

Are  
**KEY ISSUE AREAS**

**EMPLOYMENT and  
SKILLS** regulation  
in a changing  
economy

Across-industry  
regulatory impacts  
– road transport  
– environmental  
– taxing employment

Reasonable  
expectations of  
**REGULATORY  
PROCESS**  
and **REGULATORS**  
– regulatory creep  
in guidelines  
– agency charges  
and delivery  
– multiple rule systems  
for processing

# **Red Meat Industry**

submission

to the

## **Productivity Commission**

second

### **Review of Regulatory Burdens on Business**

**manufacturing and  
distributive trades**

Australian Meat Industry Council  
(processors, manufacturers, retail butchers)

Meat & Livestock Australia

Red Meat Advisory Council

Cattle Council of Australia

Sheepmeat Council of Australia

Australian Lot Feeders' Association

March 2008

## Submission overview and approach

The Presiding Commissioner  
 Review of Regulatory Burdens, manufacturing & distributive trades  
 Productivity Commission  
 GPO Box 1428, Canberra City ACT 2601

As a major primary, manufacturing, retail and export industry, the Red Meat Industry welcomes opportunities to address regulatory issues at levels of principle and detail.

The Red Meat Industry (RMI) made submissions to the first Review in 2007, and was heartened by the Productivity Commission (PC) analysis of a number of the key issues in its final report released December 2007. This submission to the Manufacturing and Distributive Trades Review outlines regulatory difficulties being experienced in red meat processing, retail, and/or export sectors under three key issue areas:

Employment and skills regulation – for a changing economy	pp 10-16
Across-industry regulatory impacts including road transport	pp 17-23
Reasonable expectations of regulatory process and regulators	pp 24-34

**A set of points of principle** were identified during discussions about regulatory issues within the industry. RMI participants generally agree such principles should overarch evaluation of all regulation regimes and be stressed in submissions.

- **The red meat industry operates in open, competitive markets** and considers marketplaces plus customer needs should be primary regulators of operational and investment decision-making, and adjudicators of performance.
- **However, the industry supports appropriate levels of regulation.** It is a widespread, multi-participant industry providing food for domestic and world markets. Responsible, consistent, effective standards add stability to the industry and assist ongoing operation in some marketplaces against strong competition.
- **The industry supports regulations that show net benefits to most participants** in the meat production, processing, retail and export marketplaces. While acknowledging that regulatory systems increase costs, the industry has developed some rule systems that are partly enforced by government (co-regulation).
- **Regulations of all types, including industry rules, require ongoing critical review.** The industry is conscious of cost, competitiveness and red tape issues raised by supply chain businesses. Fast changing marketplaces, competition and technologies make regular questioning of rules and their effects increasingly important.
- **Australia must achieve commonsense, clever, uniform regulations** and reduce the huge costs to taxpayers arising from duplication of governments and departments.
- **The total weight of regulation is a serious issue** that needs to be addressed in all reviews. While single rules or instructions may appear justified, regulatory burden accumulates. Multiple rule regimes impact on motivation, innovation and investment.
- **The onus for proving the need for rules should be with proponents** of the regulation as occurred during NCP reviews (recognising that regulations generally divert businesses operators from more efficient pathways). Governments or groups advocating rules that impact on businesses should be required to prove that benefits will outweigh costs.

In developing this submission, the Red Meat Industry commissioned studies of rules impacting on the industry, from production to transport, processing, retail and export. These involved interviews with many RMI participants and investigation of multiple layers of regulatory instruments and actions.

During these industry reviews, the RMI has taken into account the PC Issues Papers of 2007 and 2008, the PC draft report from the first Annual Review and the PC final report. These annual reviews are important pathways for industries to raise a range of regulatory problems impacting on business costs, productivity and development.

The RMI seeks to reinforce its earlier position that to significantly reduce regulatory burden, the search for ‘unnecessarily burdensome, complex or redundant, or duplicate regulations or the role of regulatory bodies, including in other jurisdictions’ [PC notice 15.1.08] needs to extend into all facets of the making and application of rules, including:

- **Laws and rules in various forms:** legislation (acts, statutes), sub-ordinate legislation, quasi-regulation, co-regulation (policies, industry codes and standards with or without legislative backing), and elements of international rules/treaties/codes. However, many government exercises only focus on legislation and formal regulations.
- **The ways laws are administered and enforced,** through guides, notices, protocols, approvals, instructions, inspections and daily actions or reactions of regulator agencies, (departments, authorities, councils). The PC identified this area in its issues paper :

The Regulation Taskforce report [2006] noted the views of some business groups that ‘the behaviour of regulators can be just as problematic as the regulations themselves’... Examples cited included ‘heavy-handedness and undue legalism; failure to use risk assessment when determining how stringently or widely to enforce a regulation; poor and ineffective communication; and a lack of certainty and guidance to business about compliance requirements’. Sometimes the same regulation will be interpreted and enforced differently in different jurisdictions. *PC Issues Paper 2007 p 14*

**The Red Meat Industry is one of the most highly regulated production, processing, retail and export chains in Australia.** This listing of the main statutes, regulations, orders, instructions and guides that affect the planning and operations of a processing plant in Queensland selling to local and export markets, illustrates the scope of rules.

#### **Queensland laws for Meat Plants**

[meatsafe.qld.gov.au/legislation/intro](http://meatsafe.qld.gov.au/legislation/intro) 11.07

- Animals Protection Act 1925
- Animals Protection Regulation 1991
- Environmental Protection Act 1994, EP Regulation 1998
- Environmental Protection (Air) Policy 1997, Noise, Water
- Environmental Protection (Waste Management) Policy 2000, and Regulation 2000
- Food Act 1981: Food Hygiene Regulation 1989
- Food Production (Safety) Act 2000
- Trade Measurement Act 1990

#### **International**

- FAO-WHO - Codex Alimentarius Commission food standards, guidelines and codes of practice

#### **Commonwealth - DAFF**

- Australian Meat and Live-stock Industry Act 1997, and Regulations 1998, & Export Licensing Regulations 1998

- Meat Industry Act 1993, Meat Industry Regulation 1994
- Meat Industry Standards (+ Approved Arrangements etc)
- Stock Act 1915, Stock (Cattle Tick) Notice 1993, Stock Identification Regulation 1985
- Stock (Maximum Chemical Residue Limits) Regulation
- Trade Measurement Act 1990
- Workplace Health & Safety Act 1995
- Workplace Health & Safety (Industry Codes of Practice) Notice 1999
- Workplace Health and Safety Regulation 1997: and W H&S Miscellaneous) Regulation 1995

- World Organisation for Animal Health (OIE) rules, standards
- Australian Meat and Live-stock Industry (Quotas) Act 1990
- Australian Meat and Live-stock Industry (Standards) Order 2005

continued over ...

**DAFF AQIS legislation**

- Export Control Act 1982,
- E.C (Prescribed Goods-General) Order 2005
- E.C (Meat and Meat Products) Orders 2005
- Export Inspection (Establishment Registration Charges) Act 1985 & Regulations; Export Inspection (Service Charge) Act 1985 + Regs, Meat Export Charge Act 1984
- Meat Inspection Act 1983; and MI (Modification) Regulations, and MI (Orders) Regulations
- Meat Inspection Arrangements Act 1964
- AQIS Meat Notices (instructions)
- AQIS Approved Arrangements (MSQA or company system)
- Export Meat Manual - Volume 2 (to foreign countries)

**Australian Meat Standards** (to become FSANZ Primary Production and Processing Standards)

- Australian Standard for the Hygienic Production and Transport of Meat and Meat Products for Human Consumption 2007
- MI (Construction of Premises Processing Animals for Human Consumption) Standard 1996
- MI (Construction of Premises Processing Meat for Human Consumption) Standard 1996
- MI (Hygienic Production of Game Meat ...) Standard 1996

**Aus-Meat National Accreditation Standards** - language**AQIS policies**

- Policy for Approved Arrangements at establishments processing or storing meat and meat products...
- Audit and Sanctions Policy for export registered establishments
- Registration of an establishment processing or storing meat and meat products for export.

**AQIS guidelines for**

- Approved Arrangements; Animal Welfare
- Construction & equipment for export meat establishments
- Meat Safety Quality Assurance (MSQA)
- Meat Hygiene Assessment (MHA)
- Equipment, Materials, E- Records.

**National - Commonwealth**

- Trade Practices Act 1974 plus State Fair Trading Acts
- National Environment Protection Council (NEPC) of Ministers
- The National Pollutant Inventory (NPI) National Environment Protection Measure (NEPM), including draft clauses for a mandatory national greenhouse and energy reporting system.

**The RMI is closely following government policy statements regarding red tape reduction**, as spurred by productivity and competitiveness issues facing Australian industries. The need to seriously address regulatory burden was directly acknowledged by the Council of Australian Governments now over two years ago:

COAG agreed that effective regulation is essential to ensure markets operate efficiently and fairly, to protect consumers and the environment and to enforce corporate governance standards. However, the benefits from each regulation must not be offset by unduly high compliance and implementation costs. . . **all governments will establish and maintain effective arrangements to maximise the efficiency of new and amended regulation and avoid unnecessary compliance costs and restrictions on competition** . . . [and] identify further reforms that enhance regulatory consistency across jurisdictions or reduce duplication and over-lap in regulation and in the role and operation of regulatory bodies. *COAG Communiqué Feb 2006*

These COAG pledges have been reinforced by the new Prime Minister and Federal Government who, for economic, social and political reasons, do appear committed to “systematically . . . reducing the level of over-regulation of the . . . business community”:

The truth is business regulation is now right out of control. The quantity and complexity of business regulation today is eating away at the entrepreneurial spirit of Australian business. But while enterprise is necessary to drive long-term economic growth, too much of our business community’s time, effort and attention is being consumed by glorified compliance agents on behalf of governments, both Federal and State. This is stifling the incentive to take risks and to innovate. It throws sand in the engine of economic growth. Australian businesses know exactly what I mean. *Kevin Rudd address, April 2007*<sup>1</sup>

**Notably, on 20 Dec 2007, COAG established another Business and Competition Working Group.** Objectives include to accelerate and broaden the regulation reduction agenda to reduce the regulatory burden on business, and to deliver significant improvements in Australia’s competition, productivity and international competitiveness.

The RMI agrees that harmonisation of sets of rules within and across jurisdictions will be important to achieve regulatory efficiencies but this should not be the main pathway for regulatory reform. *Harmonisation of over-regulation will not benefit Australia.*

**To streamline, rules need to be removed, including blocks of regulations and instructions. Types of ‘regulatory creep’ that increase compliance costs above the necessary, also need to be resolutely addressed.**

These Annual reviews open a path to actually addressing regulatory burdens. Despite Federal and State promises and multiple reviews over the last 15 years, the quantity of business regulation in Australia has escalated and the quality has not improved. It is important then that all types of impacts, burdens and cost increases identified by industries are systematically and critically examined for:

- i. *higher costs of running an enterprise* directly or by limiting choices, and
- ii. *reduced scope and motivation for innovation, invention and investment.*

“Opportunity costs can pose a significant compliance cost. Opportunity costs often result from regulation-induced changes in prices and resource allocation, trade effects and delays in the introduction of new products and services. Regulations can change the incentives facing businesses in ways that lead them to change the characteristics of their products or even to change what they are producing.” *PC Issues paper*, April 2007.

**Together, such regulatory impacts impair productivity and competitiveness of individual enterprises and of the whole Australian red meat supply chain.**

The RMI discusses a number of issues in the following sections. Various forms of evidence are provided, but it is difficult for industries and businesses to directly cost the effects of regulations alongside running their businesses. To reduce regulatory burden, policymakers and regulators need to acknowledge that all types of regulations routinely increase costs, and that these effects can vary in different circumstances.

**The Red Meat Industry reiterates that the onus for proving the need for rules should be with proponents** and that Governments or groups advocating regulations that impact on businesses should be required to prove that benefits will outweigh costs.

The RMI notes that “the Commission has been asked to have regard to the *underlying policy intent*” of regulations raised for attention, and notes that the PC is looking to identify regulations “that impose burdens which could be removed or reduced without compromising the achievement of regulatory objectives”, as judged by “likely net benefits from removing or reforming them, and impacts on productivity for the economy as a whole” [*PC notice 15.1 2008*].

**‘Policy intent’ should include commitments by COAG and the Federal Government on deregulation, regulation reduction and removing red tape.** In this context, the RMI was concerned by some approaches taken by the PC in considering submissions and issues raised during the 2007 review.

In particular, the PC appeared to constrain its current and future role by interpreting its scope tightly and by deferring to ‘current and recent reviews’. This ‘handing over’ extended to regulators that said they will undertake future reviews. The PC seemed to be endorsing disparate ad hoc reviews, rather than setting about reducing regulatory load.

**The RMI sees systems for achieving robust, effective reviews of regulatory schemes in the context of the COAG National Reform Agenda as a key issue itself.**

The challenge for Australian governments and industries facing productivity pressures is to reduce costs of regulation and restrictions on innovation and competition, and at the same time, ensure public benefits expected from regulatory systems are obtained.

The RMI reiterates points made in 2007 regarding the PC approach to these reviews:

1. To advance the COAG National Reform Agenda and deregulation, blocks of regulation need to be critically reviewed against policy, regulatory principles and indicators of effects of the regulation, and whether benefits are being secured.
2. *Recent regulatory regimes and those being developed also need this scrutiny.*  
It is unlikely departments and agencies were taking into account the new COAG regulation reduction policy in their daily actions, or reviews or consultation, before late 2006. Reports need to be re-read in the light of the less-critical regulatory review climate prevailing before 2006 (as do inputs from industries or businesses).
3. Even regulation reviews started during 2007 might not be structured to provide the critical scrutiny now indicated in COAG and Federal frameworks. The Federal Best Practice Regulation material, for instance, was finalised only in August 2007.
4. Views within industries are also evolving, as competitive and cost pressures in world marketplaces make effects of regulations clearer. Industries and businesses reasonably expect that regulatory questions should be re-opened and addressed through these new high-level Reviews of Regulatory Burdens. Noting the escalation of rulemaking over the last five years, government agencies should also be prepared to objectively scrutinise even recent blocks of regulation.
5. *Dissection of practices, costs and returns is crucial to red tape reduction.*  
For instance, it is unlikely that all extra costs could be “the inevitable consequence of the objectives of the regulation”. In reality, extra costs are likely a continuum of ‘expected costs’ (to achieve policy objectives) plus ‘unnecessary costs’ (eg. from inefficient, inexpert implementation).

**Red Meat Industry Submission 2008 – participants**

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## A. RED MEAT INDUSTRY – processing – retail – export

**Recognising lead-times to achieving reform of regulatory regimes**, and that local and world marketplaces are fast changing, the RMI needs to argue for the regulatory framework it requires in years hence, as well as raising current problems.

Under COAG principles,<sup>2</sup> effective regulation reviews involves assessment of public benefits and disbenefits including impacts on businesses. Hence, regulatory systems need to be critically examined in light of current and potential circumstances.

### **Industry position and post-farm competitive factors**

**Red meat production, its processing, manufacturing, retail and export amounts to a major Australian industry, significant to the economy and vital to many regions.** The economic and social characteristics of changing meat production, processing, sale and export sectors provide important context to consideration of regulatory problems.<sup>3</sup>

- In 2005-2006, the gross value of Australia's sheepmeat and cattle production was \$9.7 billion, near 1% GDP, with the total RMI valued at over \$17b. 'Linkages with other parts of the economy are strong and the performance of these industries has an effect on the national economy.'<sup>4</sup>
- Globally, Australia is the second largest exporter of red meat, supplying 4% of world beef and 7% of lamb. Meat is Australia's leading food export sector, in 2005-06 accounting for about one-third of Australia's total food exports. Of 974 kilo-tonnes of beef exported in 2006, 303 kt went to the USA, 403 kt to Japan, 157 kt to Korea.
- Within Australia, red meat is 55% of retail fresh meat purchases.
- Beef and veal production was valued over \$7.6 billion in 2005-06 with 65% sold to export markets. Approximate beef production by State is Queensland 51%, NSW 20%, Victoria 16%, WA 6%, SA 4%, Tas 3%, NT 0.1%. Slaughter was forecast to fall by 3% in 2007.
- Sheepmeat production (380 000 tonnes lamb, 244 000 tonnes mutton, plus live exports) was valued at \$2.1 billion in 2005-06. 62% was from Victoria and NSW. Lamb was \$1.4 billion, up 88% (real) since 1995-96. Near 45% of lamb and 76% of mutton is exported.
- Feedlotting is a vital part of the production and supply chain. To meet consumer demand for quality grain-fed beef, 30% of cattle slaughtered last year were grain fed.
- Exporting of live cattle and sheep is now a major structural component of the meat and livestock industry, with average annual earnings of \$750 million over the last five years.

**An estimated 200,000 people are employed in Australia's red meat industry.** Some 80% are working along the post-farm manufacturing supply chain including in retail butcheries. Regional plants have significant positive impacts on local economies.<sup>5</sup>

However, attracting and retaining employees at all skill levels is now a major industry problem and associated costs are increasing [refer section B]. The current and forward squeeze on Australia's red meat processors is evident in this ABARE statement.

Australian beef exports in total are forecast to fall by almost 8 per cent in 2007-08 to around 900 000 tonnes (shipped weight), largely because of lower Australian beef production. However, the total value of beef exports is forecast to be maintained at around \$4.6 billion because of the higher saleyard prices of cattle. *ABARE australian commodities 9.07*

**Red meat processing, manufacturing and trade is part of the Australian food industry, so costs and competitiveness need to be measured in global terms.** The RMI, like most food industries, must add value to and export large quantities of product into world marketplaces against suppliers increasingly competitive in cost and quality.

The Australian food industry is an important component of the Australian economy, accounting for around 20 per cent of manufacturing sector output. Growth of the Australian food sector has been strongly export oriented ... A key trend in world food markets is increasing globalisation, driven by large multinational food manufacturers and supermarket chains with the ability to source their input requirements from many different countries. ... Australia's **continued international competitiveness in food products requires ongoing improvements to multi-factor productivity** and investment in research and development. *ABARE 2007*<sup>6</sup>

Australian meat industry products compete among themselves and with other foods domestically, and with other meat exporting nations in world markets. Australia's status as 'disease free' currently provides a crucial competitive advantage into high-value markets in Japan, USA and Korea. However, the last ten years has seen rising competitive pressure and louder calls within the Australian red meat industry for sustainable overseas market diversification. In reality, the price of Australian product (reflecting higher cost structures and a stronger Australian dollar), affects sales to South-East Asia, Africa and the Middle East where Australia must compete with South American, Indian and African meat and livestock [*MLA Feedback, August 2007*].

**Marketplace challenges facing red meat processing, retail and export** include:<sup>7</sup>

- Lower animal supply and throughput with up to 10% higher saleyard prices to 2010-11.
- Japan and Korea demand for Australian beef likely to fall as competitiveness is reduced by a high Australian dollar. A Korea-USA free trade agreement would affect Australian sales.
- World meat/protein trade is growing, putting pressure on traditional supply lines and protections. In 2006, the FAO reported that: world meat trade since 1990 has grown faster than production, driven by pork and poultry; developing countries accounted for 52% of beef and 55% of sheepmeat exports (3-5 x 1990 exports) and 39% of beef imports (3 x), 51% of sheepmeat imports (about 6 x 1990); meat consumption growth is forecast at 1.7%pa in developed countries, and 3.7%pa in developing countries (5.1% 1996-2005).<sup>8</sup>
- Australia's current main competitors into key markets (ie. USA, Japan, Korea) are the USA, Canada, Uruguay and NZ. Access to beef markets is opening, as restrictions including disease-status and trade barriers are addressed. Foot & Mouth disease has kept South America out of prime markets, but this is changing. Uruguay has exported to the US and Canada from 2003.

'[At 2006] more than 90 per cent of EU beef imports are sourced from ... Brazil, Argentina and Uruguay. These countries ... fill their portions of the 'Hilton' quota and most of the other two [EU] global tariff quotas [and] export substantial quantities of beef at the high EU above-quota tariffs. ... illustrates the significant cost competitiveness of Brazil, Argentina and Uruguay in supplying beef to the European market.' *ABARE 2006*<sup>9</sup>

ABARE considers trade liberalisation could part-open US and EU markets and increase the value of world beef trade. But South America would mainly benefit in the EU, and "if Uruguayan beef could be landed in the USA at even lower prices with an improvement in market access, then exports of Australian beef to that market could be adversely affected".

**Arguably, markets for red meat and protein in developing countries could become vital to Australian producers and processors over the next five years.** Cost structures determine viable selling price levels, and Australian pricing will be a key success factor against strong competition from suppliers in SE East Asia, Middle East, Russia and Africa.



**Alongside innovation and training to increase productivity, the RMI needs to be vigilant about all types of costs across operations, at all stages of the supply chain** – including direct and indirect regulation expense and impacts on innovation.

The cost of livestock is only one component of the total cost ... in providing fresh meat to consumers and it represents a relatively small proportion of the final price of packaged meat. ... Movements in the margin between saleyard prices and retail prices for red meat may be caused by... changing costs throughout the... chain (from 'finishing' on grain to meet quality specifications [to] slaughtering, processing, transporting, butchering and packaging) and increased value added at the retail end. *ACCC 2007*<sup>10</sup>

**Notably, the post-farm red meat industry has restructured significantly in two decades.** Where the 1970s and 1980s were characterised by state-run abattoirs, small local rooms and slaughterhouses, industrial disputation, retail dominance of butchers, and occasional quality or export problems, today's industry is much changed.

- **The processing sector is now a 'mature' industry with low margins**, demanding tight management on all fronts and considered investment in capital, technologies, systems, skill and capacity development, products and markets.
- **Processing plants are 'getting bigger'** – individually and through company expansion to multiple sites, usually by acquisition. The 25 largest firms are increasing their throughput through technologies, systems and multiple shift operation. In 2006, these processed 1.7 million tonnes of beef (others, 0.4 mt beef), and 0.3mt of sheepmeat (others 0.25mt).<sup>11</sup>
- **There is a diversity of size and product selling arrangements** among the 25 largest processing plants, to service a widespread and variable industry. While some plants fail each year, the major rationalisation was during the 1990s with closure of many local council plants in face of upgrade needs, plus some in cities facing environmental issues. The red meat processing sector features a multiplicity of 'establishments' including abattoirs, boning rooms, butcheries and processor-manufacturers.
- **The processing industry seems to be ending a long period of re-investment** including new slaughter floors, boning rooms, upgraded chillers and freezers plus improved effluent and odour management measures. Processors are now faced with the ongoing challenge to make their investments in increased capacity pay off. [*MLA Top 25 Processors 2006, Sept 2007*].
- **These investments parallel changes in quality systems implemented by processing firms.** The ARMCANZ Australian Standards 1995 provided a start by introducing HACCP systems. Technological, process and quality advances have continued, leading a range of stakeholders to observe that 'Australian meat product is the best in the world'.

The industry, through the Red Meat Advisory Council (RMAC) agreed a third strategic plan in 2003,<sup>12</sup> in part as a basis for interaction with Governments, much of which occurs through regulation. An underlying theme is to enable enterprises to respond innovatively and responsibly to market drivers including consumer expectations for quality assurance.

**A key question arising now is whether regulation schemes and application of rules by agencies are keeping pace with industry advances, with government policy directions and with changing sector needs** in increasingly competitive marketplaces.

This question is considered within the following discussion of RMI key issue areas.

## B. EMPLOYMENT and SKILLS REGULATION – for a changing economy

**On Regulatory Burden.** The RMI is facing major workforce availability issues in processing plants and butcheries, in some city and in most regional areas. Higher costs are arising because of available workforce capacity, and because plants have to continually recruit skilled and general workers. Australia's sustained high-employment is expected to continue, as seen in workforce statistics, and assessments by industry and Government. For the meat industry, it is unrealistic to assume 'this will change soon'.

Many industries are concerned about immigration rules, but RMI faces particular issues that need to be raised in this regulatory burden review. Problems that developed over 2006-2007 include an error in ASCO listing for boners and slicers, exclusion of the meat classifications from Gazette listings and so the general 457 visa pathway, and development of an industry labour agreement that substantially raises costs for some.

### The Red Meat Industry -

- ▶ **assesses these issues are placing a substantial burden on a range of enterprises with particular impact on regional meat processors across Australia.**
- ▶ believes it has been discriminated against, and as the largest agricultural enterprise deserves more balanced and considered treatment through current or new regulations
- ▶ **asks for urgent attention to problems with workforce immigration regulations** to allow the meat processing sector to source overseas labour for positions left unfilled by Australian labour and that are reducing capacity to operate efficiently.

**This industry is also facing structural change to its employment base.** This reflects a mix of enduring economic, demographic, education and work trends away from meat-working towards roles in service sectors. These effects are embedding, and will continue even in a slower economy. In this context, further issues with the regulation of systems underlying immigration and employment decisions arise, including that:

- ▶ **Australian industries under global competitive pressure are being burdened by out-dated regulations on types of work.** This regulatory system should be recast to provide for new types of broad-based work categories for skilled and general workers.
- ▶ The meat processing sector has developed employment and operating practices based on capacities of 'unskilled' workforce entrants who 'up-skill through work'. This positive model should also be recognised in workforce immigration rules.

**Management of costs, of which workforce is a major part, is essential and in this, meat processors, manufacturers and butchers face a new set of challenges.**

**The major workforce issue now is availability of suitable people for meat plants and butcheries in some city and most regional areas.** These problems have been explained in submissions to recent inquiries. For example from a Victorian processor:

In early 2004 our company took the decision to expand our business by approximately 50%. At that time our Slaughter Floor had the capacity to facilitate this expansion but a large investment in plant and equipment was required to upgrade the Boning Rooms. The company has always had a training program and this was upgraded to prepare the work-force for the increase in skilled and unskilled people. In the latter half of 2005 when the first stage of the expansion was nearing completion it became obvious that the employees under training would

not satisfy our requirements. The reasons were assessed as retention of skilled employees, availability of suitable people to train in the region as well as lack of applicants to train. ...

In South Gippsland, despite our best efforts, we are simply unable to recruit and train sufficient local employees. ... We then identified 20 positions that we would in all likelihood be unable to fill in the Boning Rooms. While maintaining our training program Tabro applied [in Feb/March 2006] for approval as a Sponsor under the 457 visa program. 20 nominations were also lodged for Butchers with a skill level Tabro required and clearly identifying duties to be performed. The nominations were also signed by the Regional Certifying Body ... requesting the regional allowance for wages. *Tabro Meat 2007*<sup>13</sup>

**Higher costs arise in plants where the usual workforce has changed and plants need to continually seek and recruit skilled and general workers.**

- *Plants are unable to achieve throughputs needed to support overheads or to run in optimum configurations.* Some shifts, production lines and /or value-adding are being stopped due to lack of workers overall or numbers not arriving on a given day.

The Company has had to reduce its operating capacity by 25% across the operation as a direct consequence of the inability to source sufficient skilled labour that in turn generates the work for unskilled and semi skilled persons. We simply cannot operate a line, slaughtering for export, unless we have the skilled off-shore slaughterers at the head of it and we are now seriously considering having to close one of our lines. Up to eighty people are employed in such a line. This downturn in operating capacity has flowed directly to the rural sector ... as the Company withdrew from competition in sourcing livestock. ...the downturn in production outcomes has had a direct effect upon the export earning capacity... *Midfield Meat 2007*

Current labour restrictions (local workforce and unable to bring in immigrants) means we are running less shifts in plants and we stop the value-adding activities. Selling boxed meat but can't deliver on fancy cuts. We have to close down some sections of the plant – instead of value adding eg. tripe goes through to the cooker (for meat meal). *A NSW processor 2007*

- *Line operations are slower* and reworking or remedial actions increase in order to achieve product standards and quality - reflecting a less experienced workforce.

Training in plants contributes to Australia's low levels of contamination and high QA standards. High turnover of less skilled staff directly relates to lower QA and Shelf life.

Few see it as a life-long career. ...yet these are jobs requiring some levels of knife skills, understanding of hygiene and safety, teamwork.

- *Recruitment, training, OH&S and related costs increase* above levels budgeted for the more stable, committed and experienced workforces of last decade.

Tightness in the labour market has been evident from 2003 onwards. This year our northern plant production output is down 30% from 2003. Employee turnover is up 60% since 2003. Recruitment and training costs are up 40% since 2003.

**Australia's sustained high-employment and participation is expected to continue,** as signalled by workforce statistics,<sup>14</sup> and observations by industry,<sup>15</sup> and Government.<sup>16</sup> Although workforce shortages are recognised as an issue for some industries, there seem to be unrealistic assumptions among policymakers that 'this-will-change soon'.

**In contrast, many meat processors consider the sector faces enduring problems,<sup>17</sup> and that there are signs of serious 'structural change'.** Such structural changes to employment patterns in nations, regions and industries have been seen over centuries and recognised in studies.<sup>18</sup> Shifts can be driven by customer needs, new technologies, competition, and changing political and community views on what is interesting or 'good' work (as the House of Reps noted in its 2007 manufacturing review).<sup>19</sup>

Education trends and Government policies are increasingly driving an Australian population that will not be considering process line work in slaughtering and boning facilities ... yet the rural sector is dependent on a consistent supply of skilled and unskilled labour in order to realise the industries potential. Government policy needs to realise the implications ... on a labour intensive, regionally based industry like the meat processing industry. *A RMI councillor*

Other rural and associated industries (eg. road transport) also point to sustained change in employment patterns. The 2005-2007 HoR inquiry into rural skills training identified 'severe skills shortages in rural industries and significant gaps in our capacity to respond to those shortages'.<sup>20</sup>

**Australia needs now to recognise a broader labour shortage of workers at most of the capacity levels required in integrated manufacturing operations (not just traditional 'skilled' classifications).**

Red meat industry employers are concerned that, even if the economy slows, they face ongoing workforce challenges due to structural change on the 'supply side'. Supply is being affected by attitudes in younger people to slaughtering and animal products, and the views on the physical demands and the repetition in processing line-work.

Meat plants do have young employees, but fewer now enter the industry and turnover is higher. Youth have many options for entry work and traineeships. Hospitality, transport and office sectors have difficulty attracting skilled and entry-level 'unskilled' workers.<sup>21</sup>

These work types will be favoured even in slower times. While the RMI knows it needs to lift work interest through technology and variation, it is also evident that traditional Australian labour sources have moved away from this sector.

... the meat processing industry faces a huge challenge in attracting young people and ... innovative technologies like robotics may be the key to helping turn this around. ... "A job in the meat processing industry is not usually at the top of the list when it comes to career choices for most young Australians." *Meat & Livestock Australia, media release 29 Nov 2007*

**It is recognised that unemployment rates for skilled and 'unskilled' Australians differ. But, as identified by Federal agencies, there also important linkages.<sup>22</sup>**

The unemployment rate for skilled Australians is currently less than two per cent. This covers those Australians with qualifications and experience relevant to occupations in ASCO major groups 1 to 4 (ie. professionals, managers, associate professionals and trades).<sup>a</sup> If there is always going to be a percentage of skilled Australians in transition from one job to another, this suggests that we may be very close to full employment for skilled Australians.

This goes a long way to explaining the widespread nature of current skill shortages ...skilled migrants increase job opportunities for unskilled Australians, and skilled temporary entrants pass on skills to Australian colleagues that makes them more productive and more employable.

<sup>a</sup> 'Skilled' has been defined as workers having an occupation in ASCO major groups 1-4' ABS, 1220.0 Australian Standard Classification of Occupations (ASCO) Second Edition, 1997.

ASCO level	Occupational group	Skill level
1	Managers and Administrators	1
2	Professionals	1
3	Associate professionals	2
4	Tradespersons and related workers	3
5	Advanced clerical and service workers	3
6	Intermediate clerical, sales and service workers	4
7	Intermediate production and transport workers	4
8	Elementary clerical, sales and service workers	5
9	Labourers and related workers	5

**Notably, the RMI has been a solid employer of less-skilled youth who, with on-the-job training, can develop** ('up-skill') and continue as career meat workers. Similarly, older people of adequate physical capacity. Sectors provide in-house training for initially 'unskilled' persons. Plants use practical and structured systems to up-skill persons and teams, task by task. Many progress to Meat Processing Certificates II and III while working. Butchers also indicate it is possible to still learn the trade on the job.

In the case of skilled employees, the theoretic training for AQF III certificate level typically consists of one years' duration. This is a however a very different issue to the practical component of training. ... it is quite possible for an employee in training to become competent gradually across the range of skills necessary. However, when competent in just one single aspect of the skills, the employee concerned can fulfil a fully productive role on the production line. ...

Practical training arrangements across the industry vary. [Some] establishments that have 'learner chains', which operate at reduced production speeds whilst practical training is given. The intermediate situation are 'buddy' or 'tutor' systems, where practical training is given by a skilled employee on the production line to learning employees. *AMEIU 2007*<sup>23</sup>

Working with educational institutions and unions, the RMI has developed initiatives in recent years to develop interest and skills across sectors. MINTRAC (the National Meat Industry Training Advisory Council Ltd) was established to improve skills of workers in the industry through the provision of accredited training from entry level to senior management. Processors, manufacturers and butchers are also starting to make changes to systems and processes to facilitate recruitment from a broader base, such as smaller-framed people including women. Some plant operators see potential for further work re-arrangements but requirements for regulator approvals are constraints.

**Even with such initiatives in red meat sectors, the numbers of available skilled trades, trainee and less-skilled workers continue to fall.** Employment and up-skilling systems built over decades in response to supply, demand and industry needs are under structural pressure – in face of social attitudes, competition from 'nicer' industries, and policy statements on ideals of 'best' types of work and training pathways – arguably leaving 'old' Australian value-adding industries 'high and dry' for future workforces .

## **B.1 Meat industry workforce needs and immigration regulations**

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The Subclass 457 Business (Long Stay) Visa has been available to employers under the *Migration Act* and *Migration Regulations* since 1996. The Standard Business Sponsorship (457) regulation system aims to allow businesses 'to meet their immediate skill needs through sponsorship of overseas skilled workers to work in nominated positions in their business'.<sup>24</sup> Use of the 457 facility has grown as employers in a range of sectors (with varying needs) try to do business in a strong economy with very low unemployment.

Multiple industries are concerned about workforce immigration rules but as stated above, **the Red Meat Industry faces particular workforce issues in short and longer terms that warrant consideration in the process of regulatory burden review.**

**Current RMI issues with 457 rules** were the subject of much correspondence with the Federal Department and Minister during 2007 as well as submissions to the Joint Standing Committee on Migration Temporary Visa Inquiry. In early 2006, the RMI realised that visa applications were not being processed – without advice to the industry. Some of the policy and regulatory procedural problems have been addressed but others have arisen during the process and from regulatory action.

Points at issue include:

- ASCO listing Boners and Slicers as level 9 rather than equal to slaughterpersons at level 4, making these roles basically ineligible under 457 rules. The RMI considers the ASCO classification of meat Cert. III Boners and Slicers has been confused with fish industry roles described similarly but not aligned. The RMI has faced difficulty trying to discuss this.

**Industry Skills documentation categorise Meat plant workers as:**<sup>25</sup>

*Labourers:* Packaging, preparing & trimming carcasses, offal and tripe processing, loading product, cleaning, using equipment, rendering or Fellmongery. These employees may start as ‘unskilled’ and progress to a Certificate II Meat Processing.

*Boners, Slaughterers and Renderers* are at the same skill level in Industry models. See also the Certificate III Meat Processing (Boning), Certificate III Meat Processing (Slaughtering), Certificate III Meat processing (Rendering). *The Industry says these should all be ASCO 4.*

Certificates III and IV Meat Processing (Meat Safety) qualify *Quality Assurance Officers, Meat Inspectors and Supervisors*. A Quality Assurance Manager would likely hold an Advanced Diploma in Meat Processing plus management or leadership certificates.

- In September 2007, the 457 visa rules for the meat industry were changed without consultation, just by excluding the meat industry classifications from the Gazette listing.

**Labour agreement arrangements for the meat industry** [immi.gov.au/skilled/new\\_arrangmt.htm](http://immi.gov.au/skilled/new_arrangmt.htm) 11.07

‘From 10 September, the occupations of Meat Tradesperson Supervisor (ASCO 4511-01) and Slaughterperson (ASCO 4511-15) cannot be nominated under standard business sponsorship arrangements for the Business Long Stay visa. The occupations of Butchers or Small-goods Makers can only be nominated under the subclass 457 Standard Business Sponsorship arrangements where they match a new description. ...

Meat processing companies who seek to employ overseas skilled meatworkers must seek access to a labour agreement, which provides for a broader range of skilled meat workers required by the meat industry.’

The Meat Industry Labour Agreement promulgated by the Minister and Department includes a number of elements that had been raised as major problems by the RMI and enterprises during 2007. Extra requirements that would add costs include exclusion of a Regional Allowance, meaning any incoming Slaughterperson must be paid a general minimum salary level, rather than previously approved lower Regional Award rates.<sup>26</sup>

Some large-scale processors have now signed a Meat Industry Labour Agreement for all or some of their plants. However, the Standard 457 pathway remains closed and medium-size and sheep plants especially face difficulty. Where they cannot financially afford higher costs these plants do or will need to close lines or value-adding activities.

Plants have to use the workers in skilled positions and have to pay all those workers at the skilled classification rate ... This accords with general boner/slicer in a beef plant but is more difficult for sheep processors. *Nov 2007*

The ‘Labour Agreement’ ... that they offer as a solution to the woes of the Meat Industry has not been accepted by the industry and would inflict greater costs on regional small businesses ... that would make them uncompetitive [compared to companies with regional and city plants that can average costs]. It totally ignores the regional allowance: and adds greater costs onto a business that is trying to compete into the export market place. *mid 2007*

### **The Red Meat Industry -**

- ▶ **assesses the issues raised above are placing a substantial burden on enterprises with particular impact on regional meat processors across Australia.**
- ▶ believes it has been discriminated against, and as the largest agricultural enterprise in the country deserves more balanced and considered treatment..
- ▶ **asks for urgent attention to immediate problems with immigration regulations** through a revision by the new Federal Government of the business visa regulations and their operation to allow the meat processing sector to source overseas labour for positions left unfilled by Australian labour and that are reducing the capacity of abattoirs to operate at greater levels of efficiency.

### **The Red Meat Industry has also identified longer term issues linked to restrictions on potential workforce development through immigration and current visa rules.**

Of particular concern is the focus of temporary business immigration and visa rules towards the importing of only highly skilled workers.

The RMI is endeavouring to deal with major change in employment and workforce availability – with many factors combining to develop a ‘tipping point’. Interestingly, this was part recognised in the 2007 Joint Standing Committee on Migration Inquiry into temporary immigration. The report includes a recommendation that sectoral needs should be more closely examined by policymakers and regulators.

Rec 2. The Committee recommends that the Department of Immigration and Citizenship commission research into sectoral usage of the 457 visa program, commencing with the meat processing sector, with a view to further refining temporary skilled migration policy and the 457 visa program with reference to specific industry sector needs.<sup>27</sup>

**The RMI seeks policy and regulatory pathways through which it can explain employment patterns, skills classification and immigration rules** – all vital to the ongoing operation, productivity and value-adding in the meat processing sector, with attendant national economic benefits.

In particular the Red Meat Industry argues that:-

- **Australia’s red meat industry is facing structural change to its employment base**, reflecting a mix of enduring economic, demographic, education and work trends away from meatworking towards skilled and less skilled roles in service sectors. These effects are embedding, and will continue even in a slower economy.
- **Plant workforce costs need to be maintained around current, indexed levels through operational and employment innovation.** The RMI is extensive, flowing from regions and regional communities in all States, into cities and as a frontline of Australian trade worldwide. Australia’s supply chain must be competitive against other exporting countries or production and value-adding in Australia will decline.
- **Industry firms are major employers and contributors particularly in regional areas.** Closure of plants or lines affects whole communities and current workers. Recognising structural change in employment, local communities and workers should benefit significantly from ongoing 457 and permanent immigration of skilled and semi-skilled workers and families, committed to long-term work with plants.

At a few plants up to 80% of the skilled workers are 457 immigrants from South America, Vietnam, Africa. Good workers, with families, more stable – but even so, some plants are only working at 65-70% of capacity ... *Processor 11.2007*

➤ **Flexible working and multi-skilling is increasingly important in all types of plants** and offices to optimise work interest and safety, skills development and careers and to lift efficiency and productivity. While some processing procedures are fixed by regulation, work roles do evolve and multi-skilling must increase.<sup>28</sup> The ASCO codes have been criticised by many industries for inflexibility and limiting today's type of work.

DIMA ... sought to impose conditions that were not being applied consistently throughout the country hereupon DIMA (Melb) considered the qualification of the Midfield declared vacancies as inconsistent with the prescribed requirements of the Australian Standard Classification of Occupations (ASCO) code. No one in DIMA seems to care that the ASCO Codes and descriptions of Australian occupations are at least 15 years out of date and fail to recognise new and emerging skills in areas such as ours. *Midfield to JMISC, 2007*

We talk about skills yet there is very little talk about national training packages. There is a lot of talk about ASCO and ANZSCO occupational coding, which really bear no relationship to employment issues and are there for statistical purposes; yet they are being used by the department of immigration for a completely different and totally unrelated purpose. *AMH to JMISC hearings, 2007*

... multi-skilling ... is not well suited to the ASCO definitions and the limitation in using only one code for a position. ...some occupations are not covered at all within ASCO and the skill level for positions not adequately reflecting the current situation. *Cairns CC 2007*<sup>29</sup>

➤ **Australian industries under global competitive pressure are being burdened by out-dated regulations on types of work.** Industries are currently debating a transfer from ASCO to the new ANZSCO occupation levels. The RMI considers this regulatory system should be recast to provide for new types of broad-based work categories, such as: 'skilled meat worker' and 'semi-skilled meat worker' categories. *Each category should include some general work recognising needs for flexibility and work variation.*

➤ **The meat processing sector has developed employment and operating practices based on capacities of unskilled workforce entrants who 'up-skill through work'.** This should be taken into account as an 'industry edge' that contributes to Australia's competitiveness and by providing employment opportunity for types of workers not conducive to desk education. This employment and training model could be recognised in immigration rule systems so the industry (noting structural change) can recruit a range of workers overseas for both immediate and medium term workforce needs.



### C. ACROSS-INDUSTRY regulatory impacts

**On Regulatory Burden.** All governments have reinforced their policies to reduce regulatory imposts. This sets clear and ongoing requirements on all agencies to minimise impacts and unnecessary costs. The RMI raises again issues that affect many Australian industries and enterprises in production and processing chains including road transport rules nationally, aspects of environmental regulation, and taxation on employment.

- ▶ **Processor-exporters depend on efficient, functioning, cost effective road transport systems to hold competitiveness in world markets.** Australian governments need to commit to integrated strategic planning to cater for the freight task over the next two decades. Recent COAG commitments and a new agency, Infrastructure Australia, may be a start, but real investment in road, rail and ports will be the test.
- ▶ **The RMI recommends that the PC critically examine public and business costs of Australia *not* achieving operational uniform national road transport weight /volume regulations by the end of 2008.** National road transport rules are *not* listed on the COAG regulatory ‘hot spots’ agenda nor in the ‘further priority areas’ for the new COAG Working Group. The RMI reiterates arguments provided during 2007.
- ▶ **It is recommended that the PC and government agencies systematically examine the detail of implementation of environmental rules across Australia** to ensure expected public benefits are being achieved and that business operations are not being burdened by local regulations or instructions ‘raising-the-compliance-bar’.
- ▶ **The RMI also recommends development of a national protocol on government handling of situations arising through ‘population creep’** after investments have been made. Protocol development might be led by an agency such as InvestAustralia.
- ▶ **It is recommended that direct and indirect costs of the payroll tax burden should be ascertained for types of industries and sizes of business.** These costs should be critically tested against actual public benefits.
- ▶ **The RMI is concerned that Australian governments act on the many submissions from many industries about OH&S regulation and impacts.** Although OH&S has been on the regulatory reform hot-spot list since early 2006, COAG has now only tentatively listed OH&S in ‘a first tranche of new regulatory reform initiatives’.

**Many types of government regulations impact significantly on operating cost structures and investment decisions in meat processing, manufacturing and retail.** While in part this reflects the policy intentions of the Federal and/or State governments, the Red Meat Industry argues that impacts and associated costs should not be routinely accepted as an ‘inevitable cost of the regulatory intent’.

**Policy commitments by all governments to reduce regulatory burden, set a clear requirement on all agencies to minimise impacts and unnecessary costs.** For this reason, the RMI raises again a series of issues affecting many Australian industries and RMI enterprises along the production and processing (value-adding) chain, including problems identified in RMI submissions to the 2007 Regulatory Burden review : -

- Road Transport rules nationally and within States
- Aspects of environmental regulation and reporting.

**RMI processing and retail enterprises also continue to have issue with general regulations that impact on competitiveness, locally and globally.** These include:

- Taxation policy especially as it relates to payroll tax and export orientated industries trying to compete internationally.
- OH&S legislation and associated costs impacting on particular labour intensive sectors.

### **C.1 Road transport rules**

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The Red Meat Industry is a major contributor to Australian and regional economies and arguably the most extensive user of road systems across the nation. The industry chain has developed over centuries though substantial widespread investment, and is highly dependent on the flexibility of road transport. Livestock trucks travel from far paddocks via back-roads to state arterials and national highways. Processed meat and products are trucked from major centres to retailers in every area, and to export ports.

**Red meat processor-exporters particularly depend on efficient, functioning, cost effective transport systems to hold competitiveness in world markets.** Australian governments need to commit to integrated strategic planning to cater for the freight task over the next two decades. This may be developing under recent COAG commitments and Infrastructure Australia,<sup>30</sup> but real investment in road, rail and ports will be the test.

**RMI issues with the costs and operational impacts of transport limitations as enforced through different state regulations are expressed in a number of ways:**

It needs to be much simpler to get meat to wharves. Need higher loads, so firms invest in a modern fleet of trucks to keep up with welfare standards and safer. We need to carry full 40 footers; be able to access all available shipping. *Processor 2007* [Global trend is to 40 foot containers]

[In NSW] livestock trucks ... reach maximum weight limits with unutilised space undermining economies of scale and adding cost relative to other States ... [and an underweight and underutilised container wherever it travels around the world ...still incurs the full freight charge]. AMIC's member survey identified that B-Double transport was on average 12.1% cheaper than 40 ft semis and reflected that level of inefficiency and cost each time the use of B-Doubles was restricted by weight limits in NSW. ...a processor ... can load a triple-deck truck with 240 pigs in Toowoomba but when the truck reaches the NSW border he has to unload 40 pigs to meet NSW requirements – a 16.6% increase in transport costs. One NSW processor estimates the lower maximum road weight limits in NSW cost an estimated \$1.2 million a year relative to his Queensland or Victorian competitors. *AMIC submission 2005*<sup>31</sup>

Red meat is a heavy mass product [particularly when frozen] and so more easily reaches current maximum road weight limits well short of full utilisation of a container. [Some] States ... treat red meat as a 'special' case and providing heavyweight corridors to facilitate trade. ... but even where [some] heavyweight corridors exist ... local bridges (under local Council control) are often not heavy weight rated and negate their use. *AMIC 2005*

**In July 2007, the Red Meat Industry provided a detailed submission on road transport rules to the first PC Review of Regulatory Burdens on Business.** Three key sub-issues were raised with particular attention at that time to livestock transport: -

- Achieving functioning national uniformity in road transport rules including weights.
- Driving time limits and other duties of care, and
- Chain of responsibility laws.

**The RMI presented argued cases for critical review of recent of these relatively recent but problematic regulation regimes, and recommended that -**

**1. COAG should include ‘road regulations’ on its hot-spot agenda** with negotiated infrastructure resourcing to ensure standardised national weight, mass and height rules are operating by 2008. National Transport Commission processes have not achieved the harmonisation of road regulations, so the nation now requires smarter approaches.

**2. Livestock transport should be excised from the scope of the Model Legislation for Heavy Vehicle Driver Fatigue** until a specific regulatory impact review based on ‘good regulatory process’ principles is carried out with close consideration of duties of care involved, statistics on accidents, science of livestock transport and of fatigue, and of likely effects of accreditation requirements on current/future driver supply.

**3. The Productivity Commission should investigate apparent regulatory creep in emerging and diffuse ‘chain of responsibility’ laws,** including analysis of the position of regulator-officers relative to others nominated in chains of responsibility.

The PC’s draft report (Sept 2007), commented on the National Transport Commission rulemaking process. It was noted that ‘there remains a large agenda that needs to be progressed in a more timely manner’ to achieve levels of interjurisdictional consistency anticipated by COAG leaders .

**However, the RMI sought a stronger response with timing targets to achieve operating national road transport rules,** and expressed concern that issues raised on Heavy Vehicle Driver and Chain of Responsibility rules had not been considered.

The PC’s full report of its first Regulatory Burden review (Dec 2007), does include a limited discussion of issues with Driver rules and Chain of responsibility laws.

The RMI sees it will need to take these issues through other channels as impacts become clearer, in light of the PC assessment that “costs imposed on businesses by the chain of responsibility and fatigue management rules in relation to heavy vehicles ... appear to be unavoidable if health and safety objectives are to be served”.

**Of immediate concern are the PC’s concessions that Australia will not achieve the consistent road transport rules needed for efficient national carriage.**

PC Response 3.15 reads. Although there are intergovernmental arrangements in place to address interjurisdictional inconsistencies in road transport, lack of implementation and inconsistent implementation remain significant problems. However, the application of a rational risk-based approach to transport regulation may lead to some warranted differentiation in regulatory requirements between regions. ... ..<sup>32</sup>

Noting that ‘national road transport rules’ are *not* listed on the COAG 2006 regulatory ‘hot spots agenda’<sup>b</sup> nor in the ‘further priority’ areas for the attention of the new COAG Business Regulation and Competition Working Group,<sup>c</sup> the RMI needs to reiterate its prior arguments in this input to the PC Manufacturing and Distributive Trades Review.

In further inputs on regulations, RMI operators have reinforced their exasperation:-

<sup>b</sup> Ten regulation hot spots: product safety, rail safety, occupational health and safety, national trade measurement; chemicals and plastics, development assessment, building regulation, environmental assessment and approvals processes, business name registration, and personal property securities).

<sup>c</sup> Payroll tax administration, building codes, trade and professional recognition, simplified accounting methods for the hospitality sector and BAS simplification. *COAG Communiqué 20 Dec 2007.*

The differing standards on maximum road weight limits remains a blight on the legislative agenda where politically, governments of all persuasions are seeking expanded export opportunities yet continue to allow gross inefficiencies in transport standards between States. The inability to fully utilise 40ft containers in NSW is in stark contrast to rhetoric about expanding export markets. The red meat industry is again disadvantaged as a heavy mass product that lighter less dense commodities and products don't face. The provision of heavy weight corridors to accommodate what are usually strategically important regional employers is essential to long term global viability. *January 2008*

**The RMI recommends that the PC critically examine the public and multiple industry costs of Australia not achieving operational uniform national road transport weight/volume regulations by the end of 2008.** To assist further PC investigation, the RMI outlines issues experienced along the RMI distribution chain.

- Efficient, cost-effective transport is essential to the Australian economy and the meat industry.<sup>33</sup> Cost effectiveness includes timeliness, and safe cargo delivery including animal care. Local, state and national highways all present challenges to distribution.<sup>34</sup>
- Volumetric loading (by space not weight) of livestock applies in Queensland and Victoria but not in NSW. Regulators 'continue to resist all requests for implementation' of a volume based system for purpose-registered trucks. Loading is a factor in animal health, welfare in transport and commercial value on delivery. Queensland DPI&F provides guidance reinforcing advantages of volumetric (full truck) loading.<sup>35</sup>
- All processing plants receive livestock in by truck and truck out processed product chilled or frozen. In its study of Fletcher International operations centred on Dubbo, ALTA identified the plant was significantly disadvantaged by rules.<sup>36</sup> This applies for processed product as well. Heavy, long container to port transport corridors are needed.
- Some AMIC members have vertically integrated farm to feedlot to processor operations. AMIC identifies cost issues with container and livestock weight limits and that NSW regulations affect industry competitiveness and investment decisions. Inconsistency of regulations creates practical issues for any firm transporting across eastern State borders to optimise utilisation of land, supply chains or facilities.<sup>37</sup>
- *These difficulties are compounded by export and shipping factors.* Australia owns little shipping capability and utilises foreign shipping companies to move its international container traffic. Australia represents 2% to 3 % of container movements around the world. The trend internationally is to larger vessels that carry 40ft containers replacing the current 20ft container. When a 40ft container is filled with a heavy mass product such as meat it contravenes heavy mass limits on most State roads. To rectify this, some States allow heavy weight corridors but in other States the containers are left only partially filled at the processing plants so not contravene local road weight limits – and this inefficiency is then exported half way around the world.
- The trucking industry believes the introduction of B-doubles in the 1990's led to substantial productivity increases and over the last 5 years B-double use has increased by 220%. The next round of productivity increases in the trucking industry must be adapted to world transport trends and will require significant review of Government regulation and investment in infrastructure.

In short, if Australian Governments want to promote exports and global competition, then they must address the lack of harmonization among States on transport rules to enable wider use of 40ft containers. The move to 40ft containers will strengthen. Governments must act now or international competitiveness will deteriorate.

The National Transport Commission (NTC) has been reasonably effective in some areas but appears unable to achieve key uniformities for national benefit. All governments theoretically agreed on a set of model rules 12 years ago. However, there were signs of State non-commitment to ‘agreed’ national rules as early as 1996 – suggesting token involvement by some key groups then, and likely now.<sup>38</sup> Yet road transport intensive industries have continued to plan, invest and operate for 12 years, perhaps naively ‘expecting’ that agreements in 1995 that promised important and logical uniform regulations, would come to pass in a reasonable timeframe.

## **C.2 Aspects of environmental regulation and reporting**

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Environmental regulations impact on meat businesses and operations along the supply chain and generally increase costs. Processing plants deal with almost all environmental regulations operative at State and local levels and some Federal rules.

The RMI recognises its environmental stewardship responsibilities and aims to work with governments and stakeholders to achieve balanced, commercially viable, protection systems. To this end, the RMI has developed a set of ‘Environmental Best Practice Guidelines’. These were launched by the Federal Minister in April 2007. The purpose and design of these guidelines was explained in an MLA media statement.

The red meat processing industry has achieved a major milestone in environmental management through the official launch of its Environmental Best Practice Guidelines ... The new guidelines are endorsed by the peak industry body Australian Meat Industry Council (AMIC) as well as Meat and Livestock Australia (MLA), the Australian Meat Processor Corporation (AMPC) and the Department of Agriculture, Fisheries and Forestry (DAFF).

The guidelines ... define current environmental best-practice for meat processors and address issues covering odour and air quality, wastewater treatment and its irrigation to land, waste solids and energy management. ...

‘Red meat processing plants are faced with ever-increasing environmental pressures such as stricter wastewater quality requirements, tighter environmental emission regulations and higher community expectations’ ... ‘these guidelines ... allow for the many variables in industry operations and do not override state or Commonwealth environmental regulations’.<sup>39</sup>

Such guidelines need to be distinguished from statutory instruments, which should be structured as ‘minimum effective regulation’ to achieve base requirements [see section D].

**Local interpretation of environmental statutory instruments (including on water, chemicals and drug residues) is a problem for processing plants located in areas experiencing ‘population creep’.** Plant owners, having made location decisions based on reasonable proximity to workforce, transport routes and water, but remote from community centres, are finding their operations under increasing pressure from changing local implementation of State environmental rules. This escalates as land in the vicinity of a plant is released for residential housing.

Depending on location and circumstances, a number of processing plants (abattoirs) across Australia face issues of ‘raising the bar’ and conservative application of rules, similar to those described by cattle feed lot operators. For example:

The serious lack of harmonisation is suggested to ... relat[e] to a lack of experience and therefore technical or scientific expertise by the regulatory personnel. They appear to be adopting a precautionary principal approach to their work and effectively ‘lifting the bar to make sure of compliance’ ... [for instance]... ‘the bar’ has been raised on an ongoing basis creating significant added capital costs during feedlot expansion. *see RMI Submission 1A, 2007*

**The RMI recommends the PC and government agencies systematically re-examine the detail of implementation of environmental rules across Australia** to ensure expected public benefits are being achieved and that business operations are not being burdened by local regulations or instructions ‘raising-the-compliance-bar’.

**The RMI also recommends development of a national protocol on government handling of situations arising through ‘population creep’ after investments have been made.** Noting efforts by all governments to encourage investment, including from overseas, protocol development might be led by an agency such as InvestAustralia.<sup>40</sup>

**Red meat processing and manufacturing plants are also affected by increasing environmental reporting requirements that add to costs and/or divert time.** In its submissions to the 2007 Regulatory Burdens review the RMI recommended that:

- After nine years, it is time to seriously test imputed benefits of the National Pollutant Inventory and to closely examine the full cost/return equation. The logic and thresholds of reporting requirements should be critically reviewed.
- Expansion of reporting requirements should be deferred. Objective cost-benefit review of current and proposed schemes is needed first. New systems, if any, should be properly developed and accurate measurement technologies need to be available.

**The RMI expects governments to demonstrate their commitment to minimum effective regulation and good regulatory practice in developing these new rules.** The RMI welcomed recommendations in Commission’s draft report (Sept 2007) that the NPI policy, rules and thresholds be reviewed from first principles, and that careful regulatory design of any emissions trading is essential.

### **C.3 Taxation of employment**

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Direct and indirect taxation on employment is a significant issue for low-margin and labour-intensive sectors including meat processing and retail butcheries. This is a national issue (even where these are State charges) because of the impact of higher costs on export-oriented industries trying to compete internationally.

**Taxation regimes are direct and indirect disincentives to business development.** This is especially so when the charges directly relate to numbers of people employed. An industry such as the RMI, unable to operate as efficiently as a decade ago, due to shortage of appropriate labour [see B], is carrying added cost burdens per unit of output.

Australia’s main competitors into key markets are the USA, Canada, Uruguay and at times New Zealand [section A]. As identified in a 2006 comparison of Australian taxes by the Australian Treasury,<sup>41</sup> the USA and New Zealand do not have payroll tax and Canadian payroll tax rates are lower than Australia’s.

Payroll tax is levied by all States and Territories of employing businesses with more than a threshold amount of wages (including leave, superannuation, allowances). The tax and threshold varies. In Victoria, the tax is 5.05% on payrolls over \$550,000pa, in NSW 6% when over \$600,000pa, in Queensland 4.7% above a threshold of \$1,000,000.

**Groups such as CA (Chartered Accountants Australia) with experience of many sectors argue for abolition of payroll tax ‘which is a disincentive to employment’.**<sup>42</sup> It is understood payroll tax was among a series of duties and taxes that were to be abolished after implementation of the Goods and Services Tax, but this did not occur.

The 2006 Regulation Taskforce,<sup>43</sup> identified a number of tax issues and proposed a first principle of taxation -- that 'Tax system design should be predominately about raising revenue efficiently using a 'broad-base, low-rate' approach'. COAG agreed in 2006 to give priority to 'harmonising the tax base and administrative arrangements of payroll tax regimes across jurisdictions'. This was also included in the Dec 2007 Communiqué.

**The RMI considers that during the process of harmonising arrangements, direct and indirect costs payroll tax should be ascertained for types of industries and sizes of business.** These costs should be critically tested against the anticipated and actual public benefits of the tax regulation.

**Regulated charges such as workers' compensation premiums also operate as a form of taxation on employment.** This appears particularly so, where the charging system is – or is perceived to be – a blanket formula applied across certain sectors or types of work with limited room for recognition of particular circumstances.

Meat retailers want a level-playing field in workers' compensation charges – supermarkets categories on total workforce and type of employees of which a few are butchers by trade or role. *Retail butcher representative, Oct 2007*

Worker Compensation schemes that actually, or in business perception, 'work on group categories and provide no room for lower premiums if a firm has a good performance' have similar regulatory-burden effects.

**Occupational Health and Safety requirements and regulatory arrangements feature on the 'issue list' of processing plants, smallgoods plants and retailers.** Although most employers note that 'things have improved' over the last decade, concerns now include variation of rules in structure and implementation and there being 'even more' audits (as well as the concerns about insurance premiums not reflecting good performance)

The 2006 Taskforce report categorised OH&S rules in 'labour market regulation' and stated that 'deficiencies in the way they have been implemented and are administered [was] a common theme in a wide range of submissions'. Recommendations included

4.26 COAG should implement nationally consistent standards for occupational health and safety (OH&S) and apply a test whereby jurisdictions must demonstrate a net public benefit if they want to vary a national OH&S standard or code to suit local conditions.

4.27 COAG should request the Australian Safety and Compensation Council to examine the duty of care provisions in principal [OH&S] Acts as a priority area for harmonisation.

The RMI is concerned that Australian governments act on the many submissions from many industries about OH&S regulation and impacts. Although OH&S has been on the regulatory reform hot-spot list since early 2006, COAG in 2007 has only tentatively listed OH&S in 'a first tranche of new regulatory reform initiatives'.<sup>44</sup>

## D. REGULATORY PROCESS and regulators – reasonable expectations

**On Regulatory Burden.** The challenge for government policy and process is to reduce costs of regulation and restrictions on innovation and competition, while also ensuring promised benefits of regulation are obtained. As part of this balance, businesses reasonably expect capable, considered performance from departments and regulators.

This section raises RMI issues with regulatory process and application, and outlines reasonable expectations of the industry. These types of issues occur in various ways and require ongoing scrutiny by agencies. Issues in 2008 include:-

► **The rising problem of regulatory creep through Guidelines. There is a trend for agencies to transfer regulatory prescription to ‘guidance’ which is then set above levels of a business action needed for basic compliance with orders or standards.** Guidance material that will, or could by imputation, become regulatory should be subject to regulatory impact assessment. Best practice guides should be kept clearly apart from Standards or Notices in regulatory regimes.

► **The RMI reasonably expects regulators to conduct impact assessments routinely on all instruments and action** – and to distribute reasons. As a case study, the PC might critically examine issues around new Listeria testing instructions of late 2007.

► **The RMI reasonably expects that regulator performance will keep pace with changing industry and workplace environments,** and technology, and that regulator staffing is not a bottleneck to innovation and productivity advances.

The RMI considers that regulator performance less than this level is a direct regulatory burden through costs and impacts on innovation. These impacts should be ‘costed in’ by agencies when deciding staffing and training. Regulation regimes should be critically reviewed to remove layers of rules that cannot be properly serviced.

► **Public benefit is an underlying test of and justification for regulatory activity. Regulator charges for services should be calculated to reflect this.**

► **AMIC is concerned to ensure there is a mechanism for vetting, modifying, or removing meat specific regulations on an ongoing basis.** Rules for processing, inspection and export, receive a large part of the concerned comment from processors.

During 2006, AMIC and AQIS formed a Strategic Evaluation Group. With the cost and trade ‘squeeze’ tightening, much depends on the export regulator (AQIS) and industry (AMIC) working constructively over 2008 to achieve real advances (ie. changes in operational and regulatory arrangements and overall productivity benefits).

The success of two technical and regulation reform projects, ‘Plant Performance’ and ‘Alternative Inspection Systems’, is vital to industry efficiency. Equally important is the success of the Red Meat Market Access Committee (RedMMAC), established in 2007 as an across-department and industry forum regarding market access and trade.

► **Looking forward, all the RMI manufacturing sectors are concerned to achieve effective removal of duplicative and unnecessary legislation, regulatory systems and processes.**



**Australian business operators reasonably expect capable, considered performance from departments and regulators.** This expectation has been reinforced by political commitments to ‘good regulatory practice’. Yet, despite Federal and State promises and many reviews over the last 15 years, the quantity of business regulation in Australia has multiplied and the quality of rulemaking has not improved, even in recent years:

**The first principle of good regulatory practice is to *Establish a Case for Action*.** If a case for regulating cannot be argued then regulation should not occur. The next steps are *Examine alternatives, Adopt the Best Option* (greatest net benefit for the community), *Provide Effective Guidance, Review and Consult*.<sup>45</sup> The onus for ensuring this process is followed must be primarily with those proposing the regulation.

Risk profiling is now a key tool in determining if action could be warranted. In the case of red meat a series of studies since 2001 have categorised abattoirs, boning rooms and most butcheries as ‘medium-risk’ on the food safety profile (compared to high risk activities – food service for sensitive populations, catering operations, raw seafood).<sup>46</sup>

**This relatively low risk profile (and high performance profile) should be strongly influential in policymaking and during exercises to reduce regulatory burdens.**

Yet, as one regulator has observed:

Given the relatively lower level of risk from practices in abattoirs and meat butchers... and intervention of cooking (or manufacturing), oversight of the processing industry is unbelievable.

**Nations and industries should want no more regulation costs than essential.**

This section raises issues with regulatory process and implementation – and outlines reasonable expectations of the Red Meat Industry for this PC review of regulatory burdens and potentially for the new COAG Business and Competition Working Group. Some case examples are provided to assist PC assessment of regulatory burden, but these types of issues arise in various ways and require ongoing scrutiny by agencies.

## **D.1 Regulatory creep, over-compliance and impact assessment**

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**‘Regulatory creep’ is a serious reality that adds to costs, mainly through requiring unnecessary levels of compliance.** Dimensions, indicators and effects of regulatory creep have been described in a number of ways:

- Extra costs arising from apparently poor regulation design, including excessive coverage (‘regulatory creep’ - regulations covering more than was intended or is warranted) ... *PC Regulatory Burdens Issues paper 2007*
- ‘Regulatory creep arises when the rules are unclear - when there is confusion about the standards, guidance and regulation. People are left not knowing what is expected of them, what constitutes compliance with the law.’ ... Guidance - its status, how it is developed and used can influence enforcement activity and compliance, again leading to unnecessary burdens that bring little benefit to those the original regulation was designed to protect; enforcement activity can induce over compliance in those being regulated ... *UK Better Regulation Taskforce 2004*<sup>47</sup>
- Quasi-regulation gives much discretion to regulators and, because of its convenience and lack of scrutiny, is sometimes used as ‘backdoor regulation’; what starts out as self-regulation can gain the imprimatur of government agencies and subsequently be lifted into legislation, depicted by some as ‘regulatory creep’. *Office of Best Practice Regulation 2006*<sup>48</sup>

**Balancing science, best practice and the policy of ‘minimum effective regulation’ appears to be a major forward challenge for industries and regulators.** Costs are creeping in through ‘system’ development, including committees working on standards, guidelines and notices. It is increasingly seen that quasi-regulation such as Guidelines are being pitched at ‘best practice’ rather than basic compliance levels, and directly or by expectation imposing unnecessarily high compliance burdens on business.

This is directly counter to COAG policy for ‘minimum effective regulation’:

*Working from an initial presumption against new or increased regulation, the overall goal is the effective enforcement of stated objectives. Regulatory measures and instruments should be the minimum required to achieve the pre-determined and desirable outcomes ...*

Legislation should entail the minimum necessary amount of regulation to achieve the objectives. Only those parts of a product standard originally developed for voluntary compliance by private standards writers which are necessary to satisfy regulatory objectives should be referenced in mandatory regulatory instruments adopted by government. Referencing of such voluntary standards should only occur following the application of these guidelines and principles. *COAG Principles 1995 - 2008*<sup>49</sup>

**Government commitments to ‘minimum effective regulation’, need to extend to all types of regulatory instruments and actions including Guidelines.**

As outcomes-based regulation has developed, prescriptions about ‘how’ to carry out work have too often been moved into guidelines. Two types of guidance are emerging in regulatory procedure – but not necessarily in the minds of regulators, businesspeople and courts, ie: *Compliance Guidelines* and *Best Practice Guidelines*.

Confusion about these is a source of regulatory creep, with more than minimum effective regulation of businesses, and associated productivity cost to economies.

Often the Government, regulators and industry will prepare guidance notes that encompass both advice on complying with regulatory requirements and best practice advice. It may be more helpful for businesses to have both sets of guidance in one volume, but it can also lead to confusion over what constitutes best practice and what is required by law. Guidance can also have the force of law as the courts may take into consideration the extent to which guidance has been followed. *UK Better Regulation Task Force 2004*<sup>50</sup>

RMI enterprises, especially in processing, have a range of business models. Company structure, size and location influence attitudes and approaches to handling layers of rules. While for the largest, businesses regulatory costs are a lesser issue or even a cost-of-entry advantage, medium enterprises must contain costs across the board, including regulatory charges. Current and future RMI exporters must maintain competitiveness.

Such enterprise differences reinforce that regulation and regulators must act to meet public aims by using ‘minimum effective regulation’, leaving commercial signals to assist companies in deciding if they want to do more.

**The reasonable expectation of RMI participants is that Guidelines associated with Orders or Standards should be *Compliance Guidelines*.** Each Standard needs to state Outcomes required. Compliance Guidelines describe ways the standard can be met. This accords with policy goals of specifying what outcomes are expected of businesses and enabling businesses to work flexibly, creatively and responsibly to produce results.

**Compliance Guidelines should provide firm, but not fixed, points on ‘how’, using scientific criteria where available, and at a base level cost for businesses.**

An absence of basic compliance guides, plus agency actions to include so-called voluntary ‘best practice’ guides within or referred to by regulatory instruments (orders, standards, notices...) develops a situation of expectation and compulsion which could extend into regulator practice, tribunals and the thinking of media and law courts.

A simplified illustration of the problem: -

- Processing plants have holding yards for animals transported from many locations.
- Animal welfare standards reasonably state that these animals must have clean water.
- Research has established that X litres a day of water is needed for sustaining animals (with adjustments for animal type and climate). This should be the *Compliance Guideline* from which operators can design systems and calculate cost to comply.
- A Committee involving a range of interested parties develops a position that 2X litres of water a day would be better for animals and operators commercially. They call this a superior *Best Practice Guideline*. Costs to operators would be higher for larger water systems and water. Such investment should be a commercial decision.
- The Committee sees their guide as providing protection for parties if prosecuted, and issues a statement along the lines that *if a person can demonstrate compliance with the guideline, then there is no doubt that they have satisfied the standard*.
- The media build stories around this statement making it ‘impossible’ for X litres to be included in a set of compliance guidelines, if and when developed .

While the above is hypothetical, elements relate to interactions underway regarding animal welfare standards and guidelines, in particular the draft Land Transport Standard and Guidelines, one of a series that will affect producers, transporters and processors.

**The RMI recommended a full overhaul of the Australian Animal Welfare Strategy process working from good regulatory principles**, in its 2007 submission to the PC. The RMI reiterates that one primary agency should be held accountable for achieving a deep review, and for ensuring progress against COAG principles.

- ▶ **That review should include re-examination of the intent and practice of standard making, to ensure Compliance Guidelines only are linked to formal standards, and to address the issue of regulatory creep occurring through guidelines.**

Industries and regulators need to ensure achieve useful ‘minimum effective regulation’ and basic Compliance Guidelines. This problem is not unique to animal welfare rules being drafted. It can be seen in notices and guides associated with food hygiene rules.

**In part, this should be addressed by forthright regulatory impact assessment.**

The Regulatory Impact Statement (RIS) process has been reinforced by governments during 2006-2007 as a foundation to establishing the need for regulation (the case for action) and for examining options. The Federal Office of Best Practice Regulation issued new guidelines and tools for regulatory impact analysis in 2007. Two particular issues with regulatory impact analysis have been noted during industry discussions.

- *Regulators appear to feel RIS are only needed for major regulatory instruments.* RIS can be found for Orders, on occasion, but rarely for that subsidiary rules or actions that operationally impact on businesses. New Federal RIS guidelines aim to address this gap, but there is a substantial regulator culture to change.<sup>51</sup>

- *Assessing level of impact and need for RI analysis.* In theory, new Federal tools should extend regulatory impact awareness more into the day-to-day rules that increase costs and have other impacts on business operations and decision-making.

Again, regulator approach at Federal and State levels warrants attention. There are many instances where notices set requirements where compliance costs and other impacts on businesses or individuals in the economy will not be “nil or negligible” (the test for whether a Federal agency can self-assess that an RIS is not needed).

#### **Case example: new Listeria testing regimes**

This issue arose quite quickly in September 2007. A regulatory impact assessment well conducted on the proposed instructions, could have assisted industry and regulators.

- The Food Standards Code section 4.2.3 requires all manufacturers or repackers of manufactured packaged ready to eat products to have a regime which tests for the presence of listeria monocytogenes and salmonella. Butcheries in this category have been conducting such tests.
- In 2007, regulators across the country issued draft instructions for increased testing, apparently based on research into the organism, but not linked, in the eyes of businesses, to proven likelihood of reducing already low risks.
- Cost and time impacts on many small businesses (butcheries) would arise directly. These costs for extra sampling and testing were pointed out again in correspondence.
- Regulators did not carry out impact analysis. When pushed it is understood some ‘sought advice’ on whether they needed to do a RIS. At the least, noting policy intentions to reduce red tape, a preliminary RI analysis should have been conducted and promulgated.
- Late 2007, the industry through AMIC proposed a version of an increased testing regime that it hoped would accord with regulator requirements. There will be higher costs. Will there be commensurately higher health outcomes?

#### **The RMI considers it reasonable for industry businesses and associations to expect:**

- ▶ that Standards will articulate expected Outcomes and that only Compliance Guidelines will be linked to government regulation regimes (ie. through gazetted standards or through annexure by legislation or regulations, or reference in Orders or Notices).
- ▶ that best practice guides be kept apart from Standards or Notices in all regulatory regimes. If needed these should be promulgated as brochures not instruments.
- ▶ that guidance material which will, or could by imputation, become regulatory should be subject to formal, consultative and published regulatory impact assessment.
- ▶ that regulatory impact assessments are undertaken objectively and in the spirit of COAG policy statements at each routine review of regulation and when changes are proposed (not just on new rules). Unless this occurs, the disconnect between high-level exercises like these PC Annual Reviews and day-to-day regulation will continue.

## D.2 Regulator delivery and charges

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Regulators, Federal and State, are currently structured by law into red meat industry operations, especially processing and manufacturing, and particularly for export.

**So, the efficiency and competitiveness of these sectors depend in part on the performance of these regulatory agencies in applying rules and service delivery.** Processors and others are concerned about regulators struggling to provide personnel.

Competence of regulatory staff to undertake their duties is at least as critical as the regulations they enforce. Industry has growing concerns at the decreasing level of experience in Government regulators such as AQIS, a situation that cannot be allowed to continue without significant implications down the track and requires government review and response. This not only relates to the greater retention of long term experience on the job, but the ability to consistently retrain and upgrade staff to meet ever changing demands in food safety, HACCP and quality systems that will ensure we maintain our elevated position on these issues on the world stage.

This is not just an issue for the Federal AQIS agency. State regulators and some companies providing compliance audit services also face recruitment difficulties.

There is a statewide shortage of food regulatory personnel. Stakeholders cite a range of reasons including:

- limited public awareness about and interest in food surveillance compared to other similar applied science careers such as environmental sustainability ...
- limited focus of tertiary ... courses on food safety and surveillance; and
- reluctance of many qualified personnel to live outside metropolitan Sydney or large regional centres.

*NSW Food Authority 2005*<sup>52</sup>

Concerns have been raised about culture, approach and ‘lack of personnel with capacity to understand the nuances of what they are supposed to be doing’. This reduces the confidence of businesses in the regulatory system. Where capability and continuity among regulator staff is less than reasonably expected, direct costs are incurred by businesses including extra management and staff time spent on regulator interactions.

The ‘type’ of auditor is important. Capacity is declining over the years. Not much value-added if auditor thinks they must find fault to explain attendance. Auditor variability and knowledge are issues. ... A new auditor doesn’t know products and processes and barely knows the law – threats of recalls or delisting – can take 50+ hours to sort out.

Regulators agree they have shortage of auditors and difficulty retaining people with adequate skills. In holding on to widescale regulation systems, the staffing of which is fundamental to operations of industries and businesses, government need to examine the costs of less-than-reasonable service delivery and regulatory performance.

Such cost assessment should consider all the factors listed in the PC’s Issues paper on regulatory burdens – direct charges and associated business costs, negative effects on innovation and investment decisions, and opportunity costs.

Innovation in regulatory systems that impact on productivity and invention is now key to improving global competitiveness, and presents a real challenge for regulators as well as business operators.

Processing plants must get more efficient - but different models needed for each operation – depends on location, labour availability, major and other markets, customers within markets.

**Some RMI processors are concerned that operational advances and inventive shop-floor ‘new ways’, are held back by current rules and regulator approaches.**

A few people in [regulatory authorities] are positive about major innovation. But this industry needs to be able to make major step changes ... ..

[There is] limited recognition of industry advance ... limited understanding of plant differentiation, process innovation, costs – [they say] ‘If XY can do it, you can do it’.

The capacity and attitude of regulator staff, starting from those located in plants or regions is fundamental to the industry and businesses advancing their systems – including new technologies and work ways to attract and retain various types of employees.

For instance, the AQIS Notice 2003/03 *Protocol for Alternative Procedures and New Technology Approvals*, set out ‘the approach to be taken when seeking AQIS approval for the introduction of alternative procedures and new technologies to export establishments’. It noted that ‘technological advances can offer opportunities to the export meat industry and have enabled improvements in meat safety and production’.

However, the assessments made by on-plant regulator officers become pivotal to plant innovation. An AQIS on-plant veterinarian (OPV) is often a key adjudicator of company propositions for alternative plant equipment, operational, organisational or QA systems, ie. the OPV is a key step in whether any new, or new applications of, equipment, substances, procedures, processes will achieve approval.

**The RMI reasonably expects that regulator performance in designated roles to keep pace with changing industry and workplace environments, and technology, and that regulator staffing is not a bottleneck to innovation and productivity advances.**

**The RMI considers that sustained regulator performance less than this level is a direct regulatory burden through costs and impacts on innovation.** This should be:-

- ▶ costed by agencies in staffing and training, and in allocating resources, and
- ▶ taken into account in critically reviewing regulatory regimes to remove layers of rules that cannot be properly serviced – for instance by returning responsibility to enterprises in a more modern regulatory framework.

**The associated question is the level of charges invoiced to businesses by regulators for activities under a regulatory regime, such as processing plant inspection.**

The Federal AQIS export regulation charging system is an important example. A 1993 Memorandum of Understanding with the Department of Finance and Administration requires AQIS to fully recover the costs of each recoverable program (ie. by regulatory program and services to users rather than across AQIS as a whole).<sup>53</sup>

In August 2001, the Federal Government reduced AQIS’s export fees and charges by 40% from full recovery. This reduction applied to Live Animal, Grain, Horticultural, Dairy, Fish, Organics and Meat export programs.

In part, this decision reflected analysis provided by the Red Meat Industry to the 2000 Productivity Commission Inquiry into Cost Recovery by Government Agencies.<sup>54</sup> This was soon after the National Competition Policy review of the *Export Control Act* 1982.

The review panel had, on balance, found public benefits in regulated export controls.<sup>55</sup>

The RMI submission put forward a set of policy-linked cost-recovery principles: -

- **Determining public and private benefits of government regulatory, service or administrative activity is a key to cost recovery decisions.** Government policy directions are a strong indicator of socio-economic priorities and should set a framework for assessing public benefit.
- **Public benefits should not be assessed narrowly.** Policy goals for industrial growth, innovation and exports provide measures for distinguishing public from private benefit. Cost recovery mechanisms are one way of putting Government policies into practice.
- Regulation applied to production, processing and domestic or export sale of food products has clear public benefits, external to the commercial businesses involved in the food (meat) supply chain. To be logical and fair, and to ensure appropriate market signals, these external benefits should be factored into cost recovery equations.
- Where Government, or Government with industry, decides a regulatory or service activity must occur (or continue) within government, cost recovery calculations should take into account both public benefits and likely higher costs of non-contested services.

These align with the COAG principles for good regulatory practice. In particular: -

- establishing a case for action before addressing a problem (including through more rigorous cost-benefit analysis, covering all impacts), and
- adopting the regulatory option that generates *the greatest net benefit for the community*.

**Public benefit has been confirmed as the underlying test and justification for all regulatory activity. Any regulator charges should be calculated to reflect this.**

In the case of the cost-recoveries by AQIS from export processors, the division of 40% (government) and 60% (processor) is a considered by the Red Meat Industry to be a fair apportionment. The cost of AQIS verification, certification and government interaction is understood to be about 40% of the total AQIS meat program budget, while cost of inspection provision (which would otherwise be provided by companies) is about 60%.

### **D.3 Multiple rule systems for meat processing and export**

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**Food and trade regulations have substantial impacts on operating cost structures and investment decisions in Australian meat processing, retail and export.** This has been recognised in a series of industry and government reviews.

In particular, the National Competition Policy (NCP) review of the *Export Assurance Act* report in 2000 (utilising many submissions from across food industries) found the Act provided ‘recognisable economic benefit’, but policies and procedures could lead to major competitive distortions plus inefficiencies and trading disadvantages.

The 2003 Government/AQIS response agreed with most recommendations, and that the “model is full of competitive distortions ... lacks sufficient clarity, transparency and ease of comprehension for all involved”.<sup>56</sup>

The NCP Panel assessed that distortion could be reduced by ‘changing the emphasis of some functions’ and by addressing a number of problems, including a pervasive culture of control in the export community, dual systems (domestic and export) for managing food safety, complexity and cost incurred in meeting export systems, and a lack of objectives and performance measures in the legislation.

The *Export Assurance* report put forward a Vision for achieving more streamlined, efficient and trade-effective food processing regulation.

The Committee's vision is for exports based on Australian standards, enabled by a true partnership between government and industry, with single-body certification by government, where this is required by importing countries. ... [the vision involves] adoption of Australian standards, rather than the most stringent foreign requirements, as the baseline for all export destinations [and], freedom for individual producers to invest to meet additional standards that may be required by individual governments ... .. The Committee believes the vision could not be attained without a fundamental change in the manner by which Australian food and agricultural products are currently regulated. Australian exports of food and agricultural products have been disadvantaged by working under a combination of two systems – domestic and export – and legislation that is unnecessarily prescriptive. ... <sup>57</sup>

The NCP review closely examined Australia's food processing, delivery and export system (of which red meat is a major part), and found substantial regulatory disbenefits. A question in 2008 is whether issues have been addressed and positive results achieved.

Regulations for meat processing, inspection and export, still receive a large part of the concerned comment within the Red Meat Industry. Many concerns raised by processors, exporters, retailers and some regulators in 2007, as a decade ago, arise from regulations that instruct how plants should be constructed, operated, quality assured and inspected. A linked issue is how well the regulatory regimes facilitate innovation and system change in plants. Industry participant views can be summarised:

- **There is general consensus on how well the processing sector has advanced in quality assurance and plant and product performance in 10-15 years.** Much has been driven by companies taking responsibility for quality assurance (QA) and outputs.
- **Most also agree the regulatory systems had not progressed commensurately.**
- Some enterprises are content with current licensing and inspection rules. Others, both large and medium-size, are concerned about regulations dictating the way they operate their plants and problems achieving advances through 'new ways'. It is generally agreed that product outcomes should be specified and measured, including cuts and branding.
- **Ongoing strong hygienic performance is seen as vital by all, but many consider this should not stop costs being challenged.** Systems imposing costs, direct (fees, even with subsidy) or indirect (delays, cultural and performance effects) require scrutiny.
- Processors and regulators consider government on-site inspection based on 'command and control' systems of 100 years ago does not improve product results, noting Australia's animal health, a decade of QA advances, and that key hazards are micro-organisms.
- Executives of many plants want to be judged on their results – the outcomes ('what') from their investments, their management and technical systems, market development, customer reactions and product delivery, rather than on process detail ('how').
- Most industry participants consider the recent Australian Meat Standard (AS) to be significantly better than the highly prescriptive rules and detail of 1990s versions. However there important concerns about aspects of the AS, its utilisation and substantial duplication across the AS and *Export Control (Meat and Meat Products) Orders 2005*.

**The industry supports the underlying philosophy of removal of all unnecessary regulation and some major changes are still needed.** Many participants in processing and exporting sectors have experienced problems with the multiple regulation systems, cost structures, and varying relationships with regulators and their inspection activities.



**Overall, AMIC is concerned to ensure there is a mechanism for vetting, modifying, or removing legislation on an ongoing basis.** AMIC needs a procedure it is confident of and can influence. (Most red meat processing enterprises are members of AMIC.)

In 2005 AQIS sought input into its strategic planning process. AMIC accepted the invitation and engaged AQIS on a range of issues. During 2006, AMIC and AQIS formed a Joint Strategic Initiatives Evaluation Group (SEG) with a view to achieving progress on a number of challenging fronts. Today the SEG has become a duly recognised sub-committee reporting back to Government and industry through EMIAC (the AQIS Export Meat Industry Advisory Committee). The objective was to review current inspection systems with a view to better utilisation of scarce human and financial resources and a more appropriate focus on food safety and quality systems that meet changing consumer expectations.

SEG deliberations recognised that Australia's enviable animal health status should allow modifications to post mortem inspection by using a risk based approach. Those changes would enable plant efficiencies and better utilisation of alternate inspection resources.

In addition, existing AQIS verification processes have developed around an approach where the performance on the day of audit tends to dominate auditor findings and their report. Given the amount of information individual companies now record about their production process, and its availability through data capture, storage and analysis systems, the idea of making that assessment over the entire period since the last audit has moved closer to reality. A number of development projects were agreed by SEG.

**The success of two technical and regulation reform projects, 'Plant Performance' and 'Alternative Inspection Systems', is vital to processing sector efficiency.** AMIC and AQIS have agreed actions and AMIC is concerned to achieve important outcomes.

- The Plant Performance project has identified key performance indicators (KPIs) based upon critical food safety outcomes. The KPIs are measurable and can be monitored by an individual plant. These measures should be continually made more objective and replace variable visual checks. KPIs should be the basis of an enhanced verification system, and reduced frequency and emphasis on AQIS site audits. Data collected should enable plants to enter an approved alternative inspection program.
- The Alternative Inspection project has redefined two inspection and verification models. AMIC anticipates processors progressively moving to these more efficient arrangements built on higher company responsibility – the Australian Government Supervised Export Program (AGSEP), and the Australian Government Verified Export Program (AGVEP) for export registration of plants applying the Australian meat Standards under supervision of State Authorities and periodic review by AQIS.

The industry has invested heavily in the SEG work. AMIC believes this should be a valuable, effective mechanism for moving regulation reform into the future. However, much depends on SEG being able to achieve tangible advances over 2008 (ie. changes in operational, marketplace and regulatory arrangements and productivity benefits).

**This will ultimately depend on Federal Government support for cultural and operational change in the approach to regulatory oversight of meat inspection in Australia and reforms in the approach to alternate inspection systems and practices.** That cultural change needs to be developed by AQIS and AMIC through the SEG and EMIAC interactive process.

**The success of RedMMAC, the Red Meat Market Access Committee is also vital as an industry / Government partnership on red meat market access issues.**

RedMMAC is an across-department and industry committee established in 2007 aiming to guide the direction of decision-making in relation to market access for red meat products in international markets and ‘to deliver more optimal outcomes on all forms of market access in the red meat industry.’<sup>58</sup> It will meet every six months or whenever market access issues normally handled through traditional avenues and organisations/departments, prove unable to achieve an acceptable result in isolation. RedMMAC is about harnessing the combined resources of all of industry and Government to address the most difficult or complex market access issues.

AQIS will oversee a trial in 2008 of a restructured plant performance rating system which has been jointly developed by AQIS and AMIC. The trial will be managed by AQIS but industry representatives will be involved in the evaluation. The restructured system has been developed around a number of measurable Key Performance Indicators (KPIs). If the trial is successful and the restructured system is adopted, a strategy aimed at securing importing country recognition of the new models is to be considered by RedMMAC.

**Looking forward, the Red Meat Industry is concerned to achieve effective removal of duplicative and unnecessary legislation, regulatory systems and processes.**

*The two SEG projects are essential advances and must be achieved.* To date, the SEG process has been ground breaking in seeking cultural change. Government should ensure the resources are available to support the SEG process in seeking to reduce regulatory oversight, reduce costs, better utilise valuable human resources (Government and industry) and provide more relevant food safety and quality systems to meet changing consumer expectations. Government will play a key role in fostering such a process.

Further regulatory reform efficiencies could include direct removal of a layer of processing and food safety regulation by focusing on the Australian Standard (AS) system for domestic and international trade interactions, developing usefulness of outcomes statements in the AS for users and customers, and utilising plant approved arrangements rather than detailed export orders to ensure country requirements are met.

The RMI considers the change processes must be near-future, pragmatic, be effective at business level in a reasonable time, ensure food safety is achieved, allow non-prescriptive mechanisms for obtaining food safety outcomes, and provide enough regulatory base to be understandable to overseas markets and maintain cost-effective market access.

## Notes and References

- <sup>1</sup> Federal Labor Leader, *Facing the Future*, Address to the National Press Club, 17 April 2007.
- <sup>2</sup> 'Six principles of good regulatory process' were put forward in the Regulation Taskforce, *Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burdens on Business*. These principles were endorsed by the Australian Government in August 2006. COAG then endorsed eight principles for 'Maximising the Efficiency of Regulation' in its April 2007 *COAG Regulatory Reform Plan*. The *Principles and Guidelines for National Standard Setting and Regulatory Action by Ministerial Councils and Standard-Setting Bodies*, endorsed by COAG 1995, amended by COAG 1997 and 2004, current 2008, also apply.
- <sup>3</sup> Sources: MLA, Australia's Fast Facts and Feedback issues; ABARE Industry financial performance reports 05-06 plus Industry specific reports and ABARE Australian Commodities Sept 2006-Sept 2007. ABS reports including: 7111.0 - Principal Agricultural Commodities, Australia, 2005-06 [5.2007] plus ABARE, MLA, AMIC and ALFA websites.
- <sup>4</sup> Federal *Future Harvest* Statement, May 2007
- <sup>5</sup> Mintrac (2007), *Establishing the economic benefits of a meat industry trained workforce*, May.
- <sup>6</sup> ABARE (2007), Australian food industry performance and competitiveness, *Australian Commodities*, Mar.
- <sup>7</sup> ABARE Australian Commodities issues Sept 2006 to Sept 2007. ABS reports: 7111.0 - Principal Agricultural Commodities, Australia, 2005-06 [5.2007] plus MLA reports.
- <sup>8</sup> Morgan, *FAO, Policies, Meat Trade and Developing Countries* 2006worldmeatcongress.com.au/presentations/
- <sup>9</sup> ABARE, *australian commodities*, vol. 13 no. 1, March 2006. Also March 2007.
- <sup>10</sup> ACCC (2007) *Examination of the prices paid to farmers for livestock and the prices paid by Australian consumers for red meat - A report to the Minister for Agriculture, Fisheries and Forestry*.
- <sup>11</sup> In 1999, the figures were 1.5mt for beef (others near 0.5mt) and 0.3 mt for sheepmeat (others 0.4mt). Data was extracted or gauged from MLA Feedback Top 25 Red Meat Processors, and Top 25 Red Meat Value Adding Companies, survey reports 2006, 2004, 2000, 1999, 1998.
- <sup>12</sup> RMAC (2003) 'More From Less' – Strategic Direction for the Australian Red-Meat Industry 2004-09.
- <sup>13</sup> Tabro Meat Pty Ltd. Submission to the Joint Standing Committee on Migration (JSCM) Temporary Visa Inquiry, April 2007.
- <sup>14</sup> Department of Education, Employment and Workplace Relations, *Vacancy Report*, January 2008. "The number of vacancies on Australian JobSearch, DEEWR's online employment website, was around 85 500 in late January 2008. The top four occupational groups were: Labourers, Factory and Machine Workers (18 200); Accounting, Finance and Management (10 400); Food, Hospitality and Tourism (8300); and Sales Assistants and Storepersons (5400)."
- <sup>15</sup> The Hudson Report Australia *Employment Expectations* Jan-March 2008. "National employer sentiment is at its highest level on record. A net positive 42.8% of employers surveyed indicated an intention to increase permanent employment levels over the January — March 2008 quarter. The result is an increase of 3.9 percentage points (pp) over last quarter and 10.2 pp for the same period last year." This Report surveyed 7,519 employers from 19 core industry groups, aligned with the Australian Bureau of Statistics industry classifications (including tourism, retail, construction and manufacturing, not agriculture). <http://au.hudson.com>. However, the Australian Industry Group-PricewaterhouseCoopers Performance of Manufacturing Index report for January 2008 shows that manufacturing activity has slipped for the first time in more than 18 months. Reasons given include import competition, labour shortages, raw material shortages, financial uncertainty and seasonal effects.
- <sup>16</sup> Minister Gillard, *Continued improvement in participation and employment* Media 13.12.07. 'The labour force participation rate has increased by 0.3 percentage points to a record high of 65.3% in November. This increase was greatest for males, which rose by 0.6% to 72.7. This ...exceeded market expectations.
- <sup>17</sup> Skills and labour shortages is a key issue in the Meat Industry Strategic Plan 2004-2009 (RMAC 2003).
- <sup>18</sup> For example: O'Brien (2005) Industry representation, structural change and the older male worker in Australia (1985 to 2005). *Australian Bulletin of Labour*, September.
- <sup>19</sup> The HoR Standing Committee on Economics, Finance and Public Administration review, *Australian manufacturing: today and tomorrow*, July 2007, identified 'difficulties in attracting new employees to fill skills shortages ... exacerbated by the sector's poor public image'.
- <sup>20</sup> HoR Standing Committee on Agriculture, Fisheries and Forestry, *Skills: Rural Australia's Need*, 2007.

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- <sup>21</sup> See JSCM Inquiry submissions: Restaurant and Catering Australia; Infrastructure Partnerships Australia and Tourism and Transport Forum Australia; Snedden, Hall and Gallop Lawyers; Small Business Development Corporation, WA. "... if the level of service provided by the industry is to continue, a new source of unskilled labour needs to be found. It is suggested that the need for [semi and] unskilled labour should be regarded as inevitable, ... the hospitality industry and the agricultural food industry are struggling right now for labour across their areas." Also, Hotel Motel and Accommodation Association, Submission to JSCM Inquiry, February 2007.
- <sup>22</sup> Commonwealth Submission to JSCM Inquiry, February 2007.
- <sup>23</sup> The Australasian Meat Industry Employees' Union, Submission to JSCM Inquiry, February 2007.
- <sup>24</sup> Regulations Vol 4, pp 110-155. Also: Minister for Immigration ... , Streamlined temporary business entry approved, 5 June 1996. This followed the Committee of Inquiry into Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry – Future Directions* report, 1995.
- <sup>25</sup> FTH Skills Council/MLA (2006) *Career pathways in the Australian Meat Industry: A practical guide to career progression for new and current employees*. Available at [fthskillscouncil.com.au/workforce.asp](http://fthskillscouncil.com.au/workforce.asp)
- <sup>26</sup> The 'Regional 457 visa' recognises special needs of regional Australia. Regional employers can access reduced skill and salary requirements where the business has sought certification by a local Regional Certifying Body (RCB). RCBs include State and local government and a range of other bodies. RCBs certify that: tasks of the position correspond to the tasks of an occupation in ASCO major groups 1-7, as Gazetted; it is a genuine, full-time position that is necessary to the operation of the business that cannot reasonably be filled locally: the wages or salary will be at least the minimum level under Australian laws and awards or the gazetted minimum salary level (whichever is higher); and working conditions will meet requirements under Australian laws and awards.
- <sup>27</sup> Parliament of the Commonwealth of Australia (2007) *Temporary visas ... permanent benefits*. Ensuring the effectiveness, fairness and integrity of the temporary business visa program, Joint Standing Committee on Migration (JSCM), August. The Government had not responded to the report before the election.
- <sup>28</sup> 'Exciting technologies like robotics and automated imaging certainly appeal to younger people, but they need to be convinced that working with and helping develop these ... in the meat processing industry is a great career choice.' MLA media release November 2007.
- <sup>29</sup> Cairns Chamber of Commerce, to JSCM Inquiry 2007, among submissions from many industries.
- <sup>30</sup> The RMI notes the COAG Communiqué of 20 December 2007 with a 'new model of co-operation' and the formation of an Infrastructure Working Group charged with better coordination of infrastructure planning and investment across the nation, across governments and the private sector, and identifying and removing blockages to productive investment in infrastructure. The Commonwealth will consult with the States and Territories on the establishment of the Infrastructure Australia Council during 2008.
- <sup>31</sup> AMIC submission to the NSW Government, November 2005.
- <sup>32</sup> Productivity Commission (2007) *Annual Review of Regulatory Burdens on Business: Primary Sector*, Research Report, Canberra, p90.
- <sup>33</sup> "Efficient freight infrastructure is of particular importance to Australia, given its dispersed population and production centres. Current pricing and regulatory arrangements are hampering the efficient provision and productive use of road and rail infrastructure." Productivity Commission *Road and Rail Freight Infrastructure Pricing*, Dec 2006.
- <sup>34</sup> From the Engineers Australia, *2005 Australian Infrastructure Report Card*. "In 2001, ratings for roads ranged from C to D. The ratings today are: national roads C+, State roads C, and local roads C-, all marginally improved since 2001. Overall, national roads are only adequate, despite upgrade work on the eastern seaboard. State roads vary greatly in quality ... Rural roads have not improved, although the "Roads to Recovery" program ... is making a difference."
- <sup>35</sup> Queensland Department of Primary Industries & Fisheries, *Cattle transport - Loading strategies for road transport*, 17 August 2006. "Volume loading in Queensland means that the optimum number of cattle are loaded on a double deck transport. This reduces stress, bruising and deaths during the journey. Volume loading is more cost effective for transporters and producers."
- <sup>36</sup> ALTA, 2006, *Carrying a competitive economy into tomorrow - Getting road freight pricing, investment in roads and regulations right for Australia's future*, Submission to Productivity Commission Inquiry into Road and Rail Freight Infrastructure Pricing.
- <sup>37</sup> AMIC paper for discussion with the NSW Government, November 2005.
- <sup>38</sup> Keatsdale PL, *Review of Heavy Vehicle mass and loading, oversize and overmass, and Restricted Access Regulations*, for the National Transport Commission, May 2006.

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- <sup>39</sup> Meat and Livestock Australia, 23.4.2007, Minister launches red meat processing sector environmental guidelines. [www.mla.com.au/TopicHierarchy/News/MediaReleases/](http://www.mla.com.au/TopicHierarchy/News/MediaReleases/)
- <sup>40</sup> InvestAustralia is the Australian Government's national point-of-contact for inward investment enquiries. It offers free, comprehensive and confidential assistance to potential investors. The IA website includes the statement that "Australia's track record in agribusiness is attracting international interest across the supply chain in a variety of sectors - from aquaculture and wine to meat, dairy, cereals and horticulture".
- <sup>41</sup> Australian Government, Treasury (2006) *International Comparison of Australia's Taxes*, p41.
- <sup>42</sup> Institute of Chartered Accountants: Media release 2005 - Australia's Indirect Taxes Require an Overhaul. Also, *Indirect taxes policy paper*, May 2005. [www.icaa.org.au](http://www.icaa.org.au)
- <sup>43</sup> Regulation Taskforce 2006, *Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burdens on Business*, Report to the Prime Minister and the Treasurer, Canberra, January.
- <sup>44</sup> Council of Australian Governments, Communiqué, 20 December 2007, p7.
- <sup>45</sup> Six principles proposed by the Regulation Taskforce led by the PC Chair in January 2006 and agreed by the then Federal Government. COAG endorsed eight principles for 'Maximising the Efficiency of Regulation' in its April 2007 *COAG Regulatory Reform Plan*.
- <sup>46</sup> Food Safety Management in Australia - Risk Profiling and Food Safety Programs, Food Regulation Standing Committee, Consultation Paper March 2003. Food Safety Management Systems, Costs, Benefits and Alternatives, Allen Consulting Group, 2002; National Risk Validation Project, Food Science Australia and Minter-Ellison Consulting 2002. ANZFA (2001) Food Safety: The priority classification system for food businesses. Pointon et al (2006) A risk profile of the Australian red meat industry, *Food Control* 17 (2006) 712–718. Desmarchelier et al (2007) Managing safety and quality through the red meat chain, *Meat Science* 77 28-35.
- <sup>47</sup> UK Better Regulation Task Force (2004) *Avoiding Regulatory Creep*. [www.brc.gov.uk/](http://www.brc.gov.uk/)
- <sup>48</sup> Office of Best Practice Regulation (OBPR) (2006) *Best Practice Regulation Handbook*, Appendices B-9.
- <sup>49</sup> *Principles and Guidelines for National Standard Setting and Regulatory Action by Ministerial Councils and Standard-Setting Bodies*. Endorsed by COAG 1995, amended by COAG 1997, 2004, current 2008.
- <sup>50</sup> BRTF (2004) *Avoiding Regulatory Creep* report p17. UK Better Regulation Task Force. [www.brc.gov.uk/](http://www.brc.gov.uk/) . Many different terms / instruments (quasi-regulation) were identified as 'guidance': Guidelines, Advice, Voluntary Codes of Practice, Approved Codes of Practice, Best practice guidance, Good practice guidance, Guidance on complying with regulatory requirements, Criteria, Guidance Notes, Approved Documents.
- <sup>51</sup> PC Office of Best Practice Regulation, *Best Practice Regulation Report 2006-07*, pp21-22.
- <sup>52</sup> *NSW Food Regulation Partnership - A Blueprint*, April 2005. [www.foodauthority.nsw.gov.au/index.asp](http://www.foodauthority.nsw.gov.au/index.asp).
- <sup>53</sup> Australian Quarantine and Inspection Service, Fees and charging policy, September 2002. [www.daff.gov.au/\\_\\_data/assets/word\\_doc/0016/111940/AQISFeesandChargesPolicy.doc](http://www.daff.gov.au/__data/assets/word_doc/0016/111940/AQISFeesandChargesPolicy.doc) [dl 1.3.08].
- <sup>54</sup> RMAC (2000) Submission to Costs Recovery inquiry. Productivity Commission (2001) Cost Recovery by Government Agencies Inquiry Report. [www.pc.gov.au/inquiry/costrecovery/docs/finalreport](http://www.pc.gov.au/inquiry/costrecovery/docs/finalreport).
- <sup>55</sup> *Export Assurance* (2000), NCP Review of the Export Control Act 1982.
- <sup>56</sup> The Government Response to the National Competition Policy Review of the Export Control Act 1982, with elaborations prepared by AQIS, February 2003. [www.daff.gov.au](http://www.daff.gov.au) [10.2007]
- <sup>57</sup> *Export Assurance* (2000), NCP Review of the Export Control Act 1982, pp x, 96, 98.
- <sup>58</sup> RedMMAC met in 2007. The meeting involved AMIC, MLA, Cattle Council, Sheepmeat Council, DAFF International, DAFF Meat & Livestock Division, AQIS and Department of Foreign Affairs and Trade.