



Community & Public Sector Union
Michael Tull • National President

Ms Jeanette Radcliffe
Committee Secretary
Senate Standing Committee on Rural Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

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Dear Ms Radcliffe

Inquiry into biosecurity and quarantine arrangements

Please find attached a submission from the Community and Public Sector Union (PSU Group) to the Senate Inquiry into biosecurity and quarantine arrangements. This supplementary submission updates a previous submission from CPSU in November of 2010.

Scope

The Rural Affairs and Transport Committee is undertaking a wide ranging inquiry into biosecurity and quarantine arrangements. This CPSU submission is limited to those aspects of the Inquiry dealing with the reform of Australian Quarantine and Inspection Service export fees and charges for the export meat industry.

Introduction

The PSU Group of the Community and Public Sector Union (CPSU) represents workers in the Australian Public Service (APS), Commonwealth Government statutory agencies, the ACT Public Service, the Northern Territory Public Service, Telstra, the telecommunications sector, call centres, employment services and broadcasting including ABC and SBS.

As the principal union covering staff in the Australian Quarantine Inspection Service (AQIS), CPSU has considerable knowledge and experience of AQIS operations. The preparation of this CPSU submission has been guided by the experience and expertise of CPSU members working in Meat Inspection and Veterinarian roles in AQIS.

Background

The federal government and the Australian meat processing industry commenced work on export certification reform in 2009. The purpose of the reform process was to identify efficiencies and productivities to offset increased costs that would result from the return to a 100 per cent cost recovery arrangement.

CPSU has played a constructive and positive role in the reform process through a substantial consultative process between CPSU and the Department of Agriculture, Forestry and Fisheries (DAFF). CPSU sought but did not receive agreement from government or DAFF for direct CPSU involvement in the Meat Taskforce. This limited the ability of CPSU to engage with Meat industry representative bodies. However, CPSU utilised long standing and productive relationships with export meat establishments to discuss the reform process and come to an understanding of industry concerns and dynamics.

Reform principles

The reform process was guided by widely understood and broadly agreed principles:

- The purpose of the regulatory framework is to maintain and enhance market access for Australian exporters.
- The regulatory system should therefore be the most efficient (and lowest cost) system necessary to meet market access requirements.
- The elements of the system directly relating to maintaining market access (inspection, veterinary and audit costs) would be borne by industry while Departmental costs and overheads would be borne by the Department.

Development of AEMIS

By late 2010 it appeared to CPSU that industry and the Department had reached agreement on a regulatory model - AEMIS,

The key elements of that model were to:

- Introduce a new arrangement whereby official AQIS meat inspection work would be carried out by employees of the export meat establishments acting as Authorised Government Officers (AAO's).
- The existing cohort of AQIS employed Meat Inspectors (CPSU members) would be greatly reduced (by around 30%) and the remaining Inspectors would undergo a change of duties (and job title) to now become responsible for verifying the work of AAO's.

CPSU concerns with AMEIS

CPSU had substantial concerns about the proposed model and outlined those concerns to the Committee in November 2010:

- CPSU was concerned that the model proposed would not meet market access requirements.
- CPSU was concerned that the introduction of the AAO role would place a practical burden (recruiting, training and retaining sufficient numbers of skilled staff) and thereby increase costs for the smaller plants.
- CPSU was concerned that the proposed model would only deliver savings to the largest of plants and would actually increase costs on the smaller plants.
- CPSU was concerned that the practical effect of the new Australian Meat Export Inspection System may be to place smaller plants at a competitive disadvantage to the larger establishments – ultimately leading to the consolidation of export meat processing to large scale plants, the closure of smaller plants and the loss of valuable and important jobs from some regional communities.

- CPSU was concerned that AAO's would not have the necessary independence and protections to carry out their regulatory role, and would be subject to conflicting priorities (meeting the regulatory requirements on one hand whilst meeting production quotas on the other). It is the long experience of CPSU Meat Inspectors that independence from the producers and the security of protection of the Public Service Act were very important factors in an effective inspection regime.

In our submission of November 2010 CPSU made a number of recommendations to address the issues we had identified:

1. Market access:

CPSU believed it would be of benefit to CPSU members and the meat export industry generally for the Department to provide additional assurances that the proposed new Australian Meat Export Inspection System has been accepted and agreed to by our trading partners.

2. Realising cost efficiencies

CPSU believed that:

- Further analysis and modelling is required from DAFF to ensure that the introduction of a new Australian Meat Export Inspection System and the fees and charges regime does not disadvantage sections of the export meat industry.
- The implementation of the new system will require some flexibility and tailoring to the particular circumstances of establishments – while still seeking to achieve a consistent and high quality inspection system

3. AAO role

CPSU believed that AQIS must do more work to ensure that AQIS staffing levels will be adequate to meet the verification demands on the new system

Recent developments and current concerns

Market access

CPSU understands that negotiations between DAFF, the USDA and other key markets have determined that carcass by carcass inspection (on 100% of carcasses) by a government employed officer is still required, and will be required for the foreseeable future.

Therefore any new regulatory regime must meet those market requirements.

In practice this means a continuing role for AQIS Meat Inspectors is required.

CPSU understands that some elements of the export meat industry would prefer not to have AQIS inspectors at all. However it is clear that continuing market access is dependent upon the crucial role of AQIS Meat inspectors.

CPSU urges the Committee to ensure that Australia continues to meet market access requirements through the continued role of AQIS Meat Inspectors.

The impact of delays on CPSU members

The Committee would be aware that a new inspection model was planned to have been in place at this point. Indeed by late 2010, after substantial consultations between DAFF and

industry and DAFF and CPSU, CPSU members were informed by their employer that a new system was ready to be introduced.

It is important that the Committee understands that in late 2010 AQIS commenced the workforce adjustments to bring the AEMIS system into place. This meant that nearly 100 CPSU members were notified that they were potentially redundant and would be redeployed or offered a redundancy payment. At the same time other CPSU members applied for positions in the new system.

However, some eight months later those workers are still in limbo. Those facing redundancy are no closer to knowing their fate while those who did win positions in the new system are still unsure as to their future.

It is unacceptable to CPSU that a group of workers, especially those facing redundancy in small communities with few employment prospects, can be left in limbo for such an extraordinarily long time. I am sure the Committee can understand the very real personal impacts on those workers and their families from such a protracted state of uncertainty.

It is therefore essential that government, DAFF and industry act quickly to resolve the design, cost and implementation of a new system.

Finalising design of a new inspection model

With market access requirements now clarified – and clearly indicating that AQIS Meat Inspectors are essential to market access – it is possible to now move to finalise the design of a new system.

Previously DAFF and industry had sought to realise efficiencies by removing or reducing the number of AQIS Meat Inspectors and replacing them (in whole or part) with AAO's.

As CPSU understands it, some in the industry are concerned that the recent developments in market access requirements mean that industry will now have to both employ AAO's' and pay, on a 100% recovery basis, the cost of AQIS Meat Inspectors. This concern seems to lead to the claim that DAFF now fund or subsidise the cost of AQIS Inspectors.

At the same time CPSU is aware that some sections of the industry, in particular, the small and medium sized plants, would be happy to continue with current AQIS Meat inspectors (without recourse to AAO's) if AQIS were to apply a fair and consistent fee structure to that model of inspection. To assist those small and medium sized plants CPSU has, with the assistance of DAFF, conducted efficiency reviews in a large number of plants, with those reviews identifying substantial opportunities for revised inspection practices that would:

- Reduce the costs of current inspection practices
- Provide market access certainty via an ongoing role for AQIS Meat Inspectors.
- Relieve plants from the burden of having to recruit, train, manage and retain AAO's.

In considering the tensions between market access requirements and realising cost efficiencies to industry through the removal or reduction in AQIS Meat Inspectors, CPSU takes the view that a final design of the new system should be based on these features:

- The continuance of AQIS employed Meat Inspectors to meet market access requirements.
- Revised inspection practices, developed in conjunction with CPSU, to deliver the efficiencies identified by CPSU, and

- A fee structure that does not establish a competitive disadvantage for small or medium sized plants.

While CPSU has substantial concerns about the use of AAO's it may be possible to offer a meat inspection system that does utilise AAO's in the large plants – provided that:

- The concerns about the independence and protection of AAO's can be resolved.
- AQIS provides adequate staffing levels of Meat inspectors/FSMA's to meet market access requirements (carcass by carcass inspection).

If a dual system model were to be implemented, it is essential that the AQIS fee structure does not place some plants at a competitive disadvantage and lead to the consolidation of processing away from regional communities.

The CPSU thanks the Committee for the opportunity to comment on these issues. Should you wish to discuss this submission any further I can be contacted on (02) 8204 6910.

Yours sincerely

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