MEAT EXPORT CHARGE BILL 1984

Date Introduced: 13 September 1984
House: House of Representatives
Presented by: Hon. J.C. Kerin, M.P., Minister for Primary Industry

Short Digest of Bill

Purpose

In conjunction with the Meat Export Charge Collection Bill 1984, to impose a charge on the export from Australia of meat that is intended for human consumption. Regulations governing the operative charge are designed to recover 50 per cent of the cost of inspection services.

Background

Both Commonwealth and State Governments have responsibilities for meat inspection. State Governments have a long standing responsibility to ensure that foodstuffs prepared for human consumption meet acceptable standards of hygiene. In the case of meat, this responsibility is vested usually in Departments of Agriculture/Primary Industry who employ inspectors to ensure that meat is fit for human consumption.

The Commonwealth Government has constitutional authority for the control of all exports, including foodstuffs. Legal authority enabling the Australian Government to impose controls over the export of foodstuffs include the Customs Act 1901, the Commerce (Trade Descriptions) Act 1905 and the Export Control Act 1982. The Commonwealth became actively involved in export meat inspection early this century after complaints from the United Kingdom and in 1916 established its own inspection staff in all States exporting meat.

The respective responsibilities imposed on both the Commonwealth and State Governments have resulted in the evolution of dual meat inspection systems. Meat which is to be consumed on the domestic market is the responsibility of inspector employed by State Governments while meat produced for export is the responsibility of inspectors employed by the Commonwealth Government.
However, with the increase in Australia's meat exports in recent decades and the concurrent upgrading of slaughtering facilities to meet foreign government (principally the USA) veterinary standards, about 80 per cent of all the meat produced in Australia, and a large part of the meat consumed on the domestic market, is now slaughtered in export-registered abattoirs. In these establishments, Commonwealth and State meat inspectors often work side by side. This aspect of the meat inspection system has been the source of widespread dissatisfaction for some years. It causes considerable industrial disputation between Commonwealth and State inspectors and adds to cost overheads of export abattoirs.

During the 1970s there were many inquiries into the meat industry, including the meat inspection system. One of these was the Prices Justification Tribunal (PJT) inquiry into beef marketing and processing in 1978. As a part of this inquiry the Tribunal examined the administrative arrangements involved in meat inspection and recommended "...a thorough overhaul of Australian meat inspection, both from the standpoint of manpower and procedures, that duplication be eliminated and that there be a continuing scrutiny of such activities in the light of developing knowledge and circumstances".[1]

However, even before the PJT had completed its Inquiry and produced its Report, an industrial demarcation dispute developed between Commonwealth and State meat inspectors at the Tancred Brothers meatworks at Mt. Isa after it had been granted an export licence. As part of a compromise solution it was agreed between the Commonwealth and Queensland Governments to establish a Committee of Inquiry to examine Commonwealth and State meat inspection arrangements in Queensland. The Committee's term of reference were widened subsequently to include meat inspection arrangements in all States and the Northern Territory. The text of a public statement issued on 3 December 1978 by the then Prime Minister, the Rt. Hon. M. Fraser, concerning the inquiry is set out in attachment A.

This Committee, headed by the Hon. C.R. Kelly, a former Commonwealth Minister, received a large number of submissions and virtually all participants in the industry expressed the view that the dual meat inspection system was unsatisfactory. "Most of the submissions advocated a single meat inspection service, albeit of differing composition namely entirely State, entirely Commonwealth, or by an integrated authority (joint Commonwealth/State)".[2] The Committee considered six options but found itself only able to recommend the establishment of a single national meat inspection service - the Australian Meat Inspection Service.
(AMIS). The then Minister for Prime Industry, the Hon. P. Nixon, tabled the Report in the House of Representatives on 27 February 1980. As far as can be ascertained no Ministerial Statement on the Report was made and none of the recommendations were implemented.

About 18 months after the Kelly Committee Report was published, the meat substitution scandal became publicly known in both Australia and the United States. Pressure from a variety of sources compelled the Commonwealth Government to establish a Royal Commission on 12 September 1981. The Commission's terms of reference were to investigate various aspects of the export meat industry including "whether existing administrative arrangements and procedures are adequate to ensure that export meat meets all legal requirements".[3]

While there was never any suggestion that the then operative administrative arrangements with respect to meat inspection were a cause of the scandal, nevertheless the Royal Commission examined and reported on the meat inspection system. The Commission recommended that the Commonwealth meat inspection service be removed from the Bureau of Animal Health and placed in a newly-formed Export Inspection Service. With respect to the dual Commonwealth-State inspection arrangements, the Commission did not recommend the formation of a single national service. Rather, it stated simply that "the relationship between the reformed Commonwealth service and the various state services [would] depend upon negotiations between respective governments".[4] With respect to Victoria and Commission "...recommended that a joint authority be established along the lines already negotiated..." A similar recommendation was made with respect to the Northern Territory.

However, after knowledge of the substitution became public, the Commonwealth began investigating and upgrading the administrative procedures with respect to the export of meat from Australia. One of the changes made was the reorganisation of the meat inspection service with responsibility for Commonwealth meat inspection being removed from the Bureau of Animal Health. On 16 March 1982 a new Export Inspection Service commenced operation under the administrative control of the Department of Primary Industry. This new service consolidated all of the export inspection activities of the DPI within the one administrative framework.

In 1982, the Industries Assistance Commission (IAC) examined various aspects of meat inspection in its inquiry into the meat industry. With respect to the dual inspection
system the IAC noted that "the duplication of inspection within abattoirs is unwarranted".[5] While the IAC considered that the problems could be solved if there was one national meat inspection service, it did not make any specific proposals apart from stating that it "supports recent efforts to rationalise the present dual meat inspection arrangements".

At the beginning of 1984 an Interim Meat Inspection Policy Committee (IMIPC) was commissioned to examine financial and current recovery of inspection costs in the meat industry. It reported in May 1984 and recommended a restructuring of the charges for export and domestic meat inspection undertaken by the Commonwealth Department of Primary Industry such that meat from animals slaughtered in export registered establishments and destined for domestic consumption should not be subject to an export levy.

Accordingly, in a press statement on 20 July 1984, the Hon. J.C. Kerin foreshadowed the implementation of this Bill by proposing a flat per carcase inspection charge in both domestic and export registered establishments and an additional levy for product going to export.

In the interim the inspection charge at export establishments was reduced 20 per cent from $5.40 to $4.35 on cattle (proportioned for other species) to reflect a more appropriate cost base.

Due to budgetary constraints, the government declined to implement recommendations of the IMIPC that there be a 2 year moratorium on the export charge and that the reduced per carcase charge be applied retrospectively to 1 October 1983.

Outline

This Bill, in association with the Meat Export Charge Collection Bill 1984 provides the mechanism by which charges may be levied and collected on the export of certain meat products that are intended for human consumption.

Main Provisions

Clause 3 is a 'housekeeping' clause that defines the Bill's major term.

Clause 5 provides that the levy is payable on the application for an export certificate that is required by most meat importing countries. When an export certificate is not necessary, the levy is made payable on the application for an export permit.
Clause 6 dictates the maximum charge, 4.8 cents per kilogram, that may be levied on relevant meat products.

Clause 7 provides for the determination of the weight of the meat on which the charge is based.

Remarks

The Government's stated intention is to use the provisions of this Bill, and the associated Meat Export Charge Collection Bill 1984, to recover 50 per cent of Commonwealth meat inspection costs.

Accordingly a levy of 2.4 cents per kilogram (bone out equivalent) has been foreshadowed on relevant meat exports. Simultaneously the per carcase charge for Commonwealth meat inspection at domestic and export works will be reduced to $2.55 per carcase. This restructuring of charges does not change the overall recovery of inspection costs. It enables the rationalization of inspection charges so that they more accurately reflect inspection services. In particular, it provides for the removal of the anomaly of export establishments paying higher inspection charges even on output destined for domestic consumption. The removal of this cross subsidization means that export and domestic works may compete on a footing more attuned to normal commercial considerations.

Such charges represent, according to Australian Bureau of Statistics criteria, fees for services rather than taxes.

Industry representatives have argued that government should bear the entire cost of inspection services because:

(a) inspection is undertaken for the benefit of consumers and should therefore be paid for by the general community; and

(b) the meat industry is relatively lightly assisted and currently requires more government support.

However, inspection services benefit the industry since one load of unfit meat can prejudice the sales of the entire industry. This is particularly the case in overseas sales. Accordingly, it is in the entire industry's interests that
standards are maintained and the more rigorous inspection of exports reflects this fact rather than a greater concern for overseas than domestic consumers.

If the Government were to decide to assist the industry, more equitable means of assistance should be contemplated than a mechanism which would benefit exporters relative to producers for the local market.

For further information, if required, contact:

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References


4. Ibid, p.266.