding of cattle or pigs (choice to opt-in).

Both options require a new fee structure to support full cost recovery and replacement of the IT system. Under the proposals, an annual renewal fee would be introduced so that the cost of delivering a new branding system would be spread more equitably amongst all users. Brand registration and transfer fees are also substantially increased compared to current fees, reflecting the transition to a full cost recovery model.

The RIS also includes some proposals for consideration with respect to the practice of earmarking which could be implemented as a component of the main options. Alternative brand system delivery models are discussed including complete deregulation with no registration, an historical government register without legislative backing, and an industry run register with legislative backing.

Assessment

In undertaking its assessment of a RIS, the Office of Best Practice Regulation (OBPR) has regard to the 'adequacy criteria' in the Queensland Government Guide to Better Regulation (the guidelines).

The OBPR notes that the Consultation RIS presents the department's assessment of the issues and identifies those stakeholders likely to be affected and the nature of potential impacts on them. An analysis of the incremental costs and benefits of each of the options (compared to the status quo) is provided and quantified where possible. Initial estimates of the regulatory fees for each option are included to enable comparison, noting that further work and stakeholder input on the fees and system design will be needed to ensure the final proposed fees reflect efficient costs.

Given these points, the OBPR considers the Consultation RIS is adequate for the purposes of public consultation. Consultation should enable testing of the alternative options (including against the deregulatory alternative), the assumptions used to generate costs, benefits and fee estimates; and the potential impacts on stakeholders.

Please contact Megan McCormack, Senior Economist, on (07) 3035 3316 if you require any additional information on the above comments, or the guidelines in general. Please note that in accordance with Cabinet Handbook requirements, this letter of advice should be attached to relevant Cabinet submissions.

Yours sincerely



Dr Karen Hooper
Productivity Commissioner

20 October 2022