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## 9 Food safety in meat production and processing

### Key points

- In Australia and New Zealand, the regulation of 'meat' as a food begins at the 'farm-gate' and covers all stages of production, including retail.
- The level of food safety risk considered to be presented by meat varies substantially between jurisdictions for each stage in the production process, although the risks presented by small goods manufacturing is considered to be high in all jurisdictions.
- Local councils in all jurisdictions (except the Northern Territory and the ACT) monitor those meat businesses that have *only* a retail function (such as delicatessens). In Western Australia, Tasmania and New Zealand, they also monitor other meat businesses which have a retail function as a part of their operations.
- Of the remaining jurisdictions, a single state/territory authority regulates all types of meat businesses (from abattoirs through to retail butchers), with the exception of the Northern Territory, where two territory authorities have that role.
- Most jurisdictions issue licences and levy fees on the basis of the type of meat that a business deals with or the position of the business in the production chain.
  - Initial licence application fees are highest for meat processing businesses (particularly abattoirs) in Victoria. However, given its accumulative fee structure, ongoing annual fees in South Australia, for a large non-exporting meat processor or abattoir, are substantially above those of other jurisdictions.
- All jurisdictions require quality assurance of meat licence holders but vary in the way this is implemented. In contrast to the other Australian jurisdictions, Victoria, New South Wales and Queensland each have specific provisions on the content of food safety programs.
- Audit activity varies in intensity from a simple check against the government endorsed Australian Standards in Western Australia, to a compliance audit against a formally approved food safety plan (or risk management program) in New Zealand, Victoria, Queensland and New South Wales.
  - Compliant primary meat processors (such as abattoirs) in Victoria and secondary meat processors in Victoria, Queensland, South Australia and Tasmania were estimated to have incurred the highest costs of compliance checks in 2008-09.
- For a medium-sized secondary meat processor, the overall annual regulatory compliance costs (licence costs plus audit costs) were estimated to be highest in South Australia, Victoria and Queensland — due mainly to comparatively high annual licence costs in these jurisdictions.

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COAG’s Food Regulation Agreement is aimed at a national, ‘whole of food chain’ approach to regulation. In the context of meat, the core food Acts generally cover food safety issues in the retail and service of food to the public, but expressly exclude the preceding step in the food chain — meat production and processing activities. The current chapter examines in detail the differences in food safety regulation for the production and processing of both red meat and poultry meat, and the implementation of these regulations within jurisdictions. Where feasible, measurements are given or inferences are drawn about the likely differences in cost burdens imposed on business in each jurisdiction. In many areas though, it is not possible to attribute business cost information to differences in regulatory compliance burden.

The benchmarking in this chapter draws heavily on a comparison of regulatory differences between jurisdictions, as detailed in a consultancy report prepared for this study (Baldwins-FoodLegal 2009), and information supplied by jurisdictions in response to the Commission’s surveys of regulators and local government. The cost implications for businesses of these regulatory differences are then explored by drawing on jurisdiction fees and charges information and, where available, case study examples provided by study participants.

## **9.1 Scope of meat regulation**

### **Meat and meat businesses**

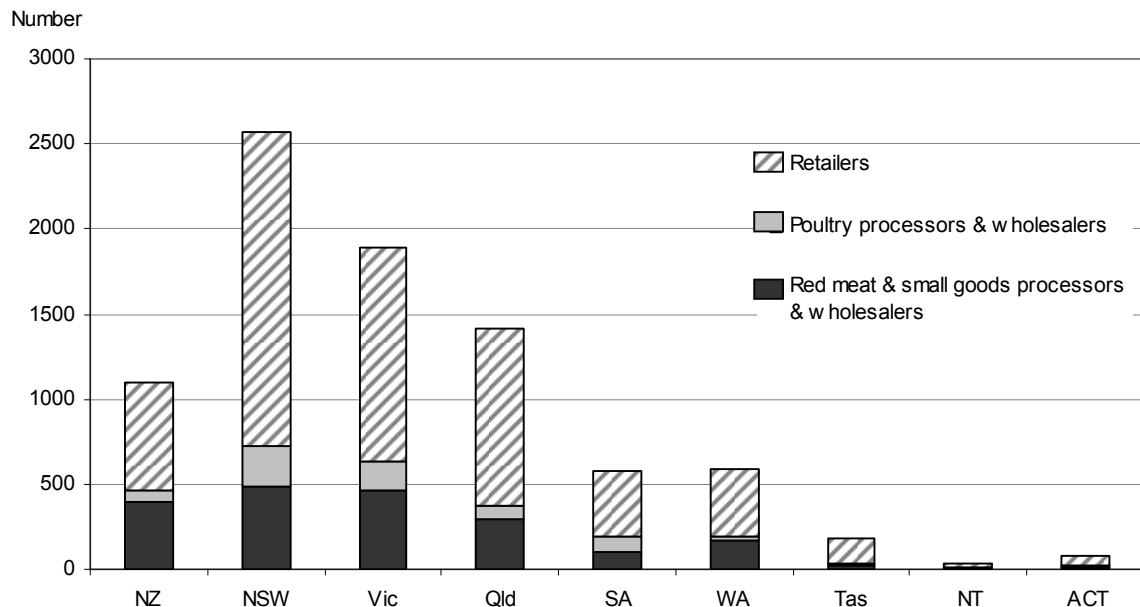
In Australia and New Zealand, the regulation of ‘meat’ as a food for human consumption begins at the ‘farm-gate’. While some jurisdictions (Queensland, for example) do not explicitly rule out the regulation of the farms from which animals for meat are sourced in their food safety legislation, in practice, no jurisdiction imposes any specific meat safety requirements on farms (beyond a general requirement that the product will be safe and suitable for human consumption). The exception to this is the regulation and monitoring of factors such as chemical residues and product sourcing through livestock tagging programs — these are discussed further in chapter 13.

Beyond the farm-gate to the back-door of retail, businesses that are covered by meat safety regulation can include: abattoirs; boners; butchers that do not have a retail function; meat processors and handlers; renderers of lard or tallow; transporters; cold-stores; and meat wholesalers. Model Food Act provisions mean that businesses which ‘substantially transform’ meat or meat products or sell or serve directly to the public are deemed to be not involved in ‘primary food production’ but are regulated as a ‘food business’ under the relevant jurisdiction’s food Act.

There are just over 2000 meat businesses in Australia and 460 in New Zealand at the pre-retail stage of the production chain.<sup>1</sup> Within Australia, most meat businesses are located in New South Wales, Queensland or Victoria (figure 9.1). Around 70 per cent of Australia's meat businesses and over 90 per cent of New Zealand's, are principally engaged in the handling of red meat, and the remainder handle poultry. In both countries, the poultry meat industry is highly concentrated. In 2008-09, three companies produced 80 per cent of Australia's broiler chickens (Australian Chicken Meat Federation Inc. 2009); in New Zealand, four companies supplied 99 per cent of that country's market. In each country, these companies own almost all aspects of production from breeding farms and hatcheries to feed mills, broiler farms and processing plants.

**Figure 9.1 Meat businesses by type and jurisdiction<sup>a</sup>**

As at 30 June 2007 for Australia; as at February 2008 for New Zealand.



<sup>a</sup> Businesses are included as 'meat businesses' based on their main activity. Red meat businesses include: abattoirs, meat packing and freezing, animal oil or fat production, and the manufacture of products such as bacon, hams, hamburgers; sausages and pate. Poultry meat businesses includes poultry abattoir operations, and the manufacture, packing and storage of poultry products. Meat retailers includes retail butchers' shops; fresh fish retailing (which is regulated as seafood rather than meat); meat retailing (except canned meat); retailing of fresh poultry and seafood (the ABS and Statistics NZ do not separate out these different activities in the reported data).

Data sources: ABS (*Counts of Australian Businesses*, Cat. No. 8165.0); ABS (*Australian and New Zealand Standard Industrial Classification (ANZSIC)*, Cat. No. 1292.0); Statistics New Zealand.

<sup>1</sup> These meat businesses are supplied by almost 100 000 farms in Australia that produce animals for meat (mostly red meat) and 30 000 such farms in New Zealand.

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## Meat safety issues

FSANZ (2009e) assessed that domestically reared red meat (cattle, sheep and goats) and pigs present only a low risk to public health. At the other end of the scale, the health risks presented by ready-to-eat manufactured meats and meat products is considered by Food Standards Australia New Zealand (FSANZ) to be higher — albeit, comparable to those in some other food products (Department of Health and Ageing (Commonwealth) 2007).

The FSANZ assessment of food safety risks presented by meat is not consistently reflected within the jurisdictions. Rather, each Australian state and territory, and New Zealand, has its own interpretation of the risks presented by each stage in the production of meat (Productivity Commission survey of food safety regulators, 2009 unpublished). In particular:

- red meat abattoirs are considered to be a low risk in the Northern Territory, medium risk in Queensland and Tasmania, and high risk elsewhere
- poultry processors are classified as medium risk in Victoria, Queensland and Tasmania, but high risk in New South Wales and South Australia
- meat transport is considered to be a low risk in Queensland and South Australia, but a medium risk in New South Wales and the Northern Territory
- smallgoods manufacturers are categorised as a high risk in all jurisdictions, but retail butchers (other than those with smallgoods) are considered to be medium risk.

In recent years, the meat industry (and particularly exported red meat) has emerged as one of the most intensely monitored parts of the food sector (chapter 14). At least some of the monitoring effort is in response to high returns available to Australian and New Zealand meat exporters that are able to provide evidence that their meat is free of food safety concerns (such as foot and mouth disease and bovine spongiform encephalopathy or BSE) of some other countries.<sup>2</sup> There have also been some notable meat-related incidents in Australia and New Zealand in recent years that have prompted additional regulation. For example, the substitution of kangaroo and horse meat for beef in Australia in the early 1980s resulted in a number of additional regulatory requirements applied across-the-board to the Australian meat industry to re-establish credibility (Melville 1993). Also in Australia, the outbreak in 1995 associated with e coli contaminated Garibaldi mettwurst was one of the

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<sup>2</sup> Around 65 per cent of Australia's beef, 45 per cent of lamb and 80 per cent of mutton is exported. In the case of New Zealand, almost 90 per cent of lamb and 80 per cent of beef production is exported (Fletcher, Buetre and Morey 2009, New Zealand Meat Industry Association 2009).

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country's worst food poisoning incidents, with the death of a child, several hundred people infected, and permanent kidney damage suffered by many. In New Zealand, the incidence of campylobacter infection (associated with chicken meat) is amongst the worst in the world (reaching a peak of around 16 000 reported cases in 2006 — Baker, Wilson and Edwards (2007)) and a number of changes in operation, testing and reporting requirements have been made to manage the situation.

## **Broad regulatory framework**

### *Red meat in Australia*

The safety of red meat production in Australia is currently implemented largely through reference to Australian Standards<sup>3</sup> such as: *Hygienic production and transportation of meat and meat products for human consumption (AS4696: 2007)* and *Hygienic Production of Wild Game Meat for Human Consumption (AS4464: 2007)*. These standards were endorsed by state and territory Ministers in the 1990s, through the Primary Industries Ministerial Council, and the standards underpin much of the current meat safety regulation and practices in the jurisdictions (table 9.1). FSANZ (2009e) acknowledged the role that these standards have played in ensuring the safety of meat in Australia, but considered that with the disbandment in 2007 of the Meat Standards Committee (which was responsible for maintaining the standard), there is no longer a mechanism to update or review the current standards in the meat processing sector. Furthermore, the Australian Standards do not offer flexibility for providing a food safety outcome as they are (in contrast to key principles of food regulation) fairly specific in their requirements. Some additional flexibility may be available to meat businesses in those jurisdictions (for example, Queensland) in which the Australian Standards are treated as advisory standards rather than mandatory or minimum requirements.

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<sup>3</sup> Standards Australia is a non-government, not-for-profit organisation which develops Australian Standards by committee. It is generally necessary to buy an Australian Standard in order to gain access to it.

**Table 9.1 Regulations and regulatory bodies by jurisdiction — meat**

	<i>Documented requirements</i>	<i>Principal regulators<sup>a</sup></i>
NZ	<i>Food Act 1981</i> <i>Animal Products Act 1999</i> <i>Animal Products Regulations 2000</i> <i>Animal Products (Fees, Charges, and Levies) Regulations 2007</i>	New Zealand Food Safety Authority (NZFSA)
NSW	<i>Food Act 2003</i> <i>Food Regulations 2004</i> <i>NSW Standard for the Construction and Hygienic Operation of Retail Meat Premises</i>	NSW Food Authority (NSWFA)
Vic	<i>Food Act 1984</i> <i>Meat Industry Act 1993</i> <i>Meat Industry Regulations 2005</i> <i>Victorian Standard for Hygienic Production of Meat at Retail Premises</i>	PrimeSafe
Qld	<i>Food Act 2006</i> <i>Food Production (Safety) Act 2000</i> <i>Food Production (Safety) Regulation 2002</i>	Safe Food Production Queensland (SFPQ)
SA	<i>Food Act 2001</i> <i>Primary Produce (Food Safety Schemes) Act 2004</i> <i>Primary Produce (Food Safety Schemes) (Meat Industry) Regulations 2006</i>	Meat Hygiene Unit South Australia of the Department of Primary Industries and Resources (PIRSA)
WA	<i>Food Act 2008<sup>b</sup></i> <i>Health Act 1911</i> <i>Health (Food Hygiene) Regulations 1993</i> <i>Health (ANZ Food Standards Code Adoption) Regulations 2001</i> <i>Health (Meat Hygiene) Regulations 2001</i> <i>Meat Industry Authority Act 1976</i>	Department of Health – Executive Director, Public Health (WA Health)
Tas	<i>Food Act 2003</i> <i>Meat Hygiene Act 1985</i> <i>Meat Hygiene Regulations 2003</i>	Chief Inspector of Meat Hygiene, Department of Primary Industries, Parks, Water and the Environment (Tas DPIPWE)
NT	<i>Food Act 2004</i> <i>Meat Industries Act 2007</i> <i>Meat Industries Regulations 2002</i>	Department of Regional Development, Primary Industry, Fisheries and Resources – Chief Inspector of livestock (NT DRDPIFR)
ACT	<i>Food Act 2001</i> <i>Food Regulations 2002</i>	Chief Health Officer – ACT Health

<sup>a</sup> The core food agencies in the Northern Territory and the ACT absorb food safety functions that would be undertaken by local councils in the Australian states. For all other jurisdictions, the core body responsible for regulation under the jurisdiction's Food Act generally devolves some monitoring responsibilities (for those businesses which provide food directly to the public) to local governments. The extent of devolution, and subsequent coordination between local councils, varies between jurisdictions (chapters 7 and 8). In Victoria, if a business is both a primary producer and retailer, then the predominant activity undertaken by the business determines whether they are registered and inspected by PrimeSafe (predominately primary production) or by the local council (predominately retailer). <sup>b</sup> The *Food Act 2008* (WA) did not come into effect until late October 2009.

The development of guidelines in the Australia New Zealand Food Standards Code (ANZFS Code) go some way toward providing a mechanism by which meat safety requirements may be reviewed and updated. General provisions for the safety of meat (red meat and poultry) in Australia are provided, in the context of requirements for all food businesses, in chapters 1 to 3 of the ANZFS Code. Broadly, these standards provide nationally consistent requirements for meat (both red meat and poultry) with regard to: labelling; additives; contaminants and

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residues; microbiological and processing requirements; definitional and composition matters; food hygiene and the applicability of food safety programs.

In addition, *Standard 4.2.3 Production and Processing Standard for Meat* provides some safety guidelines, but only for the production of ‘ready-to-eat meat’ such as ham and salami. Guidelines for other forms of red meat, including less processed meat products, are in the very early stages of development and will be included in the red meat standard once developed.<sup>4</sup> The coverage of the standard under development for red meat is meat and meat products from farmed major meat species — that is, farmed cattle, pigs, sheep and goats, including harvested goats. Also included are rendered products for human consumption.<sup>5</sup>

In each jurisdiction, the meat industry is regulated, if not by a separate act or regulation, then at least by specific provisions within the jurisdiction’s food or primary production statutes. In some jurisdictions, regulators have developed standards, codes of practice or guides that are requirements of particular operations. For example, Victorian meat businesses are required to comply with the *Victorian Standard for Hygienic Production of Meat at Retail Premises* and those in New South Wales are similarly bound by the *NSW Standard for Construction and Hygienic Operation of Retail Meat Premises*.

In addition, the Australian Quarantine and Inspection Service (AQIS) regulates meat facilities that supply meat and meat products for export (appendix C) and there is a wide range of programs administered by industry which have food safety as an objective (box 9.1). The Victorian Farmers Federation noted that:

In the red meat industry, schemes such as the National Livestock Identification System (NLIS), vendor declarations (which relate to chemical use and adherence to withholding periods) and EU accreditations have formed the backbone of the food safety in the red meat industry. (VFF 2007, p. 8)

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<sup>4</sup> A first assessment report for the meat and meat products standard was published by FSANZ in September 2009.

<sup>5</sup> The food safety requirements for farmed minor species (including emu and ostrich meat, and meat and meat products from wild game animals) are to be addressed by FSANZ at a later stage.

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### Box 9.1 **Industry self- and co-regulation of red meat safety in Australia**

Over the past decade, a number of accreditation and reporting schemes have become established in the red meat production industries to improve the traceability and safety of the final product.

- The National Livestock Identification System (NLIS) commenced across Australia in July 2005. This system is mandatory for cattle and sheep identification and traceability. The database for the system is maintained by an industry body, but the system is enforced by state and territory primary industry departments.
- Livestock Production Assurance (LPA) was introduced in 2005 as an on-farm food safety certification program. The first level of the program — LPA Food Safety (level 1) — provides requirements to guarantee the safety of red meat products. It is voluntary but the majority of producers have signed up. LPA Quality Assurance (level 2) includes additional accreditations such as CattleCare and FlockCare. The Standards that underpin the LPA Quality Assurance program are based on risk management and HACCP (Hazard Analysis Critical Control Points) principles. Any producer accredited for LPA Quality Assurance will have already met the more basic requirements of LPA Food Safety accreditation.
- National Vendor Declarations (NVD) were introduced in 1996 to provide a documented means for producers to declare information about the food safety status (including residue levels) of livestock being sold. LPA includes use of NVD and while LPA is voluntary, most meat processors will not accept livestock without a NVD. NVD is maintained by SafeMeat — a partnership body between the Australian meat and livestock industry and state and federal governments.
- National Feedlot Accreditation Scheme (NFAS) is an industry self-regulatory quality assurance scheme that was initiated by Australian Lot Feeders Association in 1995 and is administered by Aus-Meat. Feedlots accredited under the NFAS have obligatory animal welfare, environment and food safety checks. Under AQIS Meat Orders, the program is mandatory for feedlots producing grainfed beef for export markets.

Sources: AusMeat (2009); Red Meat Industry (2007).

### *Poultry meat in Australia*

The safety of poultry meat production in Australia is currently achieved largely through reference to the Australian Standard *Construction of Premises and Hygienic Production of Poultry Meat for Human Consumption* (AS4465: 2006). There is little in the way of FSANZ guidelines for the safety of poultry meat. A standard for poultry meat in Australia — Standard 4.2.2 Primary Production and Processing Standard for Poultry Meat — has been under development since February 2004. While a final assessment report for the standard is currently being prepared, a lack of agreement between the jurisdictions on standard details has delayed its release. Currently, the ANZFS Code does not even include a definition

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of ‘poultry’ (although the proposal for the new standard defines poultry to include: chicken, turkey, duck, squab (pigeons), geese, pheasants, quail, guinea fowl and other avian species, except ratites such as emu).

Industry self- and co-regulation are also important for the safety of poultry meat, at least in the growing and processing stages (Colmar Brunton Social Research 2005). In the poultry meat industry, the vertical structure of the industry and the sale of the final product under a company label mean that food safety benefits and costs are likely to be largely internalised within the businesses.

However, even where industry regulates itself there remain regulatory costs that differ between jurisdictions. For example, the cost to Australian businesses of purchasing a copy of the main Australian Standards for meat ranges (with the type of meat product or stage in production) from around \$80 up to around \$160 per standard. This is a compliance cost not incurred by New Zealand businesses.

### *Red meat and poultry meat in New Zealand*

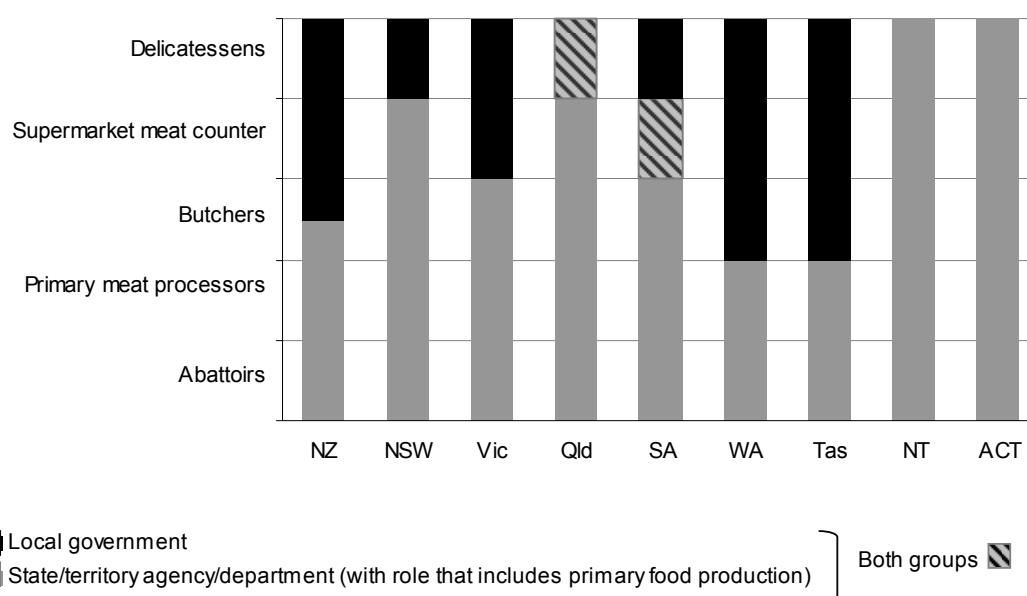
In contrast to Australia, the regulation of red meat and poultry meat in New Zealand does not reference the primary production standards from chapter 4 of the ANZFS Code, the food hygiene standards from chapter 3 of the ANZFS Code, or some of the requirements of chapter 1 of the ANZFS Code. Instead, New Zealand meat businesses (both red meat and poultry) operate under industry agreed HACCP-based standards, and broad principles documented in the *Animal Products Act 1999* (NZ) and associated regulations. New Zealand also introduced additional technical requirements in December 2008 for the manufacture of uncooked comminuted fermented meats: *Food (Uncooked Comminuted Fermented Meat) Standard 2008*. This standard applies to all manufacturers of uncooked comminuted fermented meats, whether operating under the *Food Act 1981* (NZ) or the *Animal Products Act 1999* (NZ). For the poultry industry, the *Poultry Industry Processing Standard 5* was developed by the Poultry Industry Standards Council and industry in 1998 and is endorsed by NZFSA to provide instructions and guidelines to be followed when processing poultry for human consumption. It represents the minimum standards with which the industry must comply (Poultry Industry Association of New Zealand 2009).

### **The regulatory regime in practice**

The principal meat regulatory authorities differ between jurisdictions in the extent to which they ‘regulate’ retail and secondary processors of meat and meat products. In New South Wales, Victoria, Queensland, South Australia, the Northern Territory

and the ACT, a state/territory body (with food safety responsibilities that includes primary production and processing) regulates all types of meat businesses from abattoirs through to retail operations which receive and processes raw meat (provided the meat is not for consumption on the premises). In practice, this means that, with the exception of the main primary production regulators in Western Australia, Tasmania and New Zealand, food safety regulators of primary food production in each jurisdiction generally regulate butchers (figure 9.2).<sup>6</sup>

**Figure 9.2 Scope of regulators by jurisdiction<sup>a</sup>**  
2008-09



<sup>a</sup> The Northern Territory and ACT undertake the functions of a local government for meat businesses in their jurisdictions. In Queensland, the Queensland Health have a role in the monitoring of food service businesses (including delicatessens). In remote parts of some jurisdictions (such as New South Wales and South Australia), the state regulatory agency may undertake inspections on behalf of local councils.

*Data sources:* Lederman and Kamat (2006); Productivity Commission survey of food safety regulators (2009, unpublished).

Similarly, only in New South Wales, Queensland, South Australia, the Northern Territory and the ACT do the primary production regulators monitor supermarket meat counters, and only in the Northern Territory and the ACT do they monitor delicatessens. Local councils in the Australian states and New Zealand monitor those meat businesses which have only a retail function (such as delicatessens).

<sup>6</sup> NZFSA, the main regulator of primary food safety in New Zealand, also regulates dual operator butchers (retail butchers that also provide a homekill and recreational catch service at the same premises or place).

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Analysis of Commission regulator survey results also indicated some potential for an overlap in regulator functions in Queensland and South Australia, in particular. Consistent with this, Woolworths (2007) indicated that the meat and delicatessen counters in its New South Wales, Queensland and South Australian stores are regulated by both local councils and by a state-level regulator. In Victoria, even though PrimeSafe does not regulate supermarket meat counters, a memorandum of understanding between the Health and Agriculture Ministers provides that meat preparation areas in supermarkets must meet the same standards as butcher shops. The aim of this is to ensure that the meat operations of supermarkets need only be registered with one regulatory agency and that they are treated consistently with other meat processing businesses.

To some extent this scope of the role of primary production regulators is the outcome of historical responsibilities within jurisdictions and extends to differing interpretations between jurisdictions as to what constitutes ‘meat’ (as opposed to a ‘substantially transformed’ meat product).

For example, in Tasmania, which has the primary production regulator monitoring all meat up to the ‘back-door’ of a butcher, ‘meat’ is confined to be that which is unprocessed except by chilling or freezing (*Meat Hygiene Act 1985*); meat that is otherwise processed is considered to be a ‘meat product’ and is regulated under Tasmania’s *Food Act*. In contrast, meat is defined in Queensland to be a raw food, but also includes meat that has been changed in nature (other than by cooking) and/or mixed with other substances. Consequently, meat does not include ‘smallgoods’, but does include products such as marinated meat, meat rissoles, meat sausages and stir-fry lamb mix (*Food Production (Safety Act) 2000* (Qld)) and the one agency (SFPQ) monitors meat at all stages in the production chain. Some primary production regulators have attempted to smooth over these distinctions by, for example, regulating those butchers which both receive raw carcasses and have a retail function under both the primary production legislation and the food Act.

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## 9.2 Licensing, accreditation and registration of meat businesses

### Licence categories<sup>7</sup>

Each jurisdiction has different licensing (or registration or accreditation) requirements for primary producers and processors of meat products. However, in all jurisdictions, the licensing authorities consider the different types of operations being undertaken by the meat licence applicant in determining the category of licence required and its cost.

For some jurisdictions, the different types of operations and associated licence categories are specified in legislation but, for others, the legislation provides more flexibility to the authority when issuing a licence. For example, the legislation in New South Wales provides for over 20 different classes of licences across nine meat business categories.<sup>8</sup> Victoria similarly has 10 meat business categories with over 20 different licence fee groups. In contrast, legislation in other jurisdictions prescribe fewer licence categories (and therefore potentially fewer forms for business to complete) but have licence fee schedules which nevertheless vary by activity and/or business size. A greater number of licence categories within a jurisdiction may mean that licence conditions can be more finely tuned to business processes, size or risk level. Alternatively, to the extent that a business with diverse operations requires additional licences in those jurisdictions with a greater number of licence categories, a greater number of licence categories may be associated with higher costs incurred (in terms of assessing the need for separate licences, time to complete forms, monitoring of requirements and possibly licence fees).

In Western Australia, although the main regulatory authority, the Department of Health (Western Australian Health), does not require primary meat businesses to be licensed, under the Western Australian *Health Act 1911* meat businesses are one of a range of businesses (not all food) that are classified as ‘offensive trades’ (trades that are likely to unavoidably be injurious to public health) and must be registered with the relevant local government. In addition to registering with local government, abattoirs in Western Australia are also required, prior to commencement of construction of the abattoir, to have the approval of the Western

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<sup>7</sup> For simplicity, the terms ‘licence’, ‘registration’ and ‘accreditation’ are used synonymously in the remainder of this chapter although where relevant, the appropriate terminology for a given jurisdiction is used when referring only to that jurisdiction.

<sup>8</sup> New South Wales is proposing to reduce the number of licence categories in the meat sector from 28 to 13 in late 2010 (New South Wales Government, pers. comm., 7 October 2009).

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Australian Meat Industry Authority (under the *Meat Industry Authority Act 1976* (WA)).<sup>9</sup>

New Zealand is the only jurisdiction that does not require primary meat producers to obtain a ‘licence’. The regulatory framework in New Zealand is nevertheless similar in practice to that of the Australian jurisdictions, as meat producers and processors in New Zealand are required to register their operations with the NZFSA which in turn makes them subject to various operating conditions.

The number of licences issued to meat businesses in each jurisdiction is detailed in table 9.2. The number of red meat businesses regulated by the primary production regulator is considerably higher in New South Wales and Queensland than in other jurisdictions. In the case of New South Wales, this reflects the large number of red meat businesses in that state (figure 9.1) and the regulatory scope of the NSWFA (figure 9.2). The high number regulated in the case of Queensland, reflects the role of SFPQ in monitoring meat at all stages in the production chain. In general, there are more licences on issue than reported meat businesses (figure 9.1) because businesses in some jurisdictions may hold multiple licences to cover their activities (such as for an abattoir with transport facilities), be predominately operating in other industries but nevertheless be licensed to enable the handling of meat, or have multiple premises (each with a separate licence). A small proportion of (mainly larger) businesses are also registered for export and undergo additional regulation from AQIS and AusMeat associated with this (see chapter 14 for more detail).

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<sup>9</sup> The Western Australia Meat Industry Authority is a government authority tasked with providing a system for the approval of abattoirs, regulating the branding of animal carcasses and reviewing facilities for the sale of livestock and the slaughter of animals, and for the processing of carcasses for human consumption. The Authority reports to the Minister for Agriculture and Food.

**Table 9.2 Number of primary meat premises regulated by primary meat production/processing regulators <sup>a</sup>**

End 2008-09

	<i>Abattoirs</i>	<i>Butchers</i>	<i>Smallgood mfg</i>	<i>Other meat processing<sup>b</sup></i>	<i>Meat transport</i>	<i>Total red meat</i>	<i>Poultry processing/wholesale</i>
NSW	78	1 840	25	509	4 231	6 683	153
Vic	45	1 043	0	335	0	1 423	28
Qld	88	922	425	2 626	2 594	6 655	12
SA	47	532	25	94	154	852	17
WA	26	0	53	33	48	160	10
Tas	35	0	0	0	0	35	5
NT	5	23	0	25	20	73	0
ACT <sup>c</sup>	0	0	3	6	0	9	12
Australia	324	4 360	531	3 628	7 047	13 264	237
New Zealand	106	214	189	125	220	854	181

<sup>a</sup> Represents the number of meat businesses regulated by the main regulator with primary meat production/processing responsibility in each jurisdiction. Consequently, for New South Wales, Queensland, South Australia, Northern Territory and ACT (each of which has the primary regulator also monitoring some retail meat businesses), the numbers may include some businesses that are primarily 'meat retail' (in Victoria, Western Australia, Tasmania and New Zealand, these businesses are largely monitored by local councils and total numbers regulated are unknown. <sup>b</sup> Includes meat storage and wholesale, and game meat operations. <sup>c</sup> Numbers for the ACT are total business numbers in each category based on ABS (*Counts of Australian Businesses*, Cat. No. 8165.0), as the ACT is not currently able to provide information on the number of regulated businesses by type.

Sources: ABS (*Counts of Australian Businesses*, Cat. No. 8165.0); Productivity Commission survey of food safety regulators (2009, unpublished).

## Licence fees

With the exception of Tasmania, the ACT and New Zealand, each jurisdiction attempts to make some distinction in fees either on the basis of the type of meat that the business deals with or the position of the business in the production chain (table 9.3). In some jurisdictions, this distinction is related to a perceived level of risk to food safety, but such a relationship is not consistently achieved across the jurisdictions. In New South Wales, consideration is given to the size of the business in terms of the number of its employees, while in Victoria fees vary depending on the annual throughput of the operations. The annual fee structure in South Australia is the most complex, with fees varying by type and number of activities, number of employees and for some businesses, the number of vehicles, chillers or storage capacity. While such complexity may increase uncertainty or costs for new licence applicants, in practice the Commission understands that the annual calculation of licence fees is undertaken by PIRSA with minimal input required from business.

**Table 9.3 Initial and ongoing fees to maintain licences — meat**  
2008-09

	<i>Category</i>	<i>Initial fee</i>	<i>Annual fee</i>
NZ <sup>a</sup>	Application for registration	\$112	
NSW	Application fee (for all types of meat businesses)	\$50	
	Licence fee (fee ranges based on number of employees)		
	Abattoirs, meat processing plants (class 1 to 3), rendering plants, meat retail premises		\$270 to \$2187
	Game meat processing (classes 1 to 5)		\$339 to \$2574
	Knackery and some animal meat processing businesses		\$657 to \$2898
	Class 4 animal food processing business		\$201
	All types of meat food vans/vehicles		\$201
Vic	Meat processing facility licence (varies with annual throughput)		
	Abattoirs <sup>b</sup>	\$563 to \$3364	\$1126 to \$6727
	Poultry processing (poultry slaughter facility)	\$157 to \$4613	\$314 to \$9226
	Further meat processing (includes poultry and smallgoods)	\$259 to \$903	\$517 to \$1805
	Retail butcher shop	\$111	\$221
	Game meats	\$341	\$682
	Prime tallow processing	\$1267	\$2533
	Meat transport vehicle licence	\$0	\$94
Qld	Application fee	\$116.60	
	Accreditation fee		
	Exporter		\$5835.15
	Retailer (includes butchers)		\$373.35
	Delicatessen (with unpackaged meat) <sup>c</sup>		\$210.00
	Producer		\$291.65
	Processor (includes abattoirs)		\$1166.75
	Cold store, transporter or harvester/game box		\$210.00
Other		\$198.25	
SA	Application fee (varies with number of employees)	\$126 to \$288	
	Administration fee		\$168 plus
	plus the applicable annual fee if producing for domestic market (varies with activity & assessed risk)		
	Store or transport meat (\$ per store or per vehicle)		\$86.50 to \$259.50
	Process or handle kangaroos (\$ per rack or chiller)		\$86.50 to \$259.50
	Retail meat processor		\$86.50 to \$259.50
	All other meat activities (slaughtering, processing, production) – charge based on activity type		\$346 to \$1038
	– charge based on no. of employees		\$173 to \$3460

(continued next page)

**Table 9.3 (continued)**

	<i>Category</i>	<i>Initial fee</i>	<i>Annual fee</i>
WA <sup>d</sup>	Requirements for Western Australian Health		No charge
	Registration as offensive trade (with local council)		
	Abattoirs; piggeries; knackereries; poultry farms; rabbit farms; large fat melting and tallow establishments		\$262
	Plants for storing, drying, preserving bones or blood; gut scraping; sausage skin preparation		\$150
	Butcher shops		
	Licensing of small good manufacturers		\$150
	Approval from WA Meat Industry Association to operate an existing abattoir	\$500	
	Approval from WA Meat Industry Association to construct a new abattoir	\$250	
Tas	Domestic meat premises:		
	Application for licence	\$350	
	Issue of licence	\$50	
	Renewal		\$245
	Transfer	\$300	
NT	Licence fees:		
	Domestic abattoir	\$150	\$100
	Export abattoir	\$150	\$100
	Domestic processing	\$150	\$100
	Export processing	\$150	\$100
	Domestic poultry abattoir	\$150	\$100
	Export poultry abattoir	\$150	\$100
	Domestic game meat processing	\$100	\$50
	Export game meat processing	\$100	\$50
	Shooters & harvesters	\$100	\$50
Cold store			
ACT	Registration of a food business (based on FSANZ priority classifications of food businesses)		
	Low risk (eg: boning room, butcher)	\$50	\$50
	Medium risk (eg: poultry processor)	\$100	\$100
	High risk (eg: salami manufacturer)	\$150	\$150

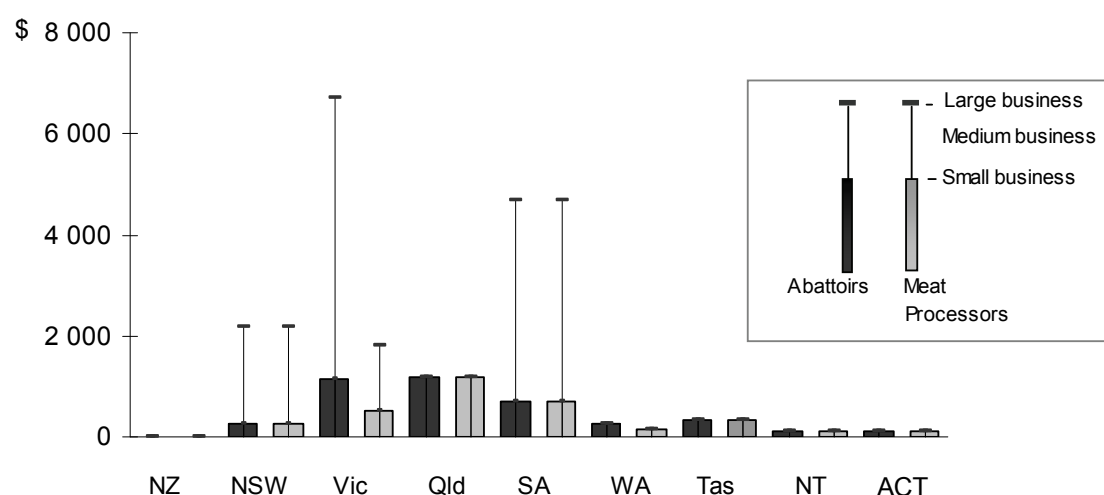
<sup>a</sup> New Zealand fees are converted to Australian dollars based on an average exchange rate for 2008-09 of 1.23. <sup>b</sup> Fees for abattoir and further meat processing plants may be capped at \$1299 where facilities are supervised by AQIS. However, AQIS also imposes charges for its services (chapter 14). <sup>c</sup> There is no longer a separate licence category for Queensland delicatessens — from 2009-10, they are licensed as a 'meat retailer' by SFPQ or are monitored under the *Food Act 2006* (Qld) by local government. <sup>d</sup> Additional fees apply to obtain approval for the construction, registration and/or alteration of a field depot or game processing establishment.

*Sources:* Baldwins-FoodLegal (2009); pers. comm. DRDPIFR, 2009; pers. comm. NSWFA, 2009; PrimeSafe (2009); RBA (2009); SFPQ (2009b).

Across the jurisdictions, initial licence application fees are highest for (medium to large) meat businesses in Victoria. For small meat businesses, there is not much difference across jurisdictions in annual licence fees. For larger businesses, differences between jurisdictions may be of more importance as not only is the business potentially operating under different regimes, but in some jurisdictions

(New South Wales, Victoria and South Australia), licence fees increase with business size (figure 9.3). Given the layered fee structure in South Australia, whereby businesses must pay additional annual fees for particular activities undertaken and for the number of employees, the total amount payable each year by a large meat abattoir or processor (with multiple activities) in South Australia is considerably higher than the annual fees for meat businesses in other jurisdictions. It is important to note that in all jurisdictions, the licence charges are only one component of annual regulatory costs incurred by meat businesses and should be considered in conjunction with information on other costs — such as audits (see section 9.3 below). This is particularly the case as most jurisdictions require some sort of compliance check to have been undertaken at least annually in order for a licence to be renewed.

**Figure 9.3 Annual licence costs for a meat business, by business size and jurisdiction<sup>abc</sup>**  
2008-09



<sup>a</sup> Estimates are for a single activity in a red meat abattoir and a secondary meat processing facility (that is, beyond the abattoir stage) and may be higher in some jurisdictions for a business engaged in multiple activities. Estimates also exclude the cost of audits or inspections that may be necessary to renew a licence.  
<sup>b</sup> A large meat business in South Australia which produces for export will incur only a minimal annual fee to PIRSA. <sup>c</sup> Estimate for New Zealand is converted to Australian dollars using average exchange rate for 2008-09 of 1.23.

*Data sources:* Baldwins-FoodLegal (2009); Productivity Commission survey of food safety regulators (2009, unpublished); pers. comm. DRDPIFR, 2009; pers. comm. NSWFA, 2009; PrimeSafe (2009); SFPQ (2009b).

## Conditions and requirements of operation

### *Licence conditions*

In all jurisdictions, the granting of a licence is conditional on the business meeting a number of requirements (table 9.4). Requirements to be met in order to obtain/maintain a licence vary between jurisdictions and it is likely that not all requirements impose the same cost burden on businesses. The appearance of having more prescriptive licensing requirements does not necessarily indicate that meat businesses in these jurisdictions incur greater compliance costs associated with licensing.

**Table 9.4 Licensing and quality assurance requirements — meat**

	NZ	NSW	Vic	Qld	SA	WA	Tas	NT	ACT
Basis for licence, etc categories									
Risk based	✓				✓				✓
Activity type	✓	✓	✓	✓	✓	✓		✓	
Business size	✓	✓	✓		✓				
Requirements for licence, etc									
Fit and proper person (or suitably qualified)			✓		✓	✓	✓	✓	
Description of business size/throughput or scope		✓	✓		✓		✓		
Establishment planning permission				✓				✓	✓
Formal quality assurance plan/program <sup>a</sup>	✓	✓	✓	✓	✓		✓	✓	✓
Inspection or audit prior to issue of licence	✓	✓		✓				✓	
FSP required									
Ready to eat meats	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other meats	✓	✓	✓	✓	✓		✓	✓	✓
Regulator approved template available	✓	✓						✓	
Plan approval needed	✓	✓	✓	✓	✓	✓	✓	✓	
Plan audit required	✓	✓	✓	✓	✓		✓		
Plan contents jurisdiction-specific	✓	✓	✓	✓				✓	
Plan contents specified by Australian Standards		✓	✓	✓	✓	✓	✓	✓	✓

<sup>a</sup> In Queensland, an FSP is required for accreditation of exporters, processors (includes abattoirs), retailers and cold store operators under the Meat Scheme. Applicants as a game box operator, transporter or wild game harvester must prepare a 'management statement' under the scheme.

Sources: Baldwins-FoodLegal (2009).

In Western Australia, licence conditions are minimal — such as completion of an application form, payment of a fee and/or evidence of local planning permission. In other jurisdictions, a more detailed description of the business scope is required (in some cases to determine the appropriate fee to charge), and the business must have a food safety plan (FSP) in place. In New South Wales, an inspection based on the

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FSP is necessary before a licence is issued and in New Zealand, the FSP must have been audited. In practice, inspections or audits prior to licensing may occur in other jurisdictions at the discretion of the licensing authority (most jurisdictions that do not explicitly require an inspection prior to granting a licence, nevertheless require that one occur within a short time thereafter).

### *Quality assurance requirements*

A level of quality assurance is imposed on meat licence holders in all jurisdictions but there is considerable variability in the way this is implemented. As noted above, Australian businesses that manufacture ready-to-eat meat (such as pâté or luncheon meats) are required, under *Standard 4.2.3 Production and Processing Standard for Meat*, to comply with a ‘food safety management system’ that is either based on Australian Standards and a HACCP plan or is otherwise recognised by the relevant jurisdiction regulator. Beyond this requirement, all jurisdictions except Western Australia require primary meat producers or processors to have formal FSPs in 2008-09 (while FSPs may now be required of some meat producers and processors in Western Australia, there is not yet provision in the *Food Act 2008* (WA) for any auditing of these plans).

In five of the eight Australian jurisdictions (excluding New South Wales, Victoria and Queensland) the Australian Standards form the main basis for detailed content requirements of FSPs. Victoria, New South Wales and Queensland, in contrast, each have specific provisions on content that are additional to the relevant Australian Standards. New South Wales provides a template FSP for all food businesses with simplified monitoring requirements for those retail meat businesses that only process raw meat. Jurisdiction-specific requirements may increase the compliance costs of business, particularly for businesses that operate in multiple jurisdictions.

In New Zealand, the *Animal Products Act 1999* requires that all primary meat producers/processors (such as abattoirs) and some secondary meat producers/processors (such as renderers, dual operation butchers and those meat businesses requiring official assurance for export purposes) have a risk management programme (RMP) that is based on HACCP principles and registered with the NZFSA. The NZFSA provides draft generic RMPs for the businesses engaged in the slaughter, dressing, cooling and boning of certain animals and for dual operation butchers.

### *Record keeping*

There is limited legislative prescription on record keeping. In practice, the record keeping obligations on meat producers and processors stem from obligations to

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adhere to nominated Australian Standards, the ANZFS Code and the quality assurance programs.

Nevertheless, interpretation of requirements can vary between jurisdictions, particularly with respect to the level of record keeping necessary to demonstrate compliance. For example, Coles reported that:

There is currently different temperature checking requirements for food businesses in each jurisdiction. In NSW for example, meat production departments are required to check and record the temperature of meat on display three times per day, while most other states only require temperature checking once a day. These variations require us to implement state based temperature checking records and checking processes, which adds to the cost of doing business. (Coles 2007, p.6)

Even for businesses operating in a single jurisdiction, the compliance costs associated with record keeping requirements can be significant. Savill (2005b) reported on the experience of a family smallgoods business in compliance with Victoria's food safety regime:

... entangled in log books, manuals, food safety plans and audits, documenting every step of what used to be a simple family salami and ham-making exercise. Date, temperatures, product weight, moisture and pH levels must be checked at every stage in the production process ... it's a lot of work for a small business ... many butchers have simply given up making salami because of the additional cost and hassle.

For some businesses, such costs associated with record keeping are a normal part of business operations for the responsible production of safe food. For other businesses, the requirements represent an additional compliance burden which may or may not be accompanied by safer food.

The Commission was advised that record keeping requirements of red meat businesses generally exceed those of poultry meat businesses in both Australia and New Zealand.

### *Training*

Jurisdictions differ in the extent of training and demonstrated skills required of meat handlers. In Victoria, the quality assurance program (QAP) of a declared facility must include strategies for staff training in food handling. In Tasmania, personnel must demonstrate that they have the knowledge and skills to be exempt from training. FSPs in Queensland are required to detail aspects of training for staff that deal with primary produce. In New Zealand, all risk management program operators are required to provide for the instruction of staff in operations under the program and require the operator and staff to wear appropriate clothing, follow personal hygiene routine and minimise contamination. In contrast, Western Australia has no

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specific legislated requirement in relation to employee competency, worker health or training (beyond the necessity to comply with the Australian Standards which specify these aspects).

Across the jurisdictions, the need to undertake and demonstrate staff training on an ongoing basis (as opposed to recognition of a skill level) in Victoria, Queensland and New Zealand is likely to mean that training requirements are more of a burden for meat businesses in these jurisdictions.

### **Other jurisdiction-specific requirements on business operation**

In most jurisdictions, meat businesses are required to comply in various aspects of their operation with jurisdiction-specific legislated requirements and/or regulator codes and manuals (table 9.5). For many businesses, these requirements duplicate obligations under national and/or industry standards. For example, the Victorian Farmers Federation (VFF 2007) reported that food safety in Australia's poultry meat industry is already covered through the commercial contracts between the farmer and processor. In addition to having a contract, free range chicken meat growers which are members of the industry group, Free Range Egg and Poultry Australia Ltd, are also required to meet certain requirements on the health and slaughter of poultry. To the extent that these requirements result in businesses incurring additional costs to achieve the same safety outcomes, the food safety requirements may reduce the efficiency of business production.

Specific areas in which jurisdictions have developed particular requirements for meat businesses are in relation to: the design, construction and maintenance of premises, equipment and transport vehicles; record keeping and staff training requirements; product labelling, sampling and testing.

**Table 9.5 Requirements on business operation — meat**

	NZ	NSW	Vic	Qld	SA	WA	Tas	NT	ACT
Compliance with standards, manuals or procedures (other than the ANZFS Code)	✓	✓	✓	✓	✓	✓	✓	✓	
Requirements on premises									
Initial design	✓	✓		✓		✓		✓	
Changes must be approved or notified		✓	✓		✓			✓	
Maintenance provisions				✓					
Other jurisdiction-specific requirements									
Equipment suitability/maintenance	✓	✓							
Transport vehicle design/construction/maintenance	✓	✓		✓		✓			
Record keeping	✓			✓		✓	✓	✓	
Training and personnel requirements	✓		✓	✓		✓	✓	✓	

Source: Baldwins-FoodLegal (2009).

### *Premises and equipment design and maintenance*

In a number of jurisdictions, there are specific requirements on the initial design or construction of the premises in which the meat business operates and stipulations on the manner in which the premises and equipment are subsequently maintained. For example, meat businesses in New South Wales, Victoria, South Australia and the Northern Territory are not permitted to make structural alterations to any building used for meat processing without prior approval from the relevant food safety regulator.

Changes to food safety requirements in recent years as jurisdictions attempt to bring about greater consistency in requirements may have resulted in some meat businesses needing to upgrade their facilities or undergo more frequent testing. Cornish (2009) reports of one Wodonga butcher that ‘... his upgrade cost him close to \$100,000 and testing costs him a further \$2000 a year.’

The major supermarkets have also highlighted areas in which some Australian jurisdictions place requirements on the storage and display of meat products on their premises. Woolworths reported that:

Pre-packaged pet food is sold in supermarkets without risk of contamination, however PrimeSafe in Victoria requires segregation and signage for the sale of pet food. PrimeSafe also requires separate storage areas for pet food which must be appropriately identified with signage. No other Australian jurisdiction has similar requirements. (Woolworths 2007, p. 7)

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Coles similarly reported this as an additional cost of operating in Victoria (Coles 2007).

### *Transport*

In addition to meeting national standards for the transport of meat,<sup>10</sup> Australian jurisdictions place additional requirements on transport vehicles and differ in the requirements for licensing. New South Wales, Victoria, Queensland and South Australia each have a special licence category for meat transport vehicles. In addition, legislation in New Zealand, New South Wales, Queensland and Western Australia specifies requirements for the design and construction of vehicles used for meat transportation. In contrast, meat vehicle licensing in Victoria is more narrowly focussed on vehicles in particular uses. For example, a meat transport vehicle does not have to be licensed in Victoria if it is used only to convey meat from butchers to customers; it is refrigerated and carries meat in cartons to cold stores or wharves; it is used to load a shipping container at an export registered establishment; or it is licensed in another jurisdiction, is used to transport meat in cartons to isolated and remote areas and additional licensing in Victoria is not practical.

### *Labelling*

Legislative labelling requirements for meat at the primary production level are generally limited. The main focus of meat labelling at the primary production level is on traceability issues with legislative requirements for the branding of carcasses and the provision of information including the name, location of licence number of facility; or with respect to packaged meat, the name and the business address of the meat packer, the licence number of the facility; and the date of packaging. While the labelling provisions of the ANZFS Code are to be applied in each Australian jurisdiction for meat to be sold, these requirements nevertheless allow non-retail meat suppliers to provide less detailed food labelling.

For retail meat businesses and those with additional labelling requirements, differences in the tolerance of regulators on enforcement of label accuracy (for example, with respect to the amount of ‘meat’ contained in a meat product) can pose compliance costs on businesses that trade in multiple jurisdictions. (Most businesses would not find it cost-effective to produce separate labels for each jurisdiction in which they operate.) Accuracy of labels can vary for example, when

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<sup>10</sup> For example, standard 3.2.3 in the ANZFS Code requires that vehicles used to transport food be designed and constructed to protect food if there is a likelihood of food being contaminated during transport. Furthermore, food contact surfaces in parts of vehicles used to transport food must be designed and constructed to be effectively cleaned and, if necessary, sanitised.

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a meat product produced in bulk does not contain an even distribution of meat (such that a sliced portion has more or less than the described content) or when the meat product contains meat on the bone.

Changes to labelling requirements can represent a substantial cost burden for businesses — the Commission was presented with evidence that the cost to some meat businesses in not complying with nutritional panels is substantial in terms of destroyed packaging costs. However, as there are few significant differences in labelling requirements between jurisdictions within Australia or New Zealand, these costs are not likely to vary significantly between jurisdictions (Baldwins–FoodLegal 2009).

### *Sampling and testing*

Compliance with national standards obligates all meat businesses to undertake regular testing of their product. In addition to this, authorities in all jurisdictions can direct that additional testing occur and remove samples of meat products for testing and analysis. Usually, testing is legislated to be permissible at any reasonable time or whenever necessary. In New Zealand, poultry meat businesses have, for several years, reported the results from testing of flocks for a range of viruses and infections, including campylobacter, on a weekly basis to NZFSA.

All jurisdictions provide the business with results from testing as either part of a regular audit report or as a separate report. The key area of difference between jurisdictions on sampling and testing relates to reimbursement of costs to businesses. For example, samples removed for testing in New South Wales and South Australia may be reimbursed at current market value, but the NSWFA limits this to \$10 per sample.

## **9.3 Inspections, audits and compliance monitoring**

### **Purpose and agencies involved**

Inspections are one key area in which there is a significant difference in regulatory burden on primary producers of red meat as opposed to the regulatory burden placed on primary producers of poultry, rabbit, ratite or crocodile meat or on other primary processors.

Under the Australian Standard for the *Hygienic Production and Transportation of Meat and Meat Products for Human Consumption*, the ante-mortem and post-

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mortem inspections (to ensure that only animals fit for human consumption are slaughtered and processed and that the resulting meat is suitable for human consumption) must be carried out by a qualified meat safety inspector. This can involve both a visual check of the animals and under the prescriptive Australian Standard, particular microbiological tests. There is little scope in the Australian Standards for businesses to ascertain the suitability of meat for human consumption in a manner other than that specified.

Jurisdictions differ in the way in which these inspection requirements are implemented for red meat. In New South Wales, for example, qualified meat inspectors recognised by the NSWFA are employed in every abattoir and are checked regularly by the NSWFA. In Western Australia, meat inspectors employed by local governments undertake abattoir inspections on a cost-recovery basis. For meat destined for export, all inspections must be undertaken (that is, not just overseen) by an AQIS employee (or an NZFSA employee in the case of New Zealand meat exports). While this potentially reduces the flexibility of operations for exporting businesses, it is not clear the extent to which this is an additional regulatory burden or an export market requirement.

While the Australian Standards applicable to the other meat products (such as poultry meat or pork) similarly require health surveillance and disease detection systems to be put in place, the inspections can be conducted by the lot or pen of animals, rather than on individual animals.

Audits of meat businesses can take place for a variety of reasons, including:

- as a part of the registration process; or
- in conjunction with an inspection to verify compliance with legislation, Australian Standards or with an FSP.

While there is generally a difference between an inspection by an authorised authority to verify compliance with the relevant legislation and an audit of a primary meat producer's QAP, in many of the jurisdictions, the audit of the QAP is done by an authorised officer during an inspection. Some jurisdictions which do distinguish between an inspection and an audit of a QAP, accredit private third parties to be auditors — as is the case in New Zealand, Queensland and Victoria (table 9.6). In these circumstances, inspections by the regulator (such as PrimeSafe in Victoria) would only take place in certain events (i.e. if requested by an auditor, if there is a complaint or if there is potential risk to public health and safety). In contrast, the NSWFA conducts audits and inspections of every licensed meat business in its jurisdiction (including during the application process). Overall regulatory compliance costs may be reduced, if for example, the inspection

activities of a particular agency are recognised and accepted by both government regulators and commercial interests.

**Table 9.6 Audit and compliance check agencies — meat**  
2008-09

	<i>Principal authority</i>	<i>Third party auditors possible</i>
NZ	Animal Product Officers RMP Verifiers	✓ (6 approved) <sup>a</sup>
NSW	NSWFA	
Vic	PrimeSafe	✓ (5 approved)
Qld	SFPQ	✓ (19 approved)
SA	SA DPIR through authorised persons	✓
WA <sup>b</sup>	Western Australian Health	
Tas	Tas DPIPWE through appointed inspectors	
NT	NT DRDPIFR	
ACT	ACT Health	

<sup>a</sup> There are an additional four approved auditors that may be available for meat transport and storage businesses. <sup>b</sup> The WA Meat Industry Authority also do inspections of meat abattoirs and saleyards. While they are not primarily focussed on food safety, they do convey any findings on food safety that result from their inspections and audits of abattoirs, saleyards, boning rooms and processing works to either AQIS or local government for inclusion in their audit reports.

*Sources:* Baldwins-FoodLegal (2009); Productivity Commission survey of food safety regulators (2009, unpublished).

In some jurisdictions there is potential for a duplication and overlap in inspections and audits. Coles reported that

... in South Australia, Primary Industry and Resources South Australia (PIRSA) audit meat departments within stores while local council EHO's monitor the rest of the store by actioning food assessments. While they don't generally overlap there are some occasions when PIRSA will follow up on items/standards within a deli and some councils assess the meat departments and go into our meatrooms. (Coles 2007, p.14)

There is also scope for the meat areas in some Queensland supermarkets to be monitored by SFPQ and to also provide food samples on an irregular basis to Queensland Health. While these activities by the Queensland regulators are coordinated and do not affect every business in every year, for those affected there may nevertheless be a cost associated with provision of staff to assist the regulator during visits to the relevant store.

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## Costs to business of audits and compliance checks

### *Frequency and duration and compliance checks*

The frequency with which audits are undertaken is generally not specified in legislation. In practice however, the regulators in most jurisdictions have developed guidelines for business on audit frequency. Audit frequency generally varies with the type of meat operation and perceived risk to food safety and ranges from up to four per year in New Zealand, New South Wales and Victoria, to minimal annual audits in the ACT and Northern Territory. In some jurisdictions, a business may be found to be generally compliant but nevertheless receive follow-up auditor visits to check progress in implementing recommended changes to business practices.

Jurisdictions reported considerable variation in the length of time taken to perform an audit of a meat business (table 9.7). For example, New South Wales, Queensland, South Australia, and Tasmania reported that audits of a meat business (such as a secondary meat processor), typically lasted for around 2 to 3 hours. Other Australian states and territories reported typical audit duration of around one hour for such a business. In all jurisdictions, audits of abattoir facilities were of a longer duration than other meat businesses — lasting from 2 hours in Tasmania and around 3 hours in most other Australian states and territories to at least half a day in Victoria and up to 8 hours in New Zealand (Productivity Commission regulator surveys 2009, unpublished). Most jurisdictions also indicated that the length of an audit can increase up to four-fold for a larger more complex business (compared with a small family operation).

**Table 9.7 Audit and compliance costs — meat**

Australian dollars, 2008-09

	<i>Frequency</i>	<i>Average duration <sup>c</sup></i>	<i>Charges</i>
NZ <sup>a</sup>	Red meat: 4 audits per year (export); min 1 audit per year (domestic) Poultry: 4 audits per year (with provision for less or greater frequency according to performance)	Primary meat processors (abattoirs): 5-8 hours (max)  Poultry: 5-6 hours (max)	NZFSA audit: \$112 to \$122/hr plus \$28 to \$30/15 min in final part- hour
NSW	Each 3–12 months depending upon risk rating and last audit rating. Failed audits result in a follow-up audit within 1 month	Abattoirs: 3.5 hours Poultry: 3.5 hours Butchers: 0.75 hour Smallgoods: 1.5 hours Meat transport: 0.5 hour	\$147/hour plus \$38 travelling expenses
Vic <sup>b</sup>	Retail butchers (fresh meat); boning rooms; poultry processors: twice / year Retail butchers (cook-chill process); smallgoods manufacturers; abattoirs; game processors: 4 audits / year	Abattoirs: ½ day to several days Poultry: ½ day to several days Further processor: 3 to 8 hours Retail shop: 1.5 to 2 hours	Vary with auditor AusMeat: \$365 / audit charged for one business SGS: \$140 – \$180 / hour
Qld	At least one fee-for-service audit /year. Higher risk businesses may be audited more frequently.	Abattoirs: 4 hours Poultry: 3 hours Butchers: 2 hours Smallgoods: 3 hours Meat transport: 0.5 hour	\$225/hour
SA	Medium & high risk businesses: at least twice/ year; Low risk businesses (eg: cold storage and transport): once/year	Abattoirs: 2 to 3 hours Poultry: 3 hours Butchers: 1 hour Smallgoods: 2 to 3 hours Meat transport: 0.25 hour	Meat transport operators: \$38/vehicle (up to 3 vehicles – after which they pay \$167/hour); All other operators: \$167/hour
WA	Twice per year	Abattoirs: 4.5 hours Poultry: 2.5 hours Smallgoods: 2 hours Meat transport: 1.75 hours	No charge
Tas	At least twice per year	Abattoirs: 2 hours Poultry: 2 hours	Inspection/audit fees: \$166 for the first hour; plus \$54 for each additional 1/2-hour
NT	Once per year (but NT DRDPIFR aim to inspect twice a year)	Abattoirs: 3 hours Other meat processors: 1 to 2 hours Smallgoods: 3 hours Butchers: 0.75 hour Meat transport: 0.5 hour	No charge for compliant annual inspection/audit
ACT	Once per year (not always met)	na	No charge for inspections/audits

**na** Not available. <sup>a</sup> The maximum length of audits in New Zealand depends on the general compliance history of the business. <sup>b</sup> The licensee must arrange with an Accredited Certification Body for an auditor to be present at the facility within the first seven days of operation. Weekly quality control audits continue until a QAP is implemented. <sup>c</sup> Audit duration is the time spent on-site and generally excludes travel time and time spent writing audit reports.

Source: Productivity Commission survey of core food safety regulators (2009, unpublished).

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### *Inspection costs*

Inspection costs vary substantially with the type of meat business and its stage in the production chain. For red meat abattoirs, the cost of an on-site inspector to examine every carcass is a substantial part of compliance costs and these fees may vary with the type of animal inspected or the local council area in which the abattoir is situated. For example, in Western Australia, such inspections are undertaken by an officer in the employ of the relevant local council and are charged on a cost-recovery basis at a rate that varies from council to council. In other jurisdictions, meat inspectors with recognised qualifications are employees of the abattoir.

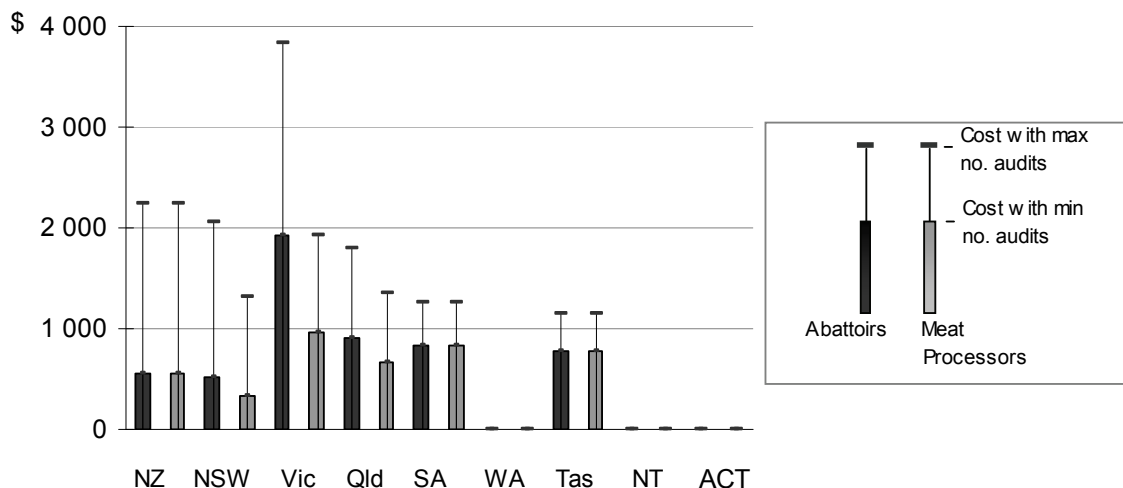
### *Audit costs*

The fees charged to businesses for regulator audits also vary substantially between jurisdictions. To some extent, charges are related to regulator requirements to cost-recover for their services and the number of businesses within their jurisdiction over which they can recoup their costs. In some jurisdictions with low populations of meat businesses, there is no charge for compliance checks (for example, in Western Australia, the Northern Territory and the ACT) or the regulator does not fully cost recover (for example, Tasmania).

Overall, given the per hourly charge rate, frequency and average duration of regulator audits, a secondary meat processing business would be likely to incur the greatest annual cost of audits in Victoria, Queensland, South Australia and Tasmania (figure 9.4). However, as the estimated upper end of the range for annual audit costs in New Zealand and New South Wales is comparable with, or above, that of Victoria, Queensland, South Australia and Tasmania, some meat businesses in these states could experience similar, or higher annual audit costs. Generally, a medium-sized secondary meat processor could expect to incur costs of at least \$300 per year for regulatory compliance checks in all jurisdictions except Western Australia, the Northern Territory and the ACT.

**Figure 9.4 Annual audit costs for a medium-sized meat business by jurisdiction<sup>abc</sup>**

Australian dollars, 2008-09



<sup>a</sup> Estimates are for an abattoir and a secondary meat processor (that is, beyond the abattoir stage) that is generally compliant and may be higher in some jurisdictions for a business engaged in multiple activities that are separately audited. Minimum (maximum) annual audit cost is derived as: \$ cost per hour for an audit x average number of hours per audit x minimum (maximum) number of audits per year. <sup>b</sup> New Zealand estimate is based on minimum audit frequency and maximum audit duration for a meat business producing only for the domestic market. The estimate is converted to Australian dollars using an average exchange rate of 1.23 for 2008-09. <sup>c</sup> Estimate for Victoria is based on audit charges and approximate audit durations provided by a third party auditor, SGS.

*Data sources:* Baldwins-FoodLegal (2009); Productivity Commission survey of food safety regulators (2009, unpublished).

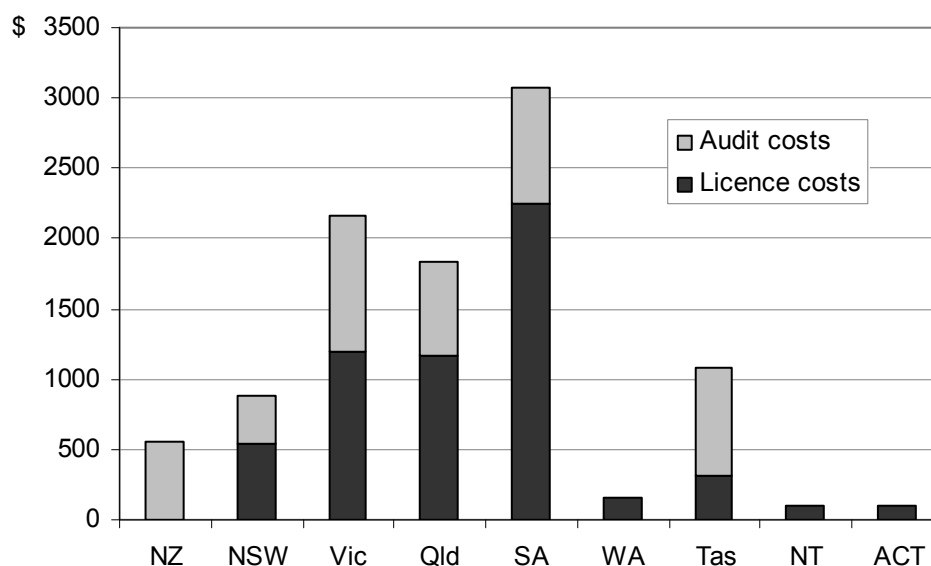
Given the longer duration for audits of abattoirs in some jurisdictions (compared with audits of other meat facilities), the annual cost of auditing is estimated to be higher for abattoir facilities in some jurisdictions than for other meat businesses further along the production chain. A generally compliant abattoir in an Australian state (except Victoria and Western Australia), incurred around \$700 to \$1000 for annual auditing costs in 2008-09. Abattoirs in Victoria incurred higher audit costs due to the longer duration of compliance checks. Meat businesses in Western Australia, the Northern Territory and the ACT were not charged for a compliance check. It should be noted, however, that average hours per audit will not only be influenced by the audit requirements, but also by the complexity of the businesses being audited. Thus, estimates will be biased if the types of businesses audited in each jurisdiction vary considerably.

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## Total compliance costs

Considering the example of a medium-sized secondary meat processor, the overall annual regulatory compliance costs (licence costs plus audit costs) were estimated to be highest for these businesses in South Australia, Victoria and Queensland — due mainly to comparatively high annual licence costs in these jurisdictions (figure 9.5).

Figure 9.5 **Annual compliance costs for a medium-sized secondary meat processor by jurisdiction<sup>abc</sup>**  
Australian dollars, 2008-09



<sup>a</sup> Estimates are for a secondary meat processor (that is, beyond the abattoir stage) that is generally compliant. Annual audit cost is derived as: \$ cost per hour for an audit x average number of hours per audit x minimum number of audits per year. <sup>b</sup> New Zealand estimate is based on the minimum audit frequency and maximum audit duration for a meat business producing only for the domestic market. The estimate is converted to Australian dollars using an average exchange rate of 1.23 for 2008-09. <sup>c</sup> Estimate for Victoria is based on audit charges and approximate audit durations provided by a third party auditor, SGS.

*Data sources:* Baldwins-FoodLegal (2009); Productivity Commission survey of food safety regulators (2009, unpublished).

While total *business* compliance costs may be higher in some jurisdictions (such as those which fully cost recover for their food safety services or use third party auditors), costs to the *community* overall of achieving a particular food safety outcome may not be higher (and could even be lower). Such an outcome is possible because the extent to which regulatory authorities recover the costs of food safety monitoring and/or utilise private third party auditors which have a higher charge than the equivalent government provided service differs substantially between jurisdictions (see chapter 8).

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In addition to the audits and inspections by government regulators, there are a large number of audits and inspections which businesses undergo for key clients or markets. The Australian Chicken Meat Federation (2006) reported that ‘...it is not unusual for a processor to be audited 15 times in a year by various bodies.’ The Commission was advised that some commercial audits are premised on demonstrated compliance with government regulation. This means that when governments introduce new regulations or food standards, businesses may incur a cost to demonstrate compliance in a government audit plus, if the government audit is not recognised by or does not predate a commercial audit, an additional cost in commercial audits to demonstrate compliance with new government requirements.

To the extent that commercial requirements exceed the standards enforced by jurisdictions on businesses, the costs to business of government audits may not impose additional costs of compliance except for the time and fees required during the conduct of the audit itself.