

Chapter 5

Grading systems and regulatory environment

5.1 All beef is graded according to a range of Australian and international standards as set out in the Handbook of Australian Meat published by Aus-Meat Limited. These standards grade beef according to a number of quality-related traits including the cut, age, sex and fat depth. These standards also specify:

- labelling requirements;
- country of origin;
- date processed;
- weight; and
- the company which packed the product.¹

5.2 Other standards include Aus-Meat's quality standards including the Pasturefed Cattle Assurance Scheme (PCAS) and the Meat Standards Australia (MSA) certification that guarantees eating quality. In addition, a number of companies have their own certifications. The second largest processor in Australia, Teys purchases PCAS-certified cattle while the country's largest processor, JBS has its own grass-fed certification for its Great Southern brand.²

5.3 As a three-year process, organic certification is the strictest and most difficult to obtain. At the same time, there are different certifications for different markets such as the US and EU.³ While these various standards and certifications add value to the beef produced through them, the point was made in evidence that:

All these different certifications makes it much more difficult for producers to supply multiple processors with certified beef as they require multiple certifications and audits.⁴

Meat Standards Australia

5.4 Australia's two beef grading systems are MSA and Aus-Meat Language.⁵ At present, MSA is only used in the Australian domestic market. MSA beef carcasses are graded on the proportion of *Bos indicus* breed, maturity, marbling, meat colour and pH and fat distribution. Producers of MSA beef are required to certify cattle are handled to minimise stress prior to slaughter as stress has a negative impact on meat eating quality.⁶

1 Mr Ashley Sweeting, *Submission 1*, p. 7.

2 Mr Ashley Sweeting, *Submission 1*, p. 7.

3 Mr Ashley Sweeting, *Submission 1*, p. 7.

4 Mr Ashley Sweeting, *Submission 1*, p. 7.

5 Mr John Carpenter, *Submission 9*, p. 4.

6 Mr Ashley Sweeting, *Submission 1*, p. 7.

5.5 MSA sets the standards in relation to fat depth, fat colour, marbling and other indicators relating to eating quality. One of the concerns raised in relation to MSA is that the separate company specifications such as that of detention and P8 fat which overlay MSA. The risk for producers is that cattle may have met the MSA standards but not the company standards.⁷ Producers suggested that when producers do not meet the company standards, they do not get paid for the MSA even if they have met the MSA standards.⁸

5.6 The Australian Beef Association (ABA) argued MSA grading was 'hopelessly inconsistent'.⁹ According to CCA, MSA requires immediate and continual development as producers are currently receiving discounts based on company specifications that have no relevance to consumer requirements 'resulting in high eating quality products not receiving their full market value, as determined by consumers'.¹⁰ Teys Australia argued that:

It is clear from Teys' perspective that supplier confidence in industry developed grading systems is at an all-time low. It is time these systems were made more objective, transparent and verifiable given their importance in determining producer returns.¹¹

5.7 Submitters suggested that as measurement is subjective, disputing a grading is made more difficult, providing scope for 'the interpretation of an individual classifier or skewed for monetary gain'.¹² Mrs Maureen Cottam raised a concern that graders were, in many cases, internally trained and assessed as well as being paid by their employer, the processor, who does not necessarily promote the commercial transparency that would satisfy a producer. Therefore, as Mrs Cottam argued, there is risk of a conflict of interest within the current system.¹³

5.8 Many producers made a similar point. Processing companies provide their own graders of carcasses who are effectively company employees. This means that MSA grading can amount to a task effectively performed by abattoir owners who have a 'vested interest in downgrading carcasses'.¹⁴

5.9 Some suggested that the graders should report to government authority as a means of enhancing the integrity and transparency of the grading process.¹⁵ Others argued that independent graders should be employed by a third party to grade and

7 Mr Gary Warren, *Submission 24*, p. 3.

8 Mr Gary Warren, private capacity, *Committee Hansard*, 4 August 2015, p. 9 and Mr David Hill, *Submission 86*, p. [6].

9 Australian Beef Association, *Submission 23*, p. 15.

10 Cattle Council of Australia, *Submission 83*.

11 Teys Australia, *Submission 55*, p. 16.

12 Mrs Maureen Cottam, *Submission 25*, p. 2.

13 Mrs Maureen Cottam, *Submission 25*, p. 4.

14 Mr Neil Paulet, *Submission 42*.

15 Mr David and Ms Anne Wortmann, *Submission 76*.

supervise payment for carcasses.¹⁶ Similarly, Mrs Cottam recommended the establishment of an independent beef grading system whereby the employment and registration of meat graders would operate under a statutory authority.¹⁷

5.10 Mr John Carpenter suggested that the MSA beef grading system be transferred from MLA to the department where it could be 'independently and impartially administered'.¹⁸ He also made the point that MSA does not exist for the exclusive benefit of producers, processors or retailers but rather, should focus entirely on protecting consumers.¹⁹

MSA carcass feedback

5.11 Beef producer, Mrs Cottam noted that as meat will naturally change colour, the timeframe of this change and other variables that affect grading are not in the control of the producer. Therefore, the producer is not privileged to the very information which determines their monetary return for beef.²⁰ She suggested that producers of MSA beef were hampered in their efforts to deliver a high quality beef product by a lack of adequate feedback from processors.²¹

5.12 Mr Gary Warren noted that processors will never articulate why the cattle did not meet the company standard but simply report 'does not meet company standards'.²² Further, evidence to the committee also suggested that the MSA carcass feedback sheet omits the MSA grader's registered number, thereby reflecting a lack of transparency.²³

5.13 The MSA requirements for handling cattle require that cattle sold through an MSA accredited saleyard should be processed within 36 hours of dispatch from the farm.²⁴ However, according to evidence before the committee, the time of kill is not documented on feedback sheets. Mrs Cottam informed the committee that producers have suffered financial loss as a result of the down-grading of their carcasses to non-MSA status. Yet, no predisposing factor was offered such as protracted kill time.²⁵ She suggested that the feedback sheets should provide the following information which should be electronically recorded at the time that the carcass is assessed:

- MSA grader's registered number or RFID number;

16 Mr Neil Paulet, *Submission 42*.

17 Mrs Maureen Cottam, *Submission 25*, p. 5.

18 Mr John Carpenter, *Submission 9*, p. 1.

19 Mr John Carpenter, *Submission 9*, p. 4.

20 Mrs Maureen Cottam, *Submission 25*, p. 2.

21 Mrs Maureen Cottam, *Submission 25*, p. 1.

22 Mr Gary Warren, private capacity, *Committee Hansard*, 4 August 2015, p. 9.

23 Mrs Maureen Cottam, *Submission 25*, p. 2.

24 Meat and Livestock Australia, MSA requirements for handling cattle, www.mla.com.au/Marketing-beef-and-lamb/Meat-Standards-Australia/MSA-beef/Supplying (accessed 24 June 2015).

25 Mrs Maureen Cottam, *Submission 25*, p. 3.

- time of kill;
- live weight of individual animal at the point of kill;
- fat, meat colour/standard MSA requirement;
- HSCW;²⁶ and
- dressing out percentage of individual animals.²⁷

Aus-Meat

5.14 As a joint venture between Meat and Livestock Australia (MLA) and the Australian Meat Producers Corporation (AMPC), Aus-Meat is responsible for the development and use of meat language. It is mandatory for all Aus-Meat accredited abattoirs to pay on HSCW and Aus-Meat standard carcass trim. They must also provide carcass feedback.²⁸

5.15 Questions regarding the independence of Aus-Meat were raised by many producers who suggested that it was heavily influenced, if not dominated by, processors.²⁹ It was argued that such dominance ensures that processors are able to exert a major influence over the manner in which meat is graded. In fact, some argued that through their influence over Aus-Meat, processors effectively self-regulate meat grading.³⁰

5.16 A prime example of this influence was that of Aus-Meat assessors who are employed by processors and audited by Aus-Meat every eight weeks.³¹ The consequences of this circular relationship which were summed up by Mr Blair and Mrs Josie Angus:

The ownership of Ausmeat by processors has also created market access issues (eg EU not recognising Ausmeat graders as independent). It is vital that we move back to having some independent oversight in plants.³²

5.17 The issue of influence was particularly concerning to some submitters who noted the extensive role that Aus-Meat plays in relation to many aspects of processing.

26 Hot standard carcass weight or HSCW often describes the weight of an animal sold over the hooks, Meat and Livestock Australia, *Glossary*, www.mla.com.au/general/glossary (accessed 4 May 2016).

27 Mrs Maureen Cottam, *Submission 25*, p. 4.

28 Agriculture Victoria, Selling and Marketing, Beef Cattle, <http://agriculture.vic.gov.au/agriculture/livestock/beef/selling-and-marketing/beef-cattle> (accessed 18 April 2016).

29 Mr Ian McCamley, private capacity, *Committee Hansard*, 4 August 2015, p. 18.

30 Australian Beef Association, *Submission 23*, p. 13, Gulf Cattleman's Association, *Submission 41*, p. 4 and Mr Blair Angus, private capacity, *Committee Hansard*, 4 August 2015, p. 22.

31 Victorian Farmers Federation, *Submission 87*, p. 18.

32 Mr Blair and Mrs Josie Angus, *Submission 80*, p. [7].

As a case in point, approval from Aus-Meat has to be sought when a new processing facility is established to approve operating arrangements.³³

5.18 While meat companies are subject to up to 12 Aus-Meat audits a year, including 10 unannounced audits, concerns were raised regarding the relationship between processors, meat retailers, the Aus-Meat carcass assessment process and its internal auditing program. Livestock SA, for example, suggested the need for transparency in the relationship between these groups in the processing industry given that there appear to be 'inconsistencies in the carcass grading system'.³⁴

5.19 It was also argued that processors have 'undue influence' over MLA.³⁵ While the part ownership of Aus-Meat by MLA should provide producers with a greater voice and influence, it was argued that MLA was not producer-driven.³⁶ The ABA explained its view:

Some people believe that the Processors have undue influence over the MLA, and that this is one of the areas where they exploit that power. Others believe that MLA is run by the processors, and therefore AusMeat, and its meat language and specifications controls are controlled by the processors.

On their website, AusMeat states they are responsible for establishing and maintaining industry standards for meat production. This is a very powerful and influential role, and it is like having the goanna in charge of the henhouse.³⁷

5.20 It should be noted that the issue of producer representation and the structure of MLA was explored in considerable depth by the committee during its inquiry into the grass-fed cattle levies and addressed by the committee's recommendations regarding greater producer representation.

Australian Meat Industry Language and Standards Committee

5.21 A number of submitters raised concerns about the influence of processors in relation to Aus-Meat. The membership of the Australian Meat Industry Language and Standards Committee (AMILSC) was used as a case in point.³⁸

5.22 AMILSC is responsible to advise the Aus-Meat board on matters relating to the Aus-Meat National Accreditation Standards. It has the authority to block any initiatives that emerge from the white paper review process.³⁹

33 Mrs Josie Angus, private capacity, *Committee Hansard*, 4 August 2015, pp 24–25.

34 Livestock SA, *Submission 81*, p. 1.

35 Australian Beef Association, *Submission 23*, p. 13.

36 Mrs Linda Hewitt, Australian Beef Association, *Committee Hansard*, 27 August 2015, p. 67.

37 Australian Beef Association, *Submission 23*, p. 13.

38 Mr Blair and Mrs Josie Angus, *Submission 80*, p. [3] and Mr Ian McCamley, *Submission 90*, p. [3].

39 Mr David Hill, private capacity, *Committee Hansard*, 4 August 2015, p. 24.

5.23 The CEO of Aus-Meat, Mr Ian King informed the committee that Aus-Meat was a third-party independent body which sets the standards for the industry including the sanctions process. In fact, he noted that it was the AMILSC which both drives the standards and changes in implementation.⁴⁰ The committee has the authority to withdraw Aus-Meat accreditation which would put a processor out of business for a period of time, given that under the licence conditions issued by the government, without Aus-Meat accreditation, a company does not have a licence to export.⁴¹

5.24 Under the red meat Memorandum of Agreement (MOU), AMILSC is chaired by a person appointed by Aus-Meat, while the CEO of Aus-Meat serves as a member of the committee. The remaining ten members from the industry include:

- Australian Meat Industry Council (AMIC) – four nominees;
- Cattle Council of Australia (CCA)– one nominee;
- Sheepmeat Council of Australia – one nominee;
- Australian Lot Feeders' Association (ALFA) – one nominee;
- Australian Supermarkets Institute – one nominee;
- Australian Pork Limited – one nominee; and
- Primary Industries Ministerial Council – one nominee.

5.25 The MOU specifies that decisions of the committee 'will be made by majority vote'.⁴²

5.26 Reflecting on the fact that the composition of the AMILSC offered beef producers' only one representative, Mr Hill argued that:

Even if the producers get together and say, 'Okay, this is something that we think needs to be put through as language and standards', if AMIC decide they want to block it, they have the voting power. That is the big block we have at the minute. We are not able to actually get a voting influence to change anything.⁴³

5.27 According to Mr King, any changes to AMILSC's composition (which has remained unchanged for the past 23 years) would have to be taken up by the industry or the parties to the respective MOUs with the Commonwealth.⁴⁴ Noting concerns regarding the level of producer representation on the committee, Mr King observed that there were no such concerns raised until about 18 months ago. Furthermore:

Why, at the beginning, were there more processors than producers? I can only answer that on the basis that I believe that the original impact of

40 Mr Ian King, Aus-Meat, *Committee Hansard*, 2 September 2015, p. 56.

41 Mr Ian King, Aus-Meat, *Committee Hansard*, 2 September 2015, p. 62.

42 Red Meat Industry Memorandum of Agreement, Clause 4.2(d), 2009.

43 Mr David Hill, *Committee Hansard*, 4 August 2015, p. 23.

44 Mr Ian King, Aus-Meat, *Committee Hansard*, 2 September 2015, p. 61.

AUS-MEAT, the authority for uniform specifications and what needed to be done, was impacting on the processing sector.⁴⁵

5.28 Mr King recognised, however, that Aus-Meat and AMILSC activities are now far broader than they were when first established. They now incorporate on-farm processes and quality management systems on farms which has resulted in 'some discontent or some concern about a potential block in terms of standards'. Nevertheless, he continued:

In my 23 years I have not missed one committee meeting and I can only say, again, that we have only ever once had a vote. It has always been by consensus, and it has always gone back to the peak industry councils before standards have been set and approved.⁴⁶

5.29 However, producers argued that reform is now required. CCA suggested that a focus on post-farm-gate operations, and an inability to keep pace with industry developments, has resulted in producers 'losing connection with their jointly owned service provider'.⁴⁷ The end result is that Aus-Meat has not provided a fair platform for the over the hook pricing. Furthermore, it was argued that the regulatory environment is one which offers significant barriers to entry for new players.⁴⁸ Mr Gregory Chappell explained some of the problems:

The problem, I think, that we face with AUS-MEAT today is the fact that it was designed as a tool to communicate consumer requirement for beef back through the processor to the producer and to provide an open channel of communication that also provided market signals as to what was happening domestically and internationally with beef. One of the problems that have happened is that that particular tool has not remained flexible. It has become a bureaucracy. It is now controlled.⁴⁹

5.30 Concerns raised in relation to the Aus-Meat grading system included there currently being no existing requirements for processors to publicly release yield figures. They are, in effect, the final arbiters in all matters regarding quality and yield. Producers have no recourse or right to object or dispute processors' measurements. Therefore, the view was put by the VFF that Aus-Meat should become an independent entity tasked with introducing transparency into processing practices.⁵⁰ Similarly, NSW Farmers' Association argued that Aus-Meat should be industry-owned and independent of the processors to ensure appropriate transparency.⁵¹

45 Mr Ian King, Aus-Meat, *Committee Hansard*, 2 September 2015, p. 61.

46 Mr Ian King, Aus-Meat, *Committee Hansard*, 2 September 2015, p. 61.

47 Mr Howard Smith, Cattle Council of Australia, *Committee Hansard*, 27 August 2015, p. 47.

48 Mr Blair Angus, private capacity, *Committee Hansard*, 4 August 2015, p. 17.

49 Mr Gregory Chappell, private capacity, *Committee Hansard*, 4 August 2015, p. 48.

50 Victorian Farmers Federation, *Submission 87*, p. 18.

51 Mr John Dunn, NSW Farmers' Association, *Committee Hansard*, 2 September 2015, p. 5.

5.31 Yet, when questioned about the lack of confidence in the grading system, Mr King informed the committee that Aus-Meat has not been provided with any concrete evidence. He noted that when Aus-Meat had followed up on concerns that had been brought to its attention, it was found that they were based on hearsay rather than reality. Mr King upheld the view that complaints usually related to the grid rather than the grading system. He expressed confidence that the grading system was performing well.⁵²

Independent grading and the United States model

5.32 In the United States (US), grading language and specification controls are owned and managed by a department whereby the government provides independent graders to all meat processing works throughout the country. In contrast, the processing companies in Australia provide their own graders.⁵³

5.33 As explored in the previous chapter, many producers argued that the current standard carcass trim exceeded the intention of the definition.⁵⁴ In this regard, ABA noted the distinction between the US and Australian rules. It explained that Australian processors negotiated to have it legislated that they could remove about eight per cent of 'trim' from every carcass on top of the practice of removing blood, hide, offal and bone. This was to be a basic trim around the edge of the carcass. Yet, ABA noted, this has grown to be a major trimming of all fats and 'edge' meat.

5.34 In the US by contrast, the channel and other fats are left on the carcass before the carcass goes to scale while US producers are paid an allowance for hide and offal etc.⁵⁵ ABA continued:

When this is all calculated out across weights (lbs. versus kilos) and across values (\$Aus v \$USA) we find that in the States, their cattlemen are receiving 55% of the total retail dollar.

If we use the same formula within the Australian cattle market, we find that our producers are only getting about 26% of the total retail dollar. That is: the money the animal makes (the producer receives) when it becomes a carcass...compared to the money the whole carcass makes when it is cut up and sold as cuts in the stores.⁵⁶

5.35 Under the US system, the grading of beef carcasses is a voluntary service of its Department of Agriculture (USDA) and the packer-processor is charged for the service. The point was made that under this structure:

52 Mr Ian King, Aus-Meat, *Committee Hansard*, 2 September 2015, p. 58.

53 Australian Beef Association, *Submission 23*, p. 13.

54 Mr Ian McCamley, *Submission 90*, p. [3].

55 Australian Beef Association, *Submission 23*, p. 13.

56 Australian Beef Association, *Submission 23*, p. 13.

The grader works independently of both the processor and the producer. This independent grading can only add to the confidence in the product by the consumer both at domestic and global level.⁵⁷

Complaints mechanism

5.36 Mr Stephen Kelly from AMIC informed the committee that if a producer believed that the standard trim was not being applied, they could complain to Aus-Meat. He told the committee that anonymity would be assured as the abattoir and the abattoir owner would not know where the complaint came from. Thereafter, Aus-Meat would perform branded audits and could attend abattoirs at short notice to inspect the trim procedure.⁵⁸

5.37 To investigate a complaint, Mr King stated that Aus-Meat would require both the feedback sheet and some evidence that there is an issue before it can follow up. However, he asserted that 'quite often', complaints are not related to the grading but rather a misunderstanding about how the price grid operates. He further observed that 'producers do not understand the feedback sheets' and 'do not fully understand the grading' and would be penalised if they do not meet the specification or the standard.⁵⁹ Mr King concluded that when a producer submits a complaint to Aus-Meat, in nine out of ten instances, the complaint will relate to a 'misinterpretation of the feedback sheet'.⁶⁰

5.38 However, Mr Ian McCamley explained that producers don't generally complain to Aus-Meat regarding 'dubious' grading results for a range of reasons:

Firstly they fear retribution from their processor if they 'dob them in'. They feel they can't afford to upset their livestock buyer and be left unable to get a booking. Secondly there is a large time lag between the grading, the producer reading their [sic] feedback, realising they have a downgrading issue, then contacting AusMeat. There is no point in AusMeat going to the plant at that stage as any evidence will be long gone. AusMeat believe that past grading problems will be solved by AusMeat making an appointment with the processor to see the producer's next mob of cattle graded. Obviously to suggest this action will resolve a producer's downgrading issues is naive at best!⁶¹

Beef language review

5.39 The Aus-Meat language was designed approximately 20 years ago, primarily for use as a trade language.

57 Mrs Maureen Cottam, *Submission 25*, p. 5.

58 Mr Stephen Kelly, Australian Meat Processor Corporation, *Committee Hansard*, 27 August 2015, p. 35.

59 Mr Ian King, Aus-Meat, *Committee Hansard*, 2 September 2015, p. 58.

60 Mr Ian King, Aus-Meat, *Committee Hansard*, 2 September 2015, p. 59.

61 Mr Ian McCamley, *Submission 90*, p. [3].

5.40 Mr Carpenter described Aus-Meat language as 'subjective, confusing and under the iron fisted control of the processors'. He suggested that it should have been abolished with the introduction of MSA.⁶² Similarly, ABA noted that Aus-Meat language uses 'totally inexplicable grading classifications such as Y, YP, YG, PR and A' whereby 'A' beef is harvested from animals of eight teeth and older rather than the best or number one.⁶³ While 'A grade' in the US is 9–30 months of age, in Australia 'A' means the lowest grade.⁶⁴

5.41 Concerns went to the use of dentition within the beef language which is 'not based on current scientific evidence' and serves as an unreliable indicator of age and eating quality.⁶⁵ Mr Hill suggested that the current beef language is based more on a trade description than quality description as it is based on dentition ciphers that are used as age and quality measures but which are not supported by current scientific evidence.⁶⁶ These views were supported by other producers.⁶⁷ Mr Hill continued:

Other measures that producers see as little more than discounting tools, such as Butt Shape, P8 fat are not used in beef carcass grading anywhere else in the World. The Australian red meat industry at great cost has developed the world's leading science based eating quality system, Meat Standards Australia (MSA) allows cuts to be graded on a consumer requirement basis, although the MSA quality mark is used domestically, it has not been used in export product since the equivalent system, Eating Quality Assured (EQA) was withdrawn in 2011.⁶⁸

5.42 Similar concerns were raised in relation to butt shape and meat colour. According to CCA, as an eating quality, meat colour has no relevance.⁶⁹ CCA continued:

The current beef language requires immediate and continual development. Producers are currently receiving discounts based on company specifications that have no relevance to consumer requirements resulting in high eating quality products not receiving their full market value, as determined by consumers. This is distorting key market indicators that need to be corrected to ensure that the whole beef supply chain is driven in a productive and progressive direction.⁷⁰

62 Mr John Carpenter, *Submission 9*, p. 5.

63 Australian Beef Association, *Submission 23*, p. 14.

64 Australian Beef Association, *Submission 23*, p. 16.

65 Cattle Council of Australia, *Submission 83*, p. 8.

66 Mr David Hill, *Submission 86*, p. [4].

67 Mr Ian McCamley, *Submission 90*, p. [2].

68 Mr David Hill, *Submission 86*, p. [5].

69 Mr Howard Smith, Cattle Council of Australia, *Committee Hansard*, 27 August 2015, p. 48.

70 Cattle Council of Australia, *Submission 83*, p. 8.

5.43 In recognition of the need for reform to beef language and transition to value-based marketing, CCA, AMIC and ALFA directed MLA and AMPC to commission a white paper. The final draft of the Australian beef language 'white paper' was released in January 2016 and contained a series of recommendations, grouped under seven themes, with an indicative timeframe. The white paper recognised the 'strong and universal support for the development and application of objective measurement tools, tempered to an extent by a perceived lack of delivery from previous technologies and concerns regarding costs, particularly for smaller operators'.⁷¹

5.44 In April 2016, MLA was awarded a \$4.8 million grant to develop new technology involving ex-rays and infrared spectroscopy, to measure meat yield and identify traits that would help predict eating quality of meat cuts.⁷²

Regulations and regulatory environment

5.45 The Australian Livestock and Property Agents Association made the point that each jurisdiction in Australia has a different regulatory environment surrounding livestock, and the implementation and interpretation of the National Livestock Identification Scheme (NLIS) varies across jurisdictions. Furthermore, regulations vary across states with regard to Property Identification Codes (PICs). Such differences across the regulatory regime were questioned on the basis that livestock cross borders.⁷³

5.46 According to the SCA, the Australian meat and livestock industry is one of the most high regulated production, processing, retail and export chains in Australia. It noted that:

While some regulations are valuable, others are onerous, have little or no marginal benefit, are inconsistent, impose unnecessarily high compliance costs and can impair the productivity and competitiveness of enterprises, supply chains and the broader industry. Each jurisdiction in Australia has a different regulatory environment for livestock. For producers this can mean confusion, extra costs, or reduced competition for their livestock.⁷⁴

5.47 The regulations placed on abattoirs were also highlighted. The Department of Industry and Science noted that parts of the red meat processing regulatory environment may actually be stifling innovation and inhibiting new entrants to the supply chain – particularly small to medium enterprises. It was submitted that:

Despite their being an Australian Standard for the production of meat and establishing meat processing facilities, there is a range of other relevant

71 Beef Language White Paper Consortium, *Australian Beef Language White Paper – Final Draft*, January 2016, p. 28.

72 Amy McCosker, 'Meat and Livestock Australia welcomes \$4.8m to research x-ray and infrared technology measuring meat quality', *ABC Rural*, 14 April 2016, www.abc.net.au/news/2016-04-14/nrn-barnaby-beef-research/7327194?WT.mc_id=newsmail (accessed 18 April 2016).

73 Australian Livestock and Property Agents Association, *Submission 79*, p. 9.

74 Sheepmeat Council of Australia, *Submission 59*, p. 7.

regulatory requirements for establishing a meat processing facility relating to:

- food safety and hazard control, and other operational hygiene requirements;
- waste disposal and management;
- access to portable water;
- necessary qualifications of slaughter staff; and
- other environmental considerations such as biodiversity protection or development activities determined to be environmentally significant.⁷⁵

5.48 At the same time, however, each state and territory has its own regulations, guidelines and/or procedures and responsibilities which cross a number of portfolios such as health, environment, and agriculture as well as an agency charged with enforcement of primary production and processing regulation.

5.49 In addition, the extent of assistance and guidance provided by state and territory authorities to investors wanting to set up a processing business varies. Then there are local council planning requirements which must be met and can include a variety of measures relating to noise, odour, urban encroachment, and transport considerations.⁷⁶

5.50 The Department of Industry and Science concluded that the complexities of the regulatory environment, along with the variability across jurisdictions can prove difficult to navigate and be a 'cumulative time impost'. It was argued that these types of issues could become factors in making the decision not to pursue establishing a small meat processing facility. This is particularly the case where the initiative is pursued as an additional vertical integration to the existing business of producing and managing livestock.⁷⁷

5.51 Evidence to the committee from some producers also highlighted the comprehensive requirements that are placed on prospective abattoirs as well as the requirements on existing abattoirs seeking to change categories from domestic to export.⁷⁸

75 Department of Industry and Science, *Submission 39*, p. 5.

76 Department of Industry and Science, *Submission 39*, p. 5.

77 Department of Industry and Science, *Submission 39*, p. 5.

78 Mr David Evans, *Submission 15*, p. [4].