

SUBMISSION

SUBMISSION TO

**The Standing Committee on Rural and Regional
Affairs and Transport**

IN RESPONSE TO

Inquiry in to meat marketing

2 May 2008

SUMMARY

The Australian Meat Industry Council (AMIC) supports a national consistent approach to regulation and compliance systems and therefore supports the need to review the effective supervision of national standards and controls and the national harmonization of regulations applying to the branding and marketing of meat.

This submission focuses on the sheep meat sector, and in particular the standards and compliance systems that underpin Australia's lucrative lamb brand, following recent issues reported in the media regarding lamb truth in labelling.

AMIC has taken a lead role, partnering with the Sheepmeat Council of Australia (SCA) since August 2007, to review the current lamb standard and investigate options for an effective compliance scheme that can be consistently applied across the entire Australian lamb industry.

AMIC and SCA have jointly developed and endorsed a comprehensive project plan that aims to deliver an objective, scientifically and economically sound analyses of the relevant issues for review by its Councils from mid 2008.

Once finalised, this analysis will enable the relevant Peak Industry Councils to make informed policy recommendations and decisions that hope to improve the current systems supporting the Australian lamb category.

AMIC requests that the Standing Committee take into consideration the following during its current inquiry into meat marketing:

- That the relevant Peak Industry Councils have taken a collaborative approach to investigate the lamb truth in labelling issue;



- That Industry is currently conducting a comprehensive analysis of the issues surrounding lamb truth in labelling, including formulating potential solutions;
- That Industry's process to analyse the lamb truth in labelling issue has been underway since August 2007, and is scheduled to be completed from mid 2008; and
- That the relevant Peak Industry Councils have agreed that, once this information is available and has been considered, they will make informed policy recommendations and decisions aimed at improving the current systems supporting the Australian lamb category.



1. INTRODUCTION

The Australian Meat Industry Council (AMIC), being the nationally recognised Peak Council representing the red meat processing sector, welcomes the opportunity to make the following submission to the Standing Committee on Rural and Regional Affairs and Transport's inquiry into meat marketing.

This submission focuses on the sheep meat sector, and in particular the standards and compliance systems that underpin Australia's lucrative lamb brand, following recent issues reported in the media regarding lamb truth in labelling.

Australian lamb is renowned as a high value, high quality product. The lamb brand is one of the key brands that underpins the marketing strategies in Australia's export and domestic markets.

From time to time however allegations regarding the integrity of lamb products are reported. More recently AMIC has taken a lead role in working with Industry to drive solutions in this area.

During late 2006 AMIC reviewed the lamb standard and regulatory and verification controls supporting the lamb brand. This led to unanimous agreement amongst AMIC domestic and export processor council members to propose to the rest of industry to review the lamb standard and the control and verification measures that underpin the lamb brand.

AMIC appreciates that change requires thorough analysis, broad consultation and the engagement of Industry stakeholders and during the latter half of 2007 embarked on program to achieve this.

In August 2007 AMIC partnered with the Sheepmeat Council of Australia (SCA) to review the current lamb standard and investigate options for an effective compliance scheme that can be consistently applied across the entire Australian lamb industry.

A joint working group, called The Lamb Definition Working Group, was established to further investigate AMIC's proposal. This group developed and agreed on a Terms of Reference and then set about the



task of establishing a comprehensive project plan, which has subsequently been endorsed and funded by AMIC and SCA.

The project plan, aims to deliver an objective, scientifically and economically sound analyses of the issues so that the relevant Peak Industry Councils can make informed policy recommendations and decisions aimed at improving the current systems supporting the Australian lamb category.

2. BACKGROUND

In 2002 Industry supported a review¹ of lamb meat description which found that there were different approaches to lamb branding regulation and verification systems between State and Federal jurisdictions.

AQIS and AUSMEAT regulate and audit compliance of the lamb category for export processors.

Lamb branding for the domestic market is regulated by a mix of separate State Government Departments and Food Authorities each operating under their own regulation and verification systems.

It is an offence under State legislation, in those States that address this issue in their legislation, to apply a lamb roller brand to product which fails to meet the lamb standard.

Though there is general consistency between jurisdictions on the use of the lamb brand, operational inconsistencies between States and between Authorities are inevitable.

It is AMIC's understanding that limited or no attempt has been made to achieve cross jurisdictional consistency of the regulation and compliance systems supporting the lamb brand.

¹ Harmonization of Lamb Meat Description in Australia, AUS-MEAT, October 2002.



3. THE OPPORTUNITY

AMIC supports a national consistent approach to regulation and compliance systems.

AMIC notes that nationwide harmonisation of regulation, standards and enforcement² was acknowledged as a priority theme from the Rural Industries and Rural Communities stream of the recently held Federal Government's 2020 Summit.

Given the current complexities underpinning the lamb category, AMIC believes there is an opportunity to make improvements, particularly in the area of cross jurisdictional consistency of the regulation and compliance systems supporting the lamb brand.

Therefore AMIC supports the need to review the effective supervision of national standards and controls and the national harmonisation of regulations applicable to the lamb brand; and in fact has taken a lead role in doing so.

4. AMIC – TAKING A LEADING ROLE IN LAMB BRAND REFORM

AMIC and Industry have periodically looked at ways to enhance the systems underpinning the lamb brand. More recently however AMIC has taken a proactive role in partnering with Industry to review the current arrangements.

In October 2006 AMIC reviewed³ the standard supporting the lamb brand and regulatory and verification controls that existed to enforce the standard.

² Australian 2020 Summit, Initial Summit Report, 20 April 2008, Australian Government, pp 17-18.

³ Australian Lamb Definition: Roles and Responsibilities of Industry and Government, AMIC, October 2006.



This led to unanimous agreement amongst AMIC domestic and export processor council members to propose to the rest of industry to review the lamb standard and the control and verification measures that underpin the lamb brand. It was acknowledged that any modification to the standard would require appropriate control and verification measures to ensure compliance.

AMIC members agreed that to progress the issue it needed to consult with key stakeholders, firstly the Sheepmeat Council of Australia (SCA). In August 2007 AMIC met with SCA and presented the proposal to review the current lamb standard.

In September 2007 the Lamb Definition Working Group was established to evaluate AMIC's proposal. This group consists of 2 elected councillors and 1 executive member from both AMIC and SCA.

In October 2007 the Lamb Definition Working Group developed and agreed to a Terms of Reference. There was also a strong commitment to establish a project plan that would deliver an objective, scientifically and economically sound analyses of the issues so that informed policy decisions could be made by the relevant Peak Industry Councils.

In February 2008 a comprehensive project plan was jointly agreed to by the SCA / AMIC Lamb Definition Working Group. During March and April both organisations' national councils endorsed the project plan and associated funding to undertake the work.

The plan identifies key objectives, tasks, and resources for a number of projects to review the lamb brand.

The project plan is split into the following key elements:

1. Investigate:
 - the extent of mis-description with the current lamb standard and the range of state and federal systems regulating the standard;
 - options for an effective compliance scheme that can be consistently applied across the entire Australian lamb industry; and



- to what degree extending the lamb standard addresses the current mis-description issues.
2. Assess the impact of extending the lamb standard on eating quality, on Industry economics, on stakeholder's perceptions and on the international environment.

The project analysis is underway and it is expected that the outcomes will be delivered from mid 2008 for review by AMIC and SCA.

5. LAMB BRAND CONTROL AND VERIFICATION REVIEW

Element 1 of the Lamb Definition Working Group project plan is particularly relevant to the Standing Committee's meat marketing inquiry Terms of Reference.

Within element 1 there are a number of sub projects that, once delivered, will provide Peak Councils with the necessary information to make policy recommendations and decisions about an effective compliance scheme that can be consistently applied across the entire Australian lamb industry.

The expected outcomes from this analysis are as follows:

Element 1.1: An investigation into the extent of mis-description with the current lamb standard.

Expected outcomes of the analysis are:

- That the truth in labelling problem (hogget and mutton being substituted as lamb) is clearly defined, with the number of substitution instances reported, and that the drivers causing substitution are also clearly defined.
- That the extent of the problem, in economic terms relative to the size of the market is defined. For example, objective data on the extent of the issue including the number of hoggets and sheep



marketed as lambs will be sort and presented at a geographical and State based level.

- Identification of who in general terms in the supply chain is being disadvantaged and by how much in dollar terms.

Element 1.2: An investigation of the range of state and federal systems regulating the standard.

Expected outcomes of the analysis are:

- An outline of the current legal and regulatory structures underpinning the lamb standard and lamb brand use.
- An outline of the current compliance and enforcement measures and penalties in place.
- That the above findings are critically assessed with the success and/or failings of each system identified.

Element 1.3: An investigation of the options for an effective compliance scheme that can be consistently applied across the entire Australian lamb industry.

Expected outcomes of the analysis are:

- An investigation of any modifications to existing legislative and compliance systems or new systems that could improve compliance. This will include reviewing existing systems as follows:
 - Harmonisation of legislation / regulation across jurisdictions.
 - Harmonisation of compliance methodology across jurisdictions.
 - National coordination of systems.
 - Any modifications that could make the system more effective.



- An investigation of any penalties in place under the existing systems and a report on the effectiveness of these in deterring fraudulent activity.
- An investigation of alternative/complementary or new systems that could improve compliance such as:
 - ACCC prescriptive and voluntary codes.
 - Any other models that may be of assistance.

Element 1.4: An investigation of the degree to which extending the lamb standard addresses the current mis-description issues.

- An investigation of how AMIC's proposal (moving the current standard of lamb from no permanent incisors to a two-tooth standard) could assist addressing the issue of mis-description.
- An investigation of what degree the AMIC proposal will affect the incidence of mutton being substituted as lamb, as distinct to only hogget.
- An investigation of whether extending the standard creates other mis-description issues.

6. AMIC REQUEST

AMIC requests that the Standing Committee take into consideration the following during its current inquiry into meat marketing:

- That the relevant Peak Industry Councils have taken a collaborative approach to investigate the lamb truth in labelling issue;
- That Industry is currently conducting a comprehensive analysis of the issues surrounding lamb truth in labelling, including formulating potential solutions;



- That Industry's process to analyse the lamb truth in labelling issue has been underway since August 2007, and is scheduled to be completed from mid 2008; and
- That the relevant Peak Industry Councils have agreed that, once this information is available and has been considered, they will make informed policy recommendations and decisions aimed at improving the current systems supporting the Australian lamb category.



AUSTRALIAN MEAT INDUSTRY COUNCIL

ABN 65 990 653 488

Processor Group
Level 2, 460 Pacific Highway
St Leonards NSW 2065
Australia

P O Box 1208
Crows Nest NSW 1585

Contact Details:

Stephen J Martyn
National Director - Processing

Telephone: (02) 9086 2242

Facsimile: (02) 9086 2201

Email: smartyn@amic.org.au

www.amicprocessors.org.au