



AHA MEMBERS' FORUM REPORT: PRIORITISING CORE FUNDED SERVICES

NOVEMBER 2015

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Prioritising core funded services

SUMMARY

Members' core subscriptions to Animal Health Australia (AHA) have remained unchanged for six financial years, which equates to a \$500,000 reduction in real value of core funding (i.e. a 13% shortfall) over this period.

As previously noted¹, AHA can no longer continue to effectively deliver all of the core projects without an increase in core subscription income.

At the November forum, members reviewed the core-funded projects with a view to identifying which projects or activities could be cut, deferred or moved to an alternative funding stream if an increase in Members' subscriptions was not forthcoming.

Following a thorough analysis, participants of the Forum identified that all current AHA core-funded projects and activities remain priorities for all Members and AHA should continue their operation. Recommendations to modify or review some projects and activities were made, noting that these would result in small savings.

While this outcome is an endorsement of the existing AHA projects, Members noted that it still leaves the company in a difficult financial position. AHA cannot continue to do 'more for less' and the meeting agreed that, in the absence of identified cuts to projects, an increase in core funding for the 2016-17 year was required.

OUTCOMES

There was general positive feedback and consensus supporting:

- A minimum 3% increase to core subscriptions, and general agreement to CPI increases for all future years.
- Support from many Members of a larger increase of 6% in core subscriptions, including CPI increases for all future years.

Members acknowledged that if the recommended increase to core subscriptions was not forthcoming, then AHA would need to cut some core projects – at the discretion of the AHA Board on the recommendation from management.

As AHA moves to develop the Annual Operating Plan (AOP) plan for 2016-17 they will consult with their Members regarding the proposal for a 6% increase.

¹ Members' Forum 10 September 2015

CONSULTATION PERIOD

January – March 2016: The AHA Board and AHA CEO will seek to meet with senior and executive AHA Members to discuss the proposal.

March 2016: All Members will receive the draft 2016-17 AOP for their input

June 2016: The 2016-17 AOP will be adopted with, hopefully, elements to address AHA's funding shortfall.

BACKGROUND

AHA funding is sourced from subscription (core) funding and special funding. Member subscriptions fund five core areas of AHA's activities considered to be of equal benefit to all Members. These are:

- 1. Corporate and Member Services**
 - Corporate governance
 - Business management
 - Information technology
- 2. Communications and Partnerships**
 - Partnerships and stakeholder engagement
 - Media management
 - Corporate communications
- 3. EAD Preparedness and Response Services**
 - Management of the EADRA
 - Management of the AUSVETPLAN
 - National emergency animal disease training
- 4. Market Access and Support Services**
 - National Animal Health Surveillance
 - Surveillance enhancement and support
 - Livestock welfare
- 5. Biosecurity Services**
 - Farm Biosecurity Project
 - Biosecurity Planning and Implementation Project

AHA Members, particularly government Members, have all faced significant budgetary pressures in recent years and have been reluctant to agree to an increase in AHA subscriptions. In fact, the total annual income from Member subscriptions has remained unchanged, at approximately \$3.9M, since 2010-11. With inflation, this means AHA is effectively operating with a \$500,000 reduction in real value of core funding over the past six financial years (Fig 1).



Figure 1: AHA subscription funding 2010/11-2015/16. The yellow arrow indicates actual funding trend; the orange arrow indicates the value of the funding in 2010 dollars. The white arrow is the inflation trend line.

To manage this shortfall, AHA has trimmed projects and funded some deficits from company reserves, which can no longer be sustained. AHA has also deferred essential investment in company infrastructure, which cannot continue. If no increase in core funding is forthcoming in 2016-17, AHA must cut its core project activities accordingly.

MEETING FORMAT

Mr Peter Milne, Chair of the AHA Board, welcomed participants and highlighted the need for some tough decisions if additional subscription funding was not forthcoming in 2016-17.

Dr Robyn Martin (Assistant Secretary, Australian Government Department of Agriculture and Water Resources) provided a report on the recent World Organisation for Animal Health (OIE) Performance of Veterinary Services (PVS) evaluation mission. Initial verbal feedback from the auditors was generally positive but the final written report is due in the first half of 2016.

Ms Kathleen Plowman (CEO) outlined the AHA operating environment, financial and resource constraints. Ms Plowman noted that new accounting software has enabled a much better analysis of company financial activity.

Member participants were then divided into six groups of approximately five people with at least one government representative, one industry representative and one AHA Board Member in each group. The facilitator advised them that neither the Corporate Services nor the Communications and Partnerships programs would be reviewed as it was the responsibility of the AHA Board and the CEO to effectively manage these programs.

Each of the remaining three core-funded service streams were assigned to two of the groups for discussion and reporting to the meeting. The groups were tasked with reviewing the core activities in the service streams they had been assigned and making recommendations on which projects and/or activities should be either cut, deferred or moved to the special funded stream. The groups were instructed to assume that after six years of 'belt tightening' there were no further 'efficiency gains' to be made. Projects/activities would need to be cut, deferred or funded through an alternative means and they needed to consider the implications for any of these options for industry and governments. It was also noted that

deferral of a project/activity had some risks; if a future funding increase was not forthcoming, deferral probably meant 'indefinite' and there was the risk of AHA losing key personnel and expertise if staff could not be fully employed.

Approximately 45 minutes was allowed for this discussion. Each group was provided with some high level details of the projects/activities under discussion (Appendix 1), project work plans and a copy of the 2015-16 AHA Operating Plan. The Executive Managers were available to answer any questions that might arise. A spokesperson for each group then presented their recommendations to the whole meeting for further discussion and agreement.

OUTCOMES

None of the groups were able to clearly identify any projects/activities that they considered could or should be cut from AHA's activities. In some cases, there were suggestions on possible modifications but, in all cases, projects were considered essential functions of AHA.

EAD PREPAREDNESS AND RESPONSE SERVICES

The *Response Framework and Obligations Program* is the maintenance of the Emergency Animal Response Agreement (EADRA) and its supporting guidance documents. This project was seen as essential but it was noted that there may be some activities where the frequency could be decreased with some cost saving. For example, it was questioned whether the EADRA Workshop needed to be held annually. Participants agreed that AHA must consider the 'in-kind' cost to Member organisations for the time representatives spent in attending meetings.

The *Response Tools Program* is the revision of AUSVETPLAN manuals and supporting operating procedures. This was seen as an essential project. Some suggested that the timing of the manual revisions might be extended, but this was not generally supported as it was agreed that up-to-date disease management manuals are essential for rapid control and management of an exotic disease incursion. Members noted that the introduction of MasterDocs to manage the AUSVETPLAN editing has streamlined the process, increased efficiency and made significant cost savings. The possibility of expanding AHA's revenue sources by commercialising the distribution of AUSVETPLAN manuals to overseas countries was raised.

The meeting also agreed that the *National Emergency Animal Disease Training Project* was a critical core project for AHA and must be retained. The transfer of some elements such as Consultative Committee on Emergency Animal Disease /National Management Group training to a Special Funded project was proposed but not generally supported. These training courses benefit all Members and in any case, the savings from any transfer would be small.

MARKET ACCESS AND SUPPORT SERVICES

The management of the *National Animal Health Information System* (NAHIS) and the *National Significant Disease Investigation Project* (NSDIP) were both considered essential core project activities and no participants support cuts to these activities.

The *Surveillance Enhancement and Support Project* provides support for the work being managed by Animal Health Committee to develop a national animal health surveillance

strategy. Again, the consensus was to keep this project within the core-funded stream, but to keep a close eye on its progress to ensure it remains relevant and effective. There may be an opportunity to gain small efficiencies by merging some elements of this project.

The *National Animal Health Laboratory Coordination Project* was also seen as an appropriate AHA activity but there was some discussion on possible alternative funding models. Some thought this program could be moved to a Special Funded project while one group suggested it might be outsourced to an external provider. The viability of outsourcing the function was questioned. The importance of Australia's laboratory network and the continued threat to its viability from government funding cuts was noted by the meeting and it was suggested that AHA should not reduce its activities in this area.

The *Livestock Welfare Project* is a relatively small project and was universally seen as important and essential.

BIOSECURITY SERVICES

The *Farm Biosecurity Project* is a joint AHA-Plant Health Australia (PHA) activity aimed at increasing farmer biosecurity awareness and is part of AHA's obligation under the EADRA Clause 14(c). The consensus was that this was an essential core program, but it was timely to review its effectiveness. There was some concern that the project was too broad and not reaching its goals. It could be refocussed on outcomes, continuing to raise farmer awareness but also focussing on changing farmer behaviour and encouraging the development and implementation of individual farm biosecurity plans. It was also suggested that the project should be targeted at the public i.e. raising community awareness, but the Executive Manager noted that Members had previously agreed to the initial focus on farm biosecurity. The project leverages PHA funds against AHA funds and is a good example of synergistic cooperation between the companies.

The *Biosecurity Planning and Implementation Project* is primarily ensuring that industry and government Members fulfil their obligations under Clause 14 of the EADRA regarding the development of Biosecurity Statements and Biosecurity plans. All participants agreed that this was essential work. It was noted that many governments needed to update their Biosecurity Statements/Strategies.

IMPLICATIONS FOR FUTURE FUNDING

The process utilised at the meeting gave all participants many opportunities to review and comment on the operational core project activities. Despite this, the meeting could not identify any significant core-funded project/activity that they considered AHA should cease or defer. While this was good news for the AHA staff, that their work is so strongly endorsed by Members, the outcome does not assist AHA in resolving its budget shortfall. If AHA is to continue all core-funded projects, it must receive an increase in core funding for the 2016-17 financial year. The participants at the meeting acknowledged this. All agreed that a minimum 3% increase was essential and there was considerable support amongst attendees for a 6% increase. Participants also noted that this project review meeting was a considerable cost to Members and to AHA in terms of people's time and travel and it would be prudent to ensure on-going annual CPI increases in Member subscriptions to avoid a repeat of this situation.

Alternative funding models were briefly discussed and it was suggested that AHA could look in the future at funding projects based on risk mitigation (primarily a government role) and

asset protection (primarily an industry role) or specifically targeting risk creators. It was also suggested that AHA could be more entrepreneurial and look for other sources of revenue to assist its budget. AHA informed Members that it is in the process of developing a strategy to grow alternative income sources.

Dr Rob Rahaley
Amalthea Veterinary Consulting
1 Dec 2015

APPENDIX 1: Material provided to participants

EAD Preparedness and Response Services (Executive Manager Peter Dagg)

Strategies	Projects	Key Deliverables	Budget 2015/6	Budget 2014/5
Safeguard the integrity of the EADRA to ensure the effectiveness and currency of the response framework and supporting tools	EADRA	<ul style="list-style-type: none"> - Updated versions of Deed and EADRA endorsed and published by Oct 2016 <ul style="list-style-type: none"> o EADRA Forum o Compare EADRA and EPPRD - Guidance documents prioritised in the 2015/2016 EADRA work plan endorsed and published: <ul style="list-style-type: none"> o Post incident review o Appointment of industry personnel in an EAD response 	225,333	225,266
Improve collaboration across governments and livestock industries to enhance emergency animal disease preparedness and response	AUSVETPLAN	<ul style="list-style-type: none"> - Complete a review of the AUSVETPLAN development and approvals process - Priority manuals are updated to the Edition 4 format 	464,438	451,693
Ensure Members and associated industries and communities have ready access to emergency animal disease preparedness and response training	National EAD Training	<ul style="list-style-type: none"> - Training resources are developed for industry functions as described in the revised AUSVETPLAN control centre management manuals - Review structure, location and content of trainers' extranet in consultation with stakeholders - AHA – sponsored trainers' professional development workshop/s attended and valued by EAD trainers nationally 	612,978	557,812

Biosecurity Services (Executive Manager, Duncan Rowland)

Strategies	Projects	Key Deliverables	Budget 2015/6	Budget 2014/5
Develop and deliver engagement and communications strategies and training to increase awareness, uptake and application of biosecurity practices, principles and plans	Farm Biosecurity Project - a strategic partnership between AHA and PHA over the period 1 July 2014 to 30 June 2017. The overarching objective is to raise awareness of the benefits of biosecurity and provide producers with accurate and reliable information to help them secure their farms and their futures by implementing good on-farm biosecurity.	- An increase from 49% to 60% in the number of producers who undertake a biosecurity action as a result of coming into contact with the Farm Biosecurity Project.	200,767	200,000
Assist Members to strengthen on-farm biosecurity practices by developing and implementing innovative approaches, tools and cost-effective solutions and enhancing best practice guidelines and verification-certification systems	Biosecurity Planning and Implementation	- Ensure government parties and industry signatories to the EADRA meet their biosecurity responsibilities as listed in Clause 14 of the Deed <ul style="list-style-type: none"> - Up to date industry biosecurity manuals - Government biosecurity statements are accurate and current. - With industry develop/review auditable biosecurity standards for two industry verification systems	63,130	62,902
Participate in and contribute to national priority		- Work with SAFEMEAT and other national committees to improve biosecurity arrangements		

initiatives to improve and enhance biosecurity arrangements				
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Market Access Support Services (Executive Manager, Kevin De Witte)

Strategies	Projects	Key Deliverables	Budget 2015/6	Budget 2014/5
Participate in and contribute to the development, and implementation of a national animal health surveillance strategy	NAHIS	<ul style="list-style-type: none"> - Maintain on-line database, website and the timely publication of the annual reports: <ul style="list-style-type: none"> o Animal Health in Australia o Animal Health Surveillance Quarterly 	618,226	608,486
	NSDIP	<ul style="list-style-type: none"> - Enhance livestock and wildlife disease investigations by private veterinary practitioners to improve time to notification of suspect disease consistently and collaboratively 	235,729	235,698
	Surveillance enhancement and support	<ul style="list-style-type: none"> - Identify and collaborate with Members to develop a surveillance and diagnostics strategy to improve general surveillance reporting and to support targeted surveillance programs - Progress adoption of general and new targeted surveillance activities as per National Animal Health Surveillance and Diagnostics Business Plan - Measurable increase in best practice guidelines and industry verification systems and tools for animal health to support market access – establish baseline 	128,405	127,725
	National Animal Health Laboratory Coordination	<ul style="list-style-type: none"> - Efficient management of contracts and issues to maintain and improve diagnostic services for specific diseases that have market access relevance 	29,736	30,303
Assist industry in the development of industry verification systems and tools for animal health and welfare to support market access	Livestock Welfare	<ul style="list-style-type: none"> - Facilitate welfare discussions and collaboration between industry and government Members for a harmonized approach to welfare standards implementation and improved welfare outcomes. - Collaboratively develop animal welfare tools/systems that will validate the animal welfare credibility of Members 	77,774	77,622



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