

# RED MEAT ADVISORY COUNCIL LIMITED

ACN: 083 193 891

Mr Ian Mcivor, AM, Chairman  
Mr Justin Toohey, Secretary  
RMAC Ltd  
c/- J Toohey & Associates P/L  
PO Box 1266  
MULLUMBIMBY NSW 2482

T. 02 6684 7793

F. 02 6684 7796

E. [admin@rmac.com.au](mailto:admin@rmac.com.au)

[www.rmac.com.au](http://www.rmac.com.au)

4 September 2009

Senate Rural and Regional Affairs and Transport Committee  
Attention: Ms Radcliffe, Secretary  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Senators

## **RE: Inquiry into the removal of rebate for AQIS export certification functions**

Red Meat Advisory Council Limited (RMAC), as the peak body of the Australian red-meat and livestock industry, is pleased for the opportunity to comment to your Committee on the Government's removal of the rebate for AQIS export certification.

For the information of Senators, RMAC has a membership comprising all five national Peak Industry Councils recognised as representing the following sectors: meat processors/wholesalers/retailers; grass-fed cattle producers; grain-fed cattle producers; sheepmeat producers; and livestock exporters. In all, the Australian red-meat and livestock industry represented by RMAC has a value of around \$15.7b.

Given the industry's structure, this submission has a multi-sectoral focus and overlays those already provided by RMAC's individual members.

## **Background**

- The Productivity Commission, in its 2000 review of Government services, recommended the provision of Government funding for AQIS meat inspection on the grounds that it rightly reflected a recognised community service obligation (CSO). This recommendation by the Commission was made in a policy climate of opposition to unjustified Government support. At the time Australia had an effective rate of assistance for agriculture of approximately two per cent on average, with most of that being for the dairy industry. (Productivity Commission's Trade and Assistance Review 2000-01)
- While the Howard Government nominated 30 June 2009 as the review date for the rebate, it was the Rudd Government that adopted the recommendation from the Beale Review for the scheme to cease from that date.
- Following the release of the Beale Report on 18 December 2008, concern over the impending withdrawal of the 40% rebate gathered momentum throughout agriculture. At the heart of this concern was a feeling that, based on AQIS's past inability to streamline its operations, the rebate would be withdrawn without a compensatory improvement in the efficiency of the service.

As a result of this growing disquiet, RMAC led a group, known ultimately as the 'Consortium for AQIS Reform', that met with the Minister in his electoral office on 9 March 2009; a copy of the letter in which the outcomes from that meeting were summarised is attached for the Committee's information.

Notable from this letter are the Minister's views that the cessation of funding, and the cessation date, were near to immutable and that there was a determination by the Government to ensure that efficiencies in AQIS export inspection operations would be pursued with vigour to offset as best as possible the additional costs from the rebate removal.

### **RMAC's position**

RMAC's current position is summarised as follows.

- The concept of Government meeting its CSO through part funding of AQIS export inspection is still supported.
- Notwithstanding the first point, the concept of user pays, provided the service is competitively priced, is also supported.
- The provision of services by a monopolist (AQIS) requires ongoing scrutiny to ensure efficiencies are maximised for the benefit of its customers (industry); AQIS has a poor record in this regards.
- The Federal Government, through its Minister, gave a commitment to balancing as near as possible the increase in charges resulting from the removal of the rebate with increases in efficiency of AQIS export-inspection. It is only by virtue of this commitment that industry gave reluctant acknowledgment of rebate removal.
- In the event the promised efficiency gains are slower in coming than are the additional costs from the rebate removal, industry insists there be sufficient Government funding provided to fill the gap and so prevent the erosion of Australia's competitiveness internationally. It should be noted Australia is competing against countries like the US where export inspection is predominantly funded by government.
- There must also be greater involvement of, and consultation with, industry in future AQIS management decisions that impact on industry.

Please contact RMAC's Secretary, Justin Toohey, or me if further clarification is required.

Yours sincerely



Ian McIvor, AM  
Chairman

Att

---



11 March 2009

The Hon Tony Burke, MP  
Minister for Agriculture, Fisheries and Forestry  
Parliament House  
CANBERRA ACT 2600

Dear Minister

**RE: PROPOSED REMOVAL OF GOVERNMENT'S 40% CO-CONTRIBUTION**

I am writing to convey this Group's thanks for meeting with us on 9 March 2009 in your Electoral Office to discuss the Government's current policy of removing the 40% contribution towards the co-payment of export certification. The Group was appreciative of the open and frank nature of the meeting and the positive and constructive approach taken by all present.

For us, the four key points to come out of the meeting are summarised below.

**1. Cessation date**

- The Group notes your view that the 30/06/2009 date for the removal of the Government's 40% co-contribution is unlikely to be changed.
- While the idea of a 'phase in' period or a 'moratorium' beyond this date is industry's firm policy and was discussed, the Group recognises your view that this would have an extremely low probability of success.
- The Group also notes your view that any effort required to pursue such a strategy, especially given your concern that this may be counter-productive, could be far more productively spent pursuing other initiatives.

**2. Alternative measures**

- You were reasonably confident that the necessary efficiency changes could be made within AQIS by the middle of this year. We welcome your enthusiasm to explore creative ways of helping industry through the transition to full cost recovery, most importantly the implementation of efficiencies within AQIS.
- As a matter of urgency, Government will explore ideas to offset any increases in export certification costs; for its part, industry will continue to work with Government in putting forward initiatives that will enable AQIS to streamline the certification process to ensure additional costs are more than offset by efficiency gains and associated cost savings.
- The Group appreciates the opportunity to report directly back to your office on the progress of AQIS and industry working groups on finding efficiencies.

**3. AQIS/Industry interaction**

- As conveyed to you, the Group, and the industry each member represents, has been repeatedly frustrated with a perceived lack of co-operation from AQIS: the consultation and implementation processes undertaken by AQIS to move forward with justifiable efficiency initiatives have been too slow and have lacked a partnership approach.
- Recognising there are legitimate and sometimes conflicting interests, it is essential that those involved feel their views are heard, valued and if

appropriate included in the determination of future policy and program implementation.

- The Group welcomed your willingness to investigate and correct this problem as soon as possible.

#### **4. Unity of purpose**

- Noteworthy is the strength of unity on this issue, not only across sectors within each industry but across the industries represented by the Group.
- All affected industries intend maintaining pressure to have the issue of unnecessary food-inspection costs resolved.
- From a consultation viewpoint, having 14 separate Consultative Committees dealing with this one issue (among others) seems highly inefficient and potentially divisive. Given the urgency in seeking a workable solution, the Group reiterates the recommendation that a Ministerial Working Group be established immediately.

Thank you again for your time and we look forward to working closely with you, your office and your Department to develop and enhance cost efficiencies in AQIS. We would appreciate early advice regarding your intended course of action from here.

Yours sincerely

Lach MacKinnon

On behalf of:

Red Meat Advisory Council

Australian Livestock Exporters Council

Cattle Council of Australia

Australian Lot Feeders Association

Sheepmeat Council of Australia

Australian Dairy Farmers

Biological Farmers of Australia

Commonwealth Fisheries Association

Horticulture Australia Council

Grain Trade Australia (formerly NACMA)

National Aquaculture Council

National Herd Improvement Association of Australia