

Chapter 1

Introduction

Conduct of the inquiry

1.1 The Agriculture, Fisheries and Forestry Legislation Amendment Bill (No. 2) 2004 (the bill) was introduced into the House of Representatives on 23 June 2004 and passed on 12 August. The bill was introduced into the Senate on 30 August 2004.

1.2 On 4 August 2004 the bill was referred for inquiry to the Rural and Regional Affairs and Transport Committee on the recommendation of the Senate Selection of Bills Committee. The Selection Committee gave as reason for referral:

The bill will establish a regime that will provide LiveCorp with funding from an industry levy and consolidated revenue for marketing and research and development. An inquiry is required to ensure that accountability arrangements imposed on LiveCorp in relation to these funds is adequate.¹

1.3 The Committee advertised this inquiry in *The Australian* on 11 August and 25 August 2004. The Committee also approached a number of interested parties to provide evidence at a public hearing and three organisations and one individual provided written submissions (see Appendix 1). A public hearing was held on 11 August and witnesses are listed at Appendix 2.

1.4 The Committee's evidence and submissions are available on the parliament's homepage at <http://www.aph.gov.au>

Acknowledgments

1.5 The Committee, particularly in view of the short inquiry, appreciates the time and work of all those who provided oral and written submissions to the inquiry. Their work has assisted the Committee considerably in its inquiry.

Purpose of the bill

1.6 This bill amends the *Australian Meat and Live-stock Industry Act 1997* (the AMLI Act) to allow an industry organisation representing live-stock exporters to be determined as a marketing body and as a research body for the purpose of receiving revenue derived from compulsory charges applied to the live-stock export industry.²

1 Selection of Bills Committee report no. 10 of 2004, *Senate Hansard* 4 August 2004, p. 25650.

2 Agriculture, Fisheries and Forestry Legislation Amendment Bill (No. 2) 2004, Explanatory Memorandum, p. 1.

1.7 In introducing the bill, the Minister advised the Parliament that this bill will give effect to the second part of Recommendation 2 of the Livestock Export Review (the Keniry review).³

The Keniry review

1.8 Following concerns arising from the *Cormo Express* incident in August-October 2003, Dr John Keniry chaired a government review of the livestock export industry. The report on the review was published on 23 December 2003.⁴

1.9 On 30 March 2004 the Minister for Agriculture, Fisheries and Forestry announced that the government had accepted most of the recommendations in full and the remainder with modification.⁵ Most of the legislative changes required to give effect to the government's response to the review were contained in the Agriculture, Fisheries and Forestry Legislation Amendment (Export Control) Bill 2004, which the Committee considered in June 2004. This bill adopted Keniry recommendations 1, 2 (in part) 3, 7 and 8 fully, and recommendations 4 and 5 with modifications.⁶

1.10 The purpose of implementing these recommendations was to increase government regulation of the export of live animals and to strengthen this with sanctions and penalties for non-compliance. Included in this process was the development of nationally consistent principles for exporting live stock, through the Australian Code for the Export of Live-stock.⁷

1.11 In June 2004 the Committee's report on the bill recommended it be amended to provide for the reporting, to parliament, of vital statistics pertaining to the live animal export trade. This amendment was agreed to and the bill was passed by the parliament on 24 June 2004. Consequently, the Minister is required to report to the parliament every six months in accordance with section 57AA of the AMLI Act. The statistical information required to be presented under this provision is based on reporting from the masters of ships carrying livestock within any given reporting period, and includes:

3 Agriculture, Fisheries and Forestry Legislation Amendment Bill (No. 2) 2004, Second Reading Speech, p. 1.

4 *Livestock Export Review – Final Report - A report to the Minister for Agriculture, Fisheries and Forestry*, (Dr John Keniry, Chair), December 2003.

5 Agriculture, Fisheries and Forestry Legislation Amendment (Export Control) Bill 2004, Explanatory Memorandum, p. 1

6 Rural and Regional Affairs and Transport Legislation Committee, Report into the Provisions of the Agriculture, Fisheries and Forestry Legislation Amendment (Export Control) Bill 2004, June 2004, p. 7

7 Rural and Regional Affairs and Transport Legislation Committee, Report into the Provisions of the Agriculture, Fisheries and Forestry Legislation Amendment (Export Control) Bill 2004, June 2004, p. 1

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- the ports at which animals were loaded and discharged;
 - the time of year animals were loaded and discharged;
 - the duration of the voyage;
 - type and number of livestock loaded; and
 - mortality rates.⁸

The purpose of section 57AA is to ensure that the live export industry is accountable not only to the Minister, but to the parliament and therefore the public as a whole.

1.12 The amendments contained in this current bill are designed to give effect to the second part of Recommendation 2 of the Keniry Review, namely:

Industry should be responsible for research and development and management of quality assurance systems to support its members translate best practice standards into outcomes consistent with best practice:

-its activities should be funded by compulsory levies.⁹

1.13 The bill, however, does not seek to tie the funding from levies directly to the quality assurance systems implemented in the operation of the live animal trade, as referred to in Keniry's second recommendation. The accountability mechanism provided for by section 57AA of the AMLI Act appears to be well suited to perform an important function in this regard. That is, to ensure that the industry and the wider public can be satisfied that money raised through industry levies is achieving the desired outcome of improving the health and welfare of stock subject to this form of trade.

The Current Regulatory Regime

1.14 The red meat industry pays compulsory levies and charges towards research and marketing activities under the *Primary Industries Customs (Charges) Act 1999* and the *Primary Industries (Excise) Levies Act 1999*, with research funds being matched by the Commonwealth as prescribed in the AMLI Act. However, the live animal export sector has, until now, been exempted from such levies and charges on the understanding that it would raise its own funding requirements from voluntary contributions.

1.15 The voluntary contributions received by LiveCorp are now deemed to be inadequate and the government has agreed to impose compulsory charges to provide

8 Journals of the Senate, 24 June 2004, pp. 3683-3684

9 *Livestock Export Review – Final Report - A report to the Minister for Agriculture, Fisheries and Forestry*, (Dr John Keniry, Chair), December 2003, Executive Summary, p. 3.

the necessary financial underpinning for LiveCorp to undertake required roles in research and development, marketing and improving quality assurance.¹⁰

1.16 However, the AMLI Act limits the red meat industry to a single industry marketing body and a single industry research body for purposes of levy or charge funding flows. Currently, Meat and Livestock Australia Ltd (MLA) is that body. This bill amends the AMLI Act to allow the minister to determine more than one industry organisation to be a marketing body and a research body, and to receive revenue derived from compulsory levies and charges.

1.17 Current legislation requires that Commonwealth matching funds for approved research expenditure be paid to MLA, as the declared research body. This bill maintains either the MLA or another body determined to be the industry research body, will be the only body eligible to receive Commonwealth matching funds for research.¹¹

Provisions of the bill

1.18 The main provisions in Schedule 1 of the bill are:¹²

1.19 **Item 10** inserts criteria of which the Minister must be satisfied in order to declare a body to be the live-stock export marketing body or the live-stock export research body. These mirror the criteria that currently apply to the declaration of a body as the marketing body or the research body for the overall live-stock industry.

1.20 **Item 21** inserts new **sections 64A** and **64B** into the AMLI Act. These provide for amounts of charge received by the Commonwealth from the live-stock export industry (under the Customs Charges Act) to be paid to the live-stock export marketing body and the live-stock export research body.

1.21 **Item 26** inserts new **subsections 67(3)** and **67(3B)** into the AMLI Act. These provisions restrict the purposes for which the live-stock export marketing body and the live-stock export research body may spend money received from the Commonwealth under sections 64A and 64B. These restrictions mirror those currently imposed on the marketing body and the research body for the industry generally.

1.22 **Items 31** to **64** amend the Customs Charges Act to reflect the fact that amounts collected by the Commonwealth under this Act that were previously paid to the marketing body for the industry and the research body for the industry will now be paid to the live-stock export marketing body and the live-stock export research body.

10 Agriculture, Fisheries and Forestry Legislation Amendment Bill (No. 2) 2004, Explanatory Memorandum, p. 2.

11 Agriculture, Fisheries and Forestry Legislation Amendment Bill (No. 2) 2004, Explanatory Memorandum, p. 3.

12 Taken from Bills Digest no. 3, 2004 - 05, Jennifer Nicholson, Law and Bills Digest Section, Parliamentary Library, 28 July 2004, pp. 3-4.

Consideration by Senate Scrutiny of Bills Committee

1.23 The Senate Standing Committee for the Scrutiny of Bills has a standing brief to consider all bills as to whether they trespass unduly on personal rights and related matters, and draws attention to any bill which seeks to have retrospective impact. The Scrutiny Committee notes that Parts 1 and 2 of Schedule 2 to this bill will commence retrospectively. However, the Scrutiny Committee accepts the observation in the explanatory memorandum that the amendments "are beneficial to taxpayers and do not have the potential to act to the detriment of any person".¹³

13 Senate Standing Committee for the Scrutiny of Bills, Alert Digest no. 9 of 2004, 4 August 2004, pp. 5-6.

