



---

*“Adding value through Quality Management Partnerships”*

AUS-MEAT Limited, A.C.N. 082528881  
Unit 1, 333 Queensport Road North, Murarrie, Queensland, 4172  
PO Box 3403, South Tingalpa DC, Queensland, 4173  
Phone: (07) 3361 9200 Fax: (07) 3361 9222

---

30 April 2008

The Secretary  
Senate Standing Committee on Rural  
and Regional Affairs and Transport  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Attention: Jeanette Radcliffe

Dear Ms Radcliffe,

### **Inquiry into Meat Marketing**

Thank you for your invitation, dated 4 April 2008, to the CEO of AUS-MEAT, Mr. Ian King, to provide a submission to the Inquiry into Meat Marketing.

AUS-MEAT is the national industry owned organisation responsible for the objective description of Australian meat and livestock, which implements national standards for trade description of meat and accreditation of Enterprises.

We trust that the attached submission provides the Inquiry with relevant information concerning the roles AUS-MEAT carries out on behalf of the Australian industry domestically and internationally and its current relationship with both State and Federal authorities.

Attached to the submission at Appendix 2 is a detailed technical paper which addresses matters specifically relevant to the branding of Lamb for domestic marketing.

AUS-MEAT staff are available to assist the Inquiry in any further way that may be required.

Please do not hesitate to contact either Mr. King or Dr Denis Brett on 07 33619200 for further assistance.

Yours sincerely,

Tony Wharton  
Chairman  
AUS-MEAT Limited



AUS-MEAT Limited  
Certificate Number: 401975

---



---

*“Adding value through Quality Management Partnerships”*

AUS-MEAT Limited, A.C.N. 082528881  
Unit 1, 333 Queensport Road North, Murarrie, Queensland, 4172  
PO Box 3403, South Tingalpa DC, Queensland, 4173  
Phone: (07) 3361 9200 Fax: (07) 3361 9222

---

# Submission to the Senate Standing Committee on Rural and Regional Affairs and Transport

## Inquiry into Meat Marketing

By

AUS-MEAT Limited

April 2008



AUS-MEAT Limited  
Certificate Number: 401975

## Table of Contents

EXECUTIVE SUMMARY.....	3
AUS-MEAT LIMITED.....	6
AUS-MEAT's Role.....	6
AUS-MEAT's DEVELOPMENT.....	7
CO-REGULATION .....	7
EXPORT LEGISLATION.....	8
NATIONAL STANDARDS.....	9
INTERNATIONAL MARKET .....	10
International Standards .....	10
Market Access.....	11
DOMESTIC MARKET .....	12
OTHER INDUSTRY SERVICES .....	13
CONCLUSION.....	15
APPENDIX 1 .....	16
MEMORANDUM OF UNDERSTANDING - ARRANGEMENTS FOR THE VERIFICATION OF TRADE DESCRIPTION REQUIREMENTS UNDER THE EXPORT CONTROL ACT 1982 AND THE EXPORT CONTROL (MEAT AND MEAT PRODUCTS) ORDERS 2005.....	16
APPENDIX 2 .....	24
HARMONISATION OF LAMB MEAT DESCRIPTION IN AUSTRALIA – Revised April 2008.	24
Background .....	26
Summary .....	27
Part 1    Definition of Lamb.....	29
Part 2    Uniform National Statutory Regulation of Lamb Branding .....	34
Part 3    A National Commercially Driven Self Regulated Program.....	41
Part 4    Utilisation of the AUS-MEAT System of Lamb Branding.....	44

## EXECUTIVE SUMMARY

AUS-MEAT was initially established in 1987 and is the national industry-owned organisation responsible for the objective description of Australian meat and livestock.

Since then, AUS-MEAT's mission has been to implement cost-effective, national systems of specifications and feedback that orientate Australian meat industry production toward customer needs. It has established an international reputation within the meat and livestock industry, underpinning Australian marketing initiatives and methods for describing and trading meat products worldwide.

AUS-MEAT's role has been to develop the AUS-MEAT Language which takes the important quality attributes of meat and defines methods and systems to measure, describe, and label Australian meat through the marketing chain and provide demonstrable evidence of compliance to objective requirements.

AUS-MEAT provides an example of effective industry self regulation underpinned by a legislative sanctions base for non compliance. In the period between the Woodward Royal Commission in 1982 and the formation of AUS-MEAT in 1987, export legislation contained extensive prescriptive trade description regulations, which were policed by the then Export Inspection Service. The placement of responsibility with AUS-MEAT for the implementation of commercial/marketing aspects of the trading Language was significant as far as industry self regulation is concerned.

AUS-MEAT was formed to allow industry organisations to control their own affairs in relation to meat and livestock standard descriptions rather than having control in the hands of the Government of the day.

Under an MOU between AQIS and AUS-MEAT, AQIS meets its obligation to verify accuracy of trade description through AUS-MEAT taking day-to-day operational responsibility, including that for corrective action, for all trade description other than those basic descriptions that importing country authorities may require AQIS to oversight directly. Under these arrangements the establishment's Quality System approved by AUS-MEAT satisfies the Trade Description element of their Approved Arrangement and AUS-MEAT's routine audits satisfy the requirement for verification on behalf of AQIS. AUS-MEAT Auditors are Approved Auditors under the Orders. AQIS also carries out verification audits of AUS-MEAT's performance under the MOU.

Where there have been instances of inaccurate description of export product, AUS-MEAT and AQIS have worked cooperatively with AQIS assuming primary responsibility for any matter which may potentially result in legislative sanctions or prosecution.

National industry standards for trade description of meat are embodied into the AUS-MEAT National Accreditation Standards for AUS-MEAT Accredited Enterprises (AUS-MEAT Accreditation Standards) and the Australian Meat Industry Classification System known as the AUS-MEAT Language. The Language is further detailed for commercial use in AUS-MEAT publications, which includes the *Handbook of Australian Meat* and the *Users' Guide to Australian Meat*.

The AUS-MEAT Language is the basis of a national uniform description system based on objective carcase measurements used in the classification of Australian meat and livestock.

The Language is continually developing to reflect industry requirements. Changes to the Language are initiated both from the identification of changing needs and the recognition of advances in meat science and technology. All such changes are progressed through the industry consultative processes to gain acceptance and ownership from the relevant participants.

In 2001, The United Nations (UN) Economic Commission for Europe (ECE) Standards were developed under the auspices of the United Nations UN/ECE involving fifty-five member countries. The Standards provide an International Trading Language for Meat. AUS-MEAT played a significant role in the development of these Standards on behalf of Australia. The Standards are largely based on the AUS-MEAT Language and are a major development in positioning Australian Processors at the forefront of international trading in meat and meat products.

In the past two decades, Australian Meat exporters have successfully faced a number of market access challenges which have required a cooperative approach in partnership with Government since the now infamous meat substitution scandals of the early 1980's. Since that time industry participants have invested significant effort in developing and maintaining the reputation of Australian product in international markets around the globe.

Ultimately, the AUS-MEAT Language is used to describe product on Health Certification issued by the Australian Government through AQIS.

The AUS-MEAT National Accreditation Standards are designed to apply uniformly to both domestic and export enterprises. Accreditation to the Standards and use of the Language is voluntary for domestic meat marketing.

The regulation of trade description of meat and meat products is currently a matter for the relevant authority in each State. There is currently a significant variation between States relating to statutory labelling and branding requirements of meat and the provisions for regulatory enforcement thereof.

In cases of inaccurate description of domestic product the sanctions available to AUS-MEAT are restricted to those under the Accreditation rules, namely variation in audit frequency and ultimately removal of Accreditation. AUS-MEAT routinely notifies the relevant State authority, which is responsible for determining if any action is appropriate under their particular legislative base.

The matter of uniform domestic regulation for truth in labelling in meat description has been raised on several occasions in the past particularly in relation to Lamb branding and retail labelling of beef products.

The options available for underpinning various elements of domestic meat marketing have been investigated by industry stakeholders and Peak Bodies from time to time.

On each occasion it has been recognised that the current system of Accreditation and verification under the AUS-MEAT Standards provides the necessary tools for uniform implementation.

The options for uniform statutory underpinning of domestic meat description have been identified as:

- Enactment of uniform licensing standards individually by each State;
- Incorporate trade description requirements into AS 4696:2007 - *Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption* to which each of the States currently subscribes;
- Incorporation of trade description requirements into the Food Standards Code; or
- Establishment of a Voluntary or Mandatory Prescribed Code under the Trade Practices Act.

Each of these statutory options requires the full agreement of all industry stakeholders and the various State and Commonwealth Authorities. This has not been achieved to date.

From a regulatory perspective, AS 4696:2007 provides the vehicle by which the State Authorities that are currently responsible for Lamb Branding agree, adopt and implement uniform national standards for the production of meat and meat products. The necessary legislative base is already largely in place with the relevant industry participants already subject to the requirements of the Standard. The Standard is currently focused on food safety and hygiene. Again, incorporation of trade description

requirements would require full agreement of industry stakeholders and the various levels of government.

The non legislative alternative is the adoption of a form of voluntary industry code which is implemented commercially through the agreement and support of a critical mass of stakeholders in the industry who require such a Code to be met through market forces. This model has been successfully adopted for the “Budget Beef” Retail Code which is subscribed to by the majority of retail stakeholders and processors. A key feature of that Code is the supply of accurately labeled “Budget Beef” available to retailers from AUS-MEAT Accredited processing enterprises.

## **CONCLUSION**

Over the past two decades the Australian export industry has worked with Government to put in place co-regulatory systems for accurate trade description and truth in labelling which has met the commercial needs of industry while providing robust systems to ensure integrity is underpinned through an appropriate legislative base.

AUS-MEAT is a unique industry owned organisation which provides services that underpin the integrity of Australian meat and livestock in the production sector, the processing sector and throughout the market chain to export and the domestic consumer.

In AUS-MEAT, the Australian Meat and Livestock Industry has the tools in place to facilitate the introduction of an extended co-regulatory model to underpin the integrity of domestic meat marketing. It requires the agreement and will of industry stakeholders and the various levels of government to enable such a system to be put in place. The relevant State authorities have a key role in this regard.

## AUS-MEAT LIMITED

### **AUS-MEAT's Role**

AUS-MEAT was initially established in 1987 and is the national industry-owned organisation responsible for the objective description of Australian meat and livestock.

Since then, AUS-MEAT's mission has been to implement cost-effective, national systems of specifications and feedback that orientate Australian meat industry production toward customer needs. It has established an international reputation within the meat and livestock industry, underpinning Australian marketing initiatives and methods for describing and trading meat products worldwide.

AUS-MEAT's role has been to develop the AUS-MEAT Language which takes the important quality attributes of meat and defines methods and systems to measure, describe and label Australian meat through the marketing chain and provide demonstrable evidence of compliance to objective requirements.

AUS-MEAT seeks to convert industry's intent into policy; to gain agreement regarding implementation; to deliver training to industry operatives who implement the Language; and to monitor the implementation through accrediting Quality Management Systems for the enterprises that use it.

AUS-MEAT is a product of, and is wholly owned by, the Australian meat and livestock industries. It is a company limited by guarantee, and is jointly owned by the livestock production sector through membership from Meat and Livestock Australia (MLA) and the meat processing sector through membership from the Australian Meat Processor Corporation (AMPC). AUSMEAT is commercially managed by a Board comprised of two directors nominated by each member and an independent chairman appointed by the members.

AUS-MEAT is directly accountable to the livestock and meat industry through representation on the Australian Meat Industry Language and Standards Committee, which is convened in accordance with AUS-MEAT's constitution.

Organisations represented under an independent chairmanship are: -

Australian Meat Industry Council (AMIC)  
Australian Pork Limited (APL)  
Cattle Council of Australia (CCA)  
Sheepmeat Council of Australia (SCA)  
Australian Lot Feeders' Association (ALFA)  
Australian Supermarkets Institute (ASI)  
AQIS (formerly representing Meat Standards Committee)  
Livestock Saleyards Association of Australia (Observer)

The role of the Committee as the Industry Standards Body is to receive advice from AUS-MEAT and take all decisions with respect to the setting and implementation of Industry Standards including the trading Language and Accreditation Standards. AUS-MEAT's role is to support the Committee in its functions.

Industry goals through the Committee are:

- to have the Language universally adopted in Australia
- to ensure that Accredited Enterprises correctly use the Language
- to ensure the integrity of the Language in each Accredited Enterprise is maintained through their internally and externally audited quality assurance systems.

AUS-MEAT achieves these goals on behalf of Industry by:

- developing and maintaining the trading Language to ensure it meets the commercial needs of all sectors of the industry
- setting standards for the application of the Language and the accreditation of enterprises
- promoting the benefits of the Language and accredited enterprises
- providing cost-effective training, auditing, quality assurance systems and other support services for enterprises to implement the Language and maintain their accreditation.

### **AUS-MEAT's DEVELOPMENT**

AUS-MEAT provides an example of effective industry self regulation underpinned by a legislative sanctions base for non compliance. In the period between the Woodward Royal Commission in 1982 and the formation of AUS-MEAT in 1987, export legislation contained extensive prescriptive trade description regulations, which were policed by the then Export Inspection Service. The placement of responsibility with AUS-MEAT for the implementation of commercial/marketing aspects of the trading Language was significant as far as industry self regulation is concerned.

AUS-MEAT was formed to allow industry organisations to control their own affairs in relation to meat and livestock standard descriptions rather than having control in the hands of the Government of the day.

AUS-MEAT provides the vehicle for convening an industry forum to agree industry policy and convert it into practical National Industry Standards. In addition, the industry uses AUS-MEAT to implement accreditation systems utilising externally audited quality management systems to ensure that the integrity of those standards is maintained. These mechanisms allow market participants to have confidence in the reliability of Australian product. Participants are then able to compete effectively on both domestic and export markets on a level playing field. The Industry Standards do not intervene in the market's activities. On the contrary, they promote competition by providing a means by which market signals can be reliably used for trading. Competitors may trade any type of product they choose provided it is not misrepresented and is accurately described utilising a commonly accepted and recognised Language. The result is a system of "value based marketing" which provides the tools for enhancement of competition.

AUS-MEAT is clearly a successful example where industry has taken responsibility from Government for managing commercial trading issues. However, in order for self regulation to work effectively the system needs to be underpinned by a system of accreditation, monitoring and sanctions. This provides confidence in the marketing chain and allows Government to support industry policy, and to provide protection from market failure that may result from non compliance by individual participants. In this respect, the Co regulation model relies on appropriate legislative sanctions that can be brought to bear if and when necessary.

Compliance is influenced by the commercial risks associated with unacceptable behaviour. There is an important link between monitoring requirements and sanctions.

### **CO-REGULATION**

The effective utilisation of industry forums to agree standards allows for flexibility to introduce change in response to market requirements. This helps to overcome the bureaucratic impediments to changes to prescriptive legislation.

Co regulation allows a balance so that various requirements may be treated differently. Certain primary minimum requirements may be directly prescribed in mandatory legislation. In addition,



further alternate optional requirements may be left to industry to determine provided that they are used in accordance with agreed industry standards. Further to this, other standards may prescribe only the desired outcome with the responsibility for determining how to achieve the outcome resting with the participant. Externally audited Quality Management Systems implemented by industry are the optimum method for ensuring reliability and integrity in meeting such requirements. Audit regimes may be flexibly based on a history of control and conformance, further reducing audit costs.

However, it is necessary to underpin each level with appropriately enforceable sanctions.

## EXPORT LEGISLATION

AQIS is responsible for the administration of two Acts with respect to the export of meat and meat products: The Export Control Act (1982) and the Australian Meat and Livestock Industry Act (1997).

The Export Control Act deals with certification of export product and, in particular, the accuracy of trade description applied to prescribed goods at a registered establishment. For the purposes of the Export Control (Meat and Meat Products) Orders 2005, a trade description applied to product derived from bovine, ovine, porcine and caprine species that conforms to the Australian Meat Industry Classification System (AUS-MEAT Language) is taken to be accurate. The registered establishment must address how this outcome for accuracy of trade description is achieved as part of their Approved Arrangement with AQIS in accordance with AQIS Guidelines.

Under an MOU between AQIS and AUS-MEAT, AQIS meets its obligation to verify accuracy of trade description through AUS-MEAT taking day-to-day operational responsibility, including that for corrective action, for all trade description other than those basic descriptions that importing country authorities may require AQIS to oversight directly. Under these arrangements the establishment's Quality System approved by AUS-MEAT satisfies the Trade Description element of their Approved Arrangement and AUS-MEAT's routine audits satisfy the requirement for verification on behalf of AQIS. AUS-MEAT Auditors are Approved Auditors under the Orders. AQIS also carries out verification audits of AUS-MEAT's performance under the MOU. AQIS remains responsible for taking any legal sanctions under the legislation where required. A copy of the MOU is attached at Appendix 1.

The AMLI Act deals with licensing of persons to export meat derived from bovine, ovine or caprine species (note that there is no requirement for a licence to export porcine products although they still must have a valid Approved Arrangement, which addresses trade description). These persons may be either packers (who may be the occupier of a registered establishment) or "non packer exporters". Among other matters the AMLI Act requires that an applicant for a meat export licence must demonstrate that they are "*competent to hold a licence*".

The current licensing requirements are prescribed in the Australian Meat and Live-stock Industry (Export Licensing) Regulations 1998.

In this legislation AUS-MEAT is cited as the "Standards Body" for setting industry determined standards for meat export licences through the AUS-MEAT Accreditation Standards. These Standards vary according to whether the holder of the licence is a meat packer, non packer exporter or meat products processing establishment.

This "competency test" for an export license is satisfied by a technical competency report from AUS-MEAT Limited ie AUS-MEAT Accreditation status.

Applicants for export licenses must produce proof of accreditation ie a currently valid certificate, which includes a statement of the "scope" of activities for which the certification of competency is given.

An export licence is subject to the condition that the holder must not export meat except in accordance with its Quality System approved by AUS-MEAT.

The Regulations call up the approved Quality System as the main mechanism by which AUS-MEAT can judge competency. Auditors approved by AUS-MEAT carry out ongoing monitoring of competency. AUS-MEAT also has in place procedures for approving third party auditors to carry out these audits on its behalf.

The Regulations also place a direct obligation on the licence holder to report any change in AUS-MEAT Accreditation status to AQIS within 7 days.

The requirements for the approval of a Quality System and the extent of the competency test applied under the AUS-MEAT Accreditation Standards vary according to the scope of Accreditation. While the Quality System for a meat packer will be comprehensive and form part of the establishment's Approved Arrangement as described above, a non packer exporter is primarily required to demonstrate a good working understanding of the AUS-MEAT Language and its correct use on export trading documentation. The scope of Accreditation for a meat products further processing establishment is limited to sourcing raw materials described with the AUS-MEAT Language and the extent to which it is used to substantiate labeling claims on finished product. Any change in the scope of operations may then necessitate a change in the scope of accreditation on the AUS-MEAT Certificate.

In summary, Processors must use the Language to describe product accurately and Exporters must understand the Language and use it to trade competently.

AUS-MEAT provides a certificate as proof of accreditation and maintains a published list of accredited processors.

Where there have been instances of inaccurate description of export product, AUS-MEAT and AQIS work cooperatively with AQIS assuming primary responsibility for any matter which may potentially result in legislative sanctions or prosecution.

## NATIONAL STANDARDS

National industry standards for trade description of meat are embodied into the AUS-MEAT National Accreditation Standards for AUS-MEAT Accredited Enterprises (AUS-MEAT Accreditation Standards) and the Australian Meat Industry Classification System known as the AUS-MEAT Language. The Language is further detailed for commercial use in AUS-MEAT publications, which includes the *Handbook of Australian Meat* and the *Users' Guide to Australian Meat*. Copies of these Standards and publications have been included with this submission.

The AUS-MEAT Language is the basis of a national uniform description system based on objective carcase measurements used in the classification of Australian Meat and Livestock. The Language covers all sections of the Meat processing sector:

- Slaughter floor descriptions: Dentition, Sex, Fat measurement etc
- Chiller Assessment: Marbling, Meat Colour, Fat Colour, Rib Fat , OSCAP correlation & Training etc
- Boning Room descriptions: Cut Description, Cutting lines, HAM No, Fat depth etc
- Offal descriptions: Cut Description, Cutting lines, HAM No, Weight range etc
- Load Out: Labelling, Trade Description, Domestic / Export legislation compliance etc
- Exporter: Trade description, Overseas Country Requirements (Commercial), Contractual arrangements etc

The establishment of national systems of specifications and feedback was aimed at providing performance information back to producers increasing customer satisfaction and strengthening the Australian meat industry's competitive position against other foods and other countries competing for the same markets.

The AUS-MEAT Language is critical to the success of national specifications and feedback systems. The Language is based on objective measurement and assessment of various carcass traits such as hot weight, fat depth, sex and age, and bruise scores. In addition, cutting specifications are defined for primal cuts to suit market requirements.

The AUS-MEAT Language provides the basis for trading, pricing and the ordering of consistent product and the means for providing verifiable feedback information throughout the value chain.

The introduction of "Over the Hooks Trading" using carcass grids for payment using measurable, objective quality characteristics based on market specific requirements and the provision of mandatory vendor feedback, were significant achievements in providing the infrastructure to allow the industry to move toward production systems geared to value based marketing.

The Language is continually developing to reflect industry requirements. Changes to the Language are initiated both from the identification of changing needs and the recognition of advances in meat science and technology. All such changes are progressed through the industry consultative processes to gain acceptance and ownership from the relevant participants.

In 1990 the AUS-MEAT Language was extended with the introduction of the Chiller Assessment System for beef. This system describes meat quality characteristics by assessing the degree of marbling, meat and fat colour, eye muscle area, rib fat depth, texture and firmness of a carcass. Buyers are able to order their product using chiller assessment criteria to ensure they receive a consistent product, every time.

The AUS-MEAT Chiller Assessment System has formed the basis for recent research into the development of a Grading system. Like all aspects of the AUS-MEAT Language, Chiller Assessment is continually developing to adopt enhancements that may be necessary to improve the current system to become world's best practice once proposed enhancements are validated by the results of appropriate scientific research. Measurable, objective description of value based meat characteristics and grading classification schemes are complementary value based marketing tools.

The most recent initiative has been the integration of the MSA Grading Standards for eating quality into the AUS-MEAT Language which is audited by AUS-MEAT.

AUS-MEAT does provide contractual services to the Australian Pork Industry such as developing Pork Specification material and Technical documents. APL is represented on the Australian Meat Industry Language and Standards Committee to provide input to Language matters relating to Pork.

Other Industry bodies are responsible for cut descriptions for Horse Meat, Ostrich, Emu, Crocodile, Kangaroo, Venison and Poultry. AUS-MEAT has again provided services to a number of these industries to assist with Specification development and Technical publication work.

## **INTERNATIONAL MARKET**

### ***International Standards***

AUS-MEAT's Chief Executive, Mr Ian King is currently the Chairman of the UN/ECE Specialised Committee on the Standardisation of Meat.

In 2001, The United Nations (UN) Economic Commission for Europe (ECE) Bovine Standards were developed under the auspices of the United Nations UN/ECE involving fifty-five member countries. The Standards provide an International Trading Language for Bovine Meat. AUS-MEAT played a significant role in the development of these Standards on behalf of Australia. The Standards are largely based on the AUS-MEAT Language and are a major development in positioning Australian Processors at the forefront of International Trading in bovine meat products.

The objective of these Standards is to describe all meat items commonly traded in international commerce, linked to the integrity of a UN/ECE Trademark.

In cooperation with GS1, the Standards define the code contained on almost every product in trade. The Standards also define a coding system which will allow all relevant information defined in the Standard to be transmitted electronically and easily traced.

In April 2002 the Geneva meeting approved the international standards for Ovine carcasses and cuts based on the AUS-MEAT Language and developed predominantly by Australia and New Zealand.

In 2007, the Committee revised the Bovine Standard for Carcasses and Cuts, Ovine Standards for Carcasses and Cuts (published in 2007) and completed the Porcine Standard for Carcasses and Cuts to be published in 2008. In addition, a Co-Product Meat Standard, including Offal, Fancy Meats, Variety Meats and Edible By-Products, has been drafted by Australia and France in preparation for a Geneva meeting in 2008.

A copy of the Ovine Standards is provided with this submission.

## **Market Access**

Different commodities and markets have different requirements with respect to Country to Country agreements and protocols. "Free for All", deregulated export from Australia runs a risk for all industry participants. In the past two decades, Australian Meat exporters have successfully faced a number of market access challenges which have required a cooperative approach in partnership with Government since the now infamous meat substitution scandals of the early 1980's. Since that time industry participants have invested significant effort in developing and maintaining the reputation of Australian product in over 160 markets around the globe.

With respect to meat, trade description requirements, agreements and protocols vary from country to country. Examples include:

- Canada has prescribed the AUS-MEAT Language in its domestic legislation as satisfying its mandatory grading requirements. This market was disrupted in 1993 while an agreement to recognise the Language was put in place.
- Korea recognises the Language in mandatory specifications for its tendering system. The Koreans also use Handbook of Australian Meat Code numbers for product sourced out of New Zealand.
- The USDA recognise the AUS-MEAT Language as meeting their labelling requirements
- There is agreement at the industry to industry level between the Meat Importers Council of America (MICA) and the AMIC on the recognition of the use of the AUS-MEAT Language.
- A number of countries in the Middle East have mandatory trade description legislation and recognise the AUS-MEAT Language as matching prescribed classes.
- Chile uses the AUS-MEAT classification system to meet their grading system requirements.
- High Quality Beef (HQB) to the EU is subject to an access agreement for which specifications are determined by measurements within the AUS-MEAT classification system.

- Eastern Block countries refer to the European grading scheme and the AUS-MEAT Language is used to provide an equivalent specification.
- Japanese authorities recognise the AUS-MEAT chiller assessment Language as being equivalent to their grading system.
- AUS-MEAT is recognised internationally as being the Australian Authority for Uniform Specification of meat and is Chair of the working party established by the United Nations Economic Commission to standardise an international Language for meat.
- The Handbook of Australian Meat is published in five languages (English, Japanese, Korean, Chinese and Spanish) and is sold and used internationally.

Ultimately, the trading Language is used to describe product on Health Certification issued by the Australian Government through AQIS.

## **DOMESTIC MARKET**

The AUS-MEAT National Accreditation Standards are designed to apply uniformly to both domestic and export enterprises. Accreditation to the Standards and use of the Language is voluntary for domestic meat marketing. Participation is driven by commercial requirements and/or recognition of individual operators of the advantages to their business of Accreditation.

A stated disincentive for Accreditation in the domestic sector has been the perceived potential for an uneven playing field whereby less scrupulous competitors may be seen to be able to gain a commercial advantage by not being bound to adhere to uniform standards for trade description.

The regulation of trade description of meat and meat products is currently a matter for the relevant authority in each State.

In cases of inaccurate description the sanctions available to AUS-MEAT are restricted to those under the Accreditation rules, namely variation in audit frequency and ultimately removal of Accreditation. AUS-MEAT routinely notifies the relevant State authority, which is responsible for determining if any action is appropriate under their particular legislative base.

The matter of uniform domestic regulation for truth in labelling in meat description has been raised on a number of occasions in the past.

In 2002, the NSW Authority proposed to deregulate Lamb branding in that State from August 2003. At the time other States, including Victoria and Queensland, indicated that they may follow suit if NSW proceeded. In response the sheepmeat industry, represented by the Sheepmeat Council of Australia, the National Meat Association and the Australian Meat Council (now combined to form AMIC) agreed that the industry should strive to maintain national "truth in labelling" for the Lamb category. Options were canvassed at that time as to how best to maintain uniform national standards if the State Authorities ceased to be involved. As a result of that process the proposed deregulation did not proceed at that time and the status quo remained.

Mechanisms for underpinning various elements of a domestic "Beef Retail Language" have also been investigated by industry working groups under RMAC from time to time.

On each occasion it has been recognised that the current system of Accreditation and verification under the AUS-MEAT Standards provides the necessary tools for uniform implementation.

The options for uniform statutory underpinning of domestic meat description have been identified as:

- Enactment of uniform licensing standards individually by each State

- Incorporate trade description requirements into AS 4696:2007 - *Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption* to which each of the States currently subscribes.
- Incorporation of trade description requirements into the Food Standards Code.
- Establishment of a Voluntary or Mandatory Prescribed Code under the Trade Practices Act

Each of these statutory options requires the full agreement of all industry stakeholders and the various State and Commonwealth Authorities. This has not been achieved to date.

From a regulatory perspective, AS 4696:2007 provides the vehicle by which the State Authorities that are currently responsible for Lamb Branding agree, adopt and implement uniform national standards for the production of meat and meat products. The necessary legislative base is already largely in place with the relevant industry participants already subject to the requirements of the Standard. The Standard is currently focused on food safety and hygiene. Again, incorporation of trade description requirements would require full agreement of industry stakeholders and the various levels of government.

The non legislative alternative is the adoption of a voluntary industry code which is implemented commercially through the agreement and support of a critical mass of stakeholders in the industry who require the code to be met through market forces. This model has been successfully adopted for the “Budget Beef” Retail Code which is subscribed to by the majority of retail stakeholders and processors. A key feature of that code is the supply of accurately labelled “Budget Beef” available to retailers from AUS-MEAT Accredited processing enterprises.

In 2002 AUS-MEAT provided a full submission to the sheepmeat industry on issues relevant to Lamb Branding at that time. That paper has been updated to reflect changes in the legislative framework during the intervening period and is attached at Appendix 2.

## **OTHER INDUSTRY SERVICES**

AUS-MEAT Limited’s capability that can be focused to deliver services to the Australian Industry include the following:

### *Industry Training*

AUS-MEAT Training services are provided to comply with industry standards to ensure trained personnel implement correct use of the AUS-MEAT Language and accurate product description terminology is applied to all meat products. AUS-MEAT’s status as a Registered Training Organisation (RTO) ensures Training courses comply with Training and Assessment Standards under the Australian Quality Training Framework (AQTF).

Training services include:

- Beef Product Specification
- Sheepmeat Product Specification
- Chiller Assessment
- Quality Systems Accreditation (NPE's)

*Management Systems Certification*

AUS-MEAT conducts its operations under its internal ISO 9001:2000 certified management system. AUS-MEAT has expanded its capability to provide accredited certification and incorporates AUS-QUAL Pty Ltd.

AUS-QUAL™ Pty Ltd is the wholly owned subsidiary of AUS-MEAT Limited. AUS-QUAL was formed to provide commercial services utilising AUS-MEAT's extensive skill base, where appropriate, outside of the traditional Meat and Livestock Industry. AUS-QUAL™ is the national service provider for the non-meat and livestock industry sector programs such as the honey bee industry and fresh fruit and vegetables.

AUS-QUAL™ Pty Ltd also provides a range of certification services. AUS-QUAL is a Joint Accreditation System – Australia and New Zealand (JAS-ANZ) Accredited Certification Body providing services for:

*Management System Certification*

- Quality Management Systems – ISO 9001:2000
- Food Safety (HACCP) Management Systems - PrimeSafe Victoria
- ISO 22000:2005
- ISO 14000:2004

*Product Certification Systems*

- SQF 2000 : 1000
- GLOBALGAP Protocol – Fruit and vegetables
- GLOBALGAP – Integrated Farm Assurance (IFA)
- British Retail Consortium (BRC)
- Australian Wood Packaging Certification Scheme (AWPCS)

AUS-QUAL also provides Non-Accredited Certification under the following programs

- Freshcare Certification for Fresh Produce
- Woolworths Quality Assurance (WQA) Fresh Produce.
- Coles
- Food Safety (HACCP) Management Systems in the primary, secondary and tertiary food industry sectors.
- B-QUAL - Quality Assurance for the Honey Bee Industry

AUS-QUAL is also accredited by AQIS as a certifier to the National Standard for Organic and Bio-dynamic Produce.

AUS-QUAL is a JAS-ANZ accredited certification body for food safety audits for PrimeSafe Victoria.

In addition, AUS-MEAT provides services under contract to Safe Food Production Queensland the scheduling, conduct, reporting and follow-up of food safety audits conducted in accordance with the requirements of the Food Production (Safety) Act 2000 and Food Production (Safety) Regulations 2002.

*Livestock Programs*

AUS-MEAT auditors are approved by the Victorian Minister for Agriculture to conduct environmental audits against the Victorian Code of Practice for Cattle Feedlots.

AUS-MEAT currently provides program administration services and secretariat services and is the National Service Provider for a number of rural industry quality management system based accreditation programs including:

- The AUS-MEAT Accreditation Program
- The National Feedlot Accreditation Scheme (NFAS)
- LPA Program
- LPA QA (CATTLECARE / FLOCKCARE)

These accreditation schemes are industry owned and managed by a Board of Directors or Industry Committee, all of which consist of members representing a cross section of the relevant industry. AUS-MEAT has provided management and administrative services for these schemes since the inception of the NFAS in 1995.

#### *Other Auditing Services*

In addition, AUS-MEAT provides auditing services for other industry organisations including:

- Meat Standards Australia (MSA)
- The National Saleyards Quality Assurance Program (NSQA)
- Agriculture Fisheries Forestry Australia; EU Certification Arrangement System
- Animal Health Australia; Johne's Disease Market Assurance Program (JD-MAP)
- Woolworths Quality Assurance (WQA) Meat
- McDonald's
- Burger King
- Yum Brands (Tacco Bell, Pizza Hut, KFC)
- Costco, Whole Food Markets, Gerber Foods
- George Western Foods
- Japan Accreditation System (JAS)
- The Cotton Industry

A key aspect of the early development and implementation phases of each of these programs has been a partnership approach to working with the relevant industry programs to put in place appropriate practical systems to underpin the integrity of industry owned standards.

## **CONCLUSION**

Over the past two decades the Australian export industry has worked with Government to put in place co-regulatory systems for accurate trade description and truth in labelling which has met the commercial needs of industry while providing robust systems to ensure integrity is underpinned through an appropriate legislative base.

AUS-MEAT is a unique industry owned organisation which provides services that underpin the integrity of Australian meat and livestock in the production sector, the processing sector and throughout the market chain to export and the domestic consumer.

In AUS-MEAT, the Australian Meat and Livestock Industry has the tools in place to facilitate the introduction of a co-regulatory model to underpin the integrity of domestic meat marketing. It requires the agreement and will of industry stakeholders and the various levels of government to enable such a system to be put in place. The relevant State authorities have a key role in this regard.



## **APPENDIX 1**

***MEMORANDUM OF UNDERSTANDING - ARRANGEMENTS FOR THE VERIFICATION OF TRADE DESCRIPTION REQUIREMENTS UNDER THE EXPORT CONTROL ACT 1982 AND THE EXPORT CONTROL (MEAT AND MEAT PRODUCTS) ORDERS 2005.***

## MEMORANDUM OF UNDERSTANDING

### **ARRANGEMENTS FOR THE VERIFICATION OF TRADE DESCRIPTION REQUIREMENTS UNDER THE EXPORT CONTROL ACT 1982 AND THE EXPORT CONTROL (MEAT AND MEAT PRODUCTS) ORDERS 2005.**

#### ***Background***

*This Memorandum replaces the 1987 Memorandum of Understanding between Australian Quarantine and Inspection Service (AQIS) and AUS-MEAT Limited ABN 44 082 528 881 (AUS-MEAT) in Relation to Transfer of Operational Responsibility for Specific Meat Trade Descriptions/Functions to AUS-MEAT/Industry and subsequent related AQIS notices.*

This Memorandum confirms the arrangements between AQIS and AUS-MEAT for the verification of trade description requirements under the *Export Control Act 1982* and the *Export Control (Meat and Meat Products) Orders 2005* (Orders).

It is recognized that under the legislation principal responsibility for truth-in-labelling rests with AQIS.

AQIS and AUS-MEAT agree that AQIS can meet this obligation through a verification process whereby AUS-MEAT takes day-to-day operational responsibility, including that for corrective action, for all trade description other than those basic descriptions that importing country authorities may require the government regulating authority (AQIS) to oversight.

AQIS will ensure the legislative requirements for trade description are met by the verification of the trade description system and relevant functions.

AQIS reserves the right to make the final determination on any action arising from verification activity in accordance with the *Export Control Act 1982* and its international obligations as the recognized certifying authority for exports of meat and meat products.

#### ***Industry Standards for Trade Description***

AUS-MEAT is the Authority for the Uniform Specification of Meat.

The principal objectives of AUS-MEAT relevant to this Memorandum are the management of Industry Standards for trade description through the Australian Meat Industry Classification System and the AUS-MEAT National Accreditation Standards for AUS-MEAT Accredited Enterprises (AUS-MEAT National Accreditation Standards). The Australian Meat Industry Classification System is known as the AUS-MEAT Language.

Registered establishments under the Orders for the production of bovine, ovine and caprine prescribed goods are accredited by AUS-MEAT in accordance with the AUS-MEAT National Accreditation Standards.

**Trade Description Requirements**

The objectives of the Orders are to ensure that meat and meat products intended for export for food:

- (a) are wholesome or are identified for export for further processing for food;
- (b) meet requirements to have an accurate trade description;
- (c) meet the importing country requirements necessary to maintain market eligibility; and
- (d) are traceable, can be recalled if required and their integrity is assured.

In accordance with the Orders, the occupier of an establishment engaged in the preparation of meat or meat products for export for food must have an approved arrangement (as that term is defined in the Orders) for the preparation of the meat and meat products.

Meat or meat products for export for food must be prepared in an establishment where the occupier has an approved arrangement for the preparation of the meat and meat products.

Schedule 1 of the Orders provides that, for the purposes of assessing an application for an approved arrangement, the Secretary may take into account any guidelines to assist in the development of approved arrangements that are issued by the Secretary.

Trade description is to be included as a pre-requisite program, (Trade Description Guidelines, Attachment 1: "The Guidelines").

*Note 1: The extent to which an occupier addresses the elements of the approved arrangement is dependent upon the scope of meat processing activities.*

**Accuracy of Trade Description**

In accordance with the Guidelines, for the purposes of the Orders, a trade description that conforms to the Australian Meat Industry Classification System (AUS-MEAT Language) will be taken to be accurate.

**Agreements**

AQIS agrees that the Trade Description Guidelines are appropriate to form part of the guidelines referred to in clause 3.1(b), of Schedule 1 of the Orders. AQIS and AUS-MEAT will consult and work with the other party for any proposed changes to the Trade Description Guidelines and the Australian Meat Industry Classification System, and AQIS will take all reasonable steps to obtain AUS-MEAT's agreement to any proposed changes. AQIS will give AUS-MEAT as much notice of the implementation of any proposed changes as is practicable.

The arrangements described in the Trade Description Guidelines will commence on 1 July 2005.

For the purposes of determining the accuracy of trade description through auditing of an establishment's trade description element of the approved arrangement, AUS-MEAT will:

- (a) convene regular meetings of the Australian Meat Industry Language and Standards Committee (Committee) to review the Australian Meat Industry Classification System and the criteria for

assessment of the trade description element of the approved arrangement published in the AUS-MEAT National Accreditation Standards;

- (b) approve an establishment's management system (Quality System) applicable to the establishment's trade description element of the approved arrangement in accordance with criteria established by the Committee published in the AUS-MEAT National Accreditation Standards;
- (c) conduct regular audits to measure an establishment's conformance against the accurate use of the AUS-MEAT Language and the effectiveness of its Quality System in accordance with criteria established by the Committee published in the AUS-MEAT National Accreditation Standards;
- (d) provide regular reports of audit findings to the Committee; and
- (e) issue, renew or revoke a Certificate of Accreditation to an establishment following a determination of accreditation status by the Committee in accordance with criteria published in the AUS-MEAT National Accreditation Standards.

AUS-MEAT will ensure that audits conducted are objective, independent, fair and accurate in the following manner:

- (a) the Committee will establish protocols and competency criteria that must be met for auditing of the use of the AUS-MEAT Language and the effectiveness of an accredited establishment's Quality System;
- (b) the Committee will review audit findings and determine any change to an establishment's accreditation status in accordance with criteria established by the Committee published in the AUS-MEAT National Accreditation Standards; and
- (c) the Committee will establish procedures for appeal by an accredited establishment for the review of a decision by an auditor or the Committee in accordance with criteria established by the Committee published in the AUS-MEAT National Accreditation Standards.

If an audit discloses any trade description non-conformities by an establishment, AUS-MEAT will institute the following corrective action procedures:

- (a) where non-conformances are identified during audit, the accredited establishment will ensure that the errors are corrected in accordance with the AUS-MEAT National Accreditation Standards;
- (b) the Committee will establish protocols for notifying AQIS where a change in the scope or status of the registered establishment's accreditation is likely to effect a recommendation to the Secretary pertaining to the accuracy of use of the Australian Meat Industry Classification System or the effectiveness of an establishment's trade description element of the approved arrangement; and
- (c) any serious trade description non-conformances that are suspected of being fraudulent or may affect the integrity of Australia's meat industry will be notified to the Secretary without delay.

Unless the circumstances of the approval, revocation or variation make it impractical to do so, AQIS will endeavour to take all reasonable steps to provide AUS-MEAT with a reasonable time within which to provide a recommendation to the Secretary under the Trade Description Guidelines for the purposes of the proposed approval, revocation or variation.

AQIS acknowledges that:

- (a) reports provided by AUS-MEAT under this Memorandum to AQIS pertaining to the accurate use of the Australian Meat Industry Classification System and the effectiveness of an establishment's trade description element of the approved arrangement will assess the establishment's quality system as prepared and adopted by the establishment in accordance with the AUS-MEAT National Accreditation Standards; and
- (b) a satisfactory assessment will mean that the establishment accurately uses the Australian Meat Industry Classification System and that the establishment's trade description element of the approved arrangement is effective.

In accordance with the requirements of Order 59 of the Orders, each establishment is required to provide AQIS approved AUS-MEAT auditors with all assistance reasonably required by the auditor to provide reports to the Secretary for the purposes of the order.

The effectiveness and efficiency of the arrangements established under this Memorandum will be reviewed by both parties annually.

Either party may terminate this Memorandum by notice to the other party together with a statement of reasons, and each party will use their best endeavours to provide 6 months' notice of termination.

On termination of this Memorandum neither party will have any claim for compensation against the other.

Signed for and on behalf of AQIS  
by Mr Greg Read  
Executive Manager, Exports  
July 2005

Signed for and on behalf of AUS-MEAT Ltd by Mr Ian King  
Chief Executive Officer  
July 2005

---

**TRADE DESCRIPTION**

---

attachment

**PURPOSE**

To ensure that a trade description applied to meat for export is accurate and complete.

**SCOPE**

All registered establishments preparing meat and meat products for export.

**DEFINITIONS**

**Approved auditor** means, for the purposes of auditing the accuracy of use of the Australian Meat Industry Classification System and the effectiveness of an establishment's trade description element of the Approved Arrangement, an auditor approved by the Secretary under subclause 5.1 of Schedule 9 of the Export Control (Meat and Meat Products) Orders 2005 ("the Orders") and meeting the competency criteria established by the Australian Meat Industry Language and Standards Committee.

**Australian Meat Industry Language and Standards Committee** means the body which recommends standards to the Red Meat Advisory Council for the development, approval and maintenance of the Australian Meat Industry Classification System.

**AUS-MEAT Limited** is the Authority for the Uniform Specification of Meat (AUS-MEAT).

**Raising Claim**, for the purposes of this guideline, is a claim made in the trade description or export documentation about the animal or supply chain specifically relating to animal husbandry conditions, feeding, handling, drug treatments and/or geographical references which is specifically required by an importing country.

**BACKGROUND**

Legislative provisions relating to trade description are found in:

- Export Control Act – Section 15.
- Australian Meat Standard – Clause 16. Identification, Traceability and Integrity.
- Orders – Schedule 6, Part 1. Trade Descriptions.  
- Schedule 7, Part 1. Segregation, Identification, Security and Integrity.

**METHODOLOGY**

Clause 1.2 (a) of Schedule 6 of the Orders requires that a trade description applied to meat derived from animals of the Bovine, Ovine, Porcine and Caprine species must include the descriptors as applicable:

Beef	Mutton	Barrow pork
Veal	Ram	Boar pork
Bull	Pork	Goat
Lamb	Sow pork	Sheep

A trade description that complies with Order 8.1 and conforms with the Australian Meat Industry Classification System will be considered accurate i.e. based on the definition of the descriptors and using the Australian Meat Industry Classification System Manual 1 for guidance. Any information or pictorial representation must also be consistent with the language described in Manual 1.

*For the purposes of importing country requirements or issue of Government Certificates, Raising Claims that accord with the Australian Meat Industry Classification System will be taken to be accurate.*

*Beef purported as being Grain Fed must be derived from animals that have completed a feeding regime that accords with the Minimum Standards for Grain Fed Beef as described in the Australian Meat Industry Classification System. Any declaration made in relation to the feeding of an animal from which meat and meat products are purported as being Grain Fed must be accurate.*

In preparing an arrangement for approval an occupier should ensure:

- there are systems in place that enable product to be identified and traced through all stages of production to final description.
- the integrity of the original product is maintained through the process and individual products or lots have a procedure for unique identification and be clearly distinguishable from other products or lots.
- there are instructions available for all activities related to product description and particularly for corrective action in the event of any non-conformity.
- there are sufficient records to verify traceability for trade description integrity.

In the context of approving, suspending, revoking, or varying the approved arrangement, or in the context of the issue of Government Certificates, the Secretary may have regard to recommendations by the Australian Meat Industry Language and Standards Committee in relation to the use of the Australian Meat Industry Classification System. These recommendations will be based on reports from approved auditors pertaining to the accuracy of use of the Australian Meat Industry Classification System and the effectiveness of an establishment's trade description element of the approved arrangement.

The trade description element of the approved arrangement will conform to the criteria established by the Australian Meat Industry Language and Standards Committee.

*A Memorandum of Understanding between AQIS and AUS-MEAT establishes AUS-MEAT's responsibility for ensuring the accuracy of use of the Australian Meat Industry Classification System and the effectiveness of an establishment's trade description element of the approved arrangement through auditing criteria set by the Australian Meat Industry Language and Standards Committee. It will describe how AUS-MEAT will ensure that audits conducted are objective, independent, fair, and accurate and describe any necessary corrective action procedures.*

## MONITORING

*AUS-MEAT will monitor the accuracy of use of the Australian Meat Industry Classification System and the effectiveness of an establishment's trade description element of the approved arrangement.*

## RESPONSIBILITIES

**Approved auditor:** If required by the Secretary, audits the accuracy of use of the Australian Meat Industry Classification System and the effectiveness of an establishment's trade description element of the approved arrangement. An approved auditor is required to comply with the requirements in Division 11 of Part 6 of the Orders.

**AQIS:** The requirements of the Australian Meat Standard, the Orders and guidelines must be taken into consideration when approving arrangements. The Secretary will take into account audit reports and

recommendations of the Australian Meat Industry Language and Standards Committee pertaining to the accuracy of use of the Australian Meat Industry Classification System and the effectiveness of an establishment's trade description element of the approved arrangement.

**AUS-MEAT:** Provides reports to the Secretary pertaining to the accuracy of use of the Australian Meat Industry Classification System and the effectiveness of an establishment's trade description element of the approved arrangement.

**Occupier:** For trade description, complies with clause 16 of the Australian Meat Standard and Part 1 of Schedule 6 and 7 of the Orders. The occupier is required to undergo audits by approved auditors in accordance with Orders 55 and 58. The occupier is required to provide approved auditors with assistance in accordance with Order 59.

#### CORRECTIVE ACTION

Where non-conformances are identified during audit in relation to the accuracy of use of the Australian Meat Industry Classification System and the effectiveness of an establishment's trade description element of the approved arrangement, the occupier will ensure that deficiencies are corrected in accordance with criteria set by the Australian Meat Industry Language and Standards Committee.

*AUS-MEAT will notify the Secretary of any identified non-conformances at an establishment which may result in the consideration of a change to the status of a recommendation pertaining to the accuracy of use of the Australian Meat Industry Classification System.*

Any serious trade description non-conformances that are suspected of being fraudulent or may affect the integrity of Australia's meat industry will be notified to the Secretary without delay.

#### RECORDS

*Records are to be kept to enable verification of an establishment's trade description element of the approved arrangement.*

#### VERIFICATION

*AQIS will audit the performance of the trade description monitoring function.*



## **APPENDIX 2**

### ***HARMONISATION OF LAMB MEAT DESCRIPTION IN AUSTRALIA – Revised April 2008***

**HARMONISATION**

**OF**

**LAMB**

**MEAT DESCRIPTION**

**IN AUSTRALIA**

First Prepared by AUS-MEAT Limited 2002  
Revised April 2008

## **Harmonisation of Lamb Meat Description in Australia**

### ***Background***

In 2002, the Australian sheepmeat industry, represented by the Sheepmeat Council of Australia, the National Meat Association and the Australian Meat Council, have agreed that the sheepmeat industry should strive to maintain national “truth in labelling” for the Lamb category following the proposed statutory deregulation of Lamb branding in NSW in August of 2003.

It was recognised that any system, which provided “truth in labelling”, had to be able to be adequately monitored and enforced.

“Truth in labelling” of the Lamb category was sought primarily because:

- “Lamb” was a well established brand
- the “Lamb” category was valued by end users and consumers
- there had been a considerable industry investment over a number of years to promote the category to consumers.

The proposed deregulation in NSW did not occur. This paper was updated in April 2008 to take account of changes in the regulatory framework during the intervening period.

## Summary

### 1) Definition of a Lamb

It may be possible to measure a more accurate estimation of age and/or eating quality by a combination of a “maturity” and dentition measure. However there is no current information available on an objective, repeatable method of combining the two measures which can be used and maintained under practical conditions.

The New Zealand system offers a slight advantage to producers in that animals dispatched from a property satisfying the dentition criteria for Lamb which subsequently cut a permanent incisor prior to slaughter can still be described as Lamb if that incisor is not in wear.

It can be concluded from the above that currently there is not a system available that offers a more objective assessment of a carcase’s eligibility to be described as a Lamb than that which is at present being used within the Australian Meat Industry.

Any new criterion that is proposed must be objective, measurable and practical to implement operationally. The introduction of an additional method of determination must be consistent for domestic and export markets to avoid confusion. Legislative changes would be required to the definition contained within the Export Control (Meat and Meat Product) Orders if a practical method was identified.

#### Recommendation

It is recommended that the definition of a Lamb remain as specified within current state and export legislation being “a Lamb carcase shall be derived from a female, castrated male or entire male ovine animal that shows no evidence of eruption of permanent incisor teeth”. Sheepmeat Eating Quality research may provide an ability to enhance existing classifications via the incorporation of eating quality descriptors.

### 2) Uniform National Statutory Regulation of Lamb Branding

The options for uniform statutory underpinning of domestic meat description have been identified as:

- Enactment of uniform licensing standards individually by each State
- Incorporation of trade description requirements into AS 4696:2007 - *Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption* to which each of the States currently subscribe.
- Incorporation of trade description requirements into the Food Standards Code.
- Establishment of a Voluntary or Mandatory Prescribed Code under the Trade Practices Act

Legal advice received indicates that having regard to the preference for self-regulation, the preliminary view is that it may be difficult to provide the required evidence for a “mandatory” prescribed code under either the Act (Trade Practices Act 1974) or a FSANZ Standard for Lamb branding.

Although legal advice has been provided stating that it is unlikely a “mandatory” prescribed code could be secured, a voluntary prescribed code may be possible and the potential also exists for a self-regulated “voluntary” code agreed and supported and driven commercially through the marketing chain.

**Recommendation**

AS 4696:2007 - Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption provides the vehicle by which the State Authorities that are currently responsible for Lamb Branding agree, adopt and implement uniform national standards for the production of meat and meat products. The necessary legislative base is already largely in place with the relevant industry participants already subject to the requirements of the Standard. The Standard is currently focussed on food safety and hygiene. Incorporation of trade description requirements would require full agreement of industry stakeholders and the various levels of government.

A longer-term goal would be to investigate the potential for underpinning a national program as a prescribed code under the Trade Practices Act, however as this would be a difficult and lengthy process it should not hold up the implementation of any industry self regulated system.

**3) A National Commercially Driven Self Regulated Program**

When considering the options available and the past government position with regard to self-regulation it would appear that a commercially National Industry self regulated program may be the only avenue to pursue.

A similar framework has recently been successfully implemented within the processor sector through agreement between the retail sector and processors with respect to the processing and retail marketing of "Budget Beef".

The key factor for success in that program was that agreement reached between the retail and processing sectors cumulating in a binding code or agreement on both parties.

**Recommendation**

It is recommended that in the short term further consideration be given to a self-regulated "voluntary" code agreed and supported through the marketing chain.

This code may be implemented through the development of a new national program or as was the case with "Budget Beef" the use of existing industry infrastructure through AUS-MEAT Accreditation.

Consideration should be given to establishing an industry agreed framework for the implementation of a national program to underpin the integrity of the description of Lamb incorporating the minimum requirements identified in this paper.

**4) Utilisation of the AUS-MEAT System of Lamb Branding.**

Industry has two options available for the introduction of a voluntary commercially driven code for lamb branding, either develop, implement, maintain and finance a new national program or use the existing AUS-MEAT National Accreditation program and AUS-MEAT roller brands on a voluntary basis as a nationally recognised standard.

**Recommendation**

As AUS-MEAT Accredited Establishments already provide to the domestic industry the majority of its product it is the most cost effective and logical avenue to pursue if industry decides to implement a national voluntary program.

## **Part 1 Definition of Lamb**

### **Export Control (Meat and Meat Products) Orders 2005**

Within the Australian export sector the method of determination is specified as dentition under the Export Control (Meat and Meat Products) Orders (2005) administered by the Australian Quarantine and Inspection Service (AQIS).

This method is also used within the domestic sector where its use is controlled to a greater or lesser extent under legislation by the relevant state authority.

The definition contained within the Orders states “a Lamb carcass shall be derived from a female, castrated male or entire male ovine animal that shows no evidence of eruption of permanent incisor teeth”. This definition is reflected in the AUS-MEAT Language as adopted through the Australian Meat Industry Language and Standards Committee.

### **International Standards**

Consideration must also be given to the definition of Lamb contained within the UN/ECE Standard for Ovine Carcasses and cuts. This definition is recognised internationally by all UN/ECE member countries.

This document provides two (2) definitions, these being:

- 1) **Young Lamb** being a “Young Lamb under 6 months of age which does not have any permanent incisor teeth”; and
- 2) **Lamb** being a “Lamb under 12 months of age which does not have any permanent incisor teeth”.

A further point that requires consideration when considering is the requirement of these standards to remove the spinal cord from all Sheepmeat carcasses over 12 months of age.

### **International Standards Organisation (ISO)**

In addition to definitions of a Lamb maintained by various countries, the International Standards Organisation also specifies within publication ISO 3974-1997 a definition of a Lamb.

This publication states a lamb is “An ovine animal, presented for slaughter, of which none of the permanent incisor teeth have erupted”.

### **Concise Oxford Dictionary’s**

The Concise Oxford Dictionary’s definition of Lamb is simply, “a young sheep” whereas the Australian Edition of the Collins Concise Dictionary defines a Lamb as “the young of a sheep or “the meat of a young sheep.”

While age alone is not a perfect indicator of eating quality (tenderness & juiciness) this definition has underpinned quality and consistency improvements within the Lamb category by excluding older and more variable sheepmeat from the category.

## **METHODS OF DETERMINATION**

There are currently two (2) internationally recognised methods used for the determination of an animal’s eligibility to be described as a Lamb, these being assessment of the degree of ossification of the “break joint” in the fore leg and by physically counting the eruption or lack of permanent incisors.

**Break Joint**

The assessment of the degree of ossification of the “Break Joint” is a method that has on a number of occasions been suggested should be used within Australia. This method is currently recognised for use within the United States of America.

In this instance, the determination of the degree of ossification and hence the eligibility of a carcass to be described as Lamb is undertaken by a trained operator. The operator makes a subjective assessment of the degree of ossification that has occurred and allocates the carcass a grade based on this assessment.

The method, which is a measure of maturity, has a number of advantages over the use of dentition in that it allows for an animal, which is physiologically young but chronologically old to still be described as a Lamb. Another advantage over dentition is that assessments can be made on a carcass after the head (dentition) is no longer available.

The method also has a number of disadvantages in that it is largely subjective based on the particular operator’s judgment. Therefore to ensure an acceptable level of consistency between processors or assessors, it would require an extensive national training and monitoring program, which would involve substantial ongoing costs and resources.

Because of the subjective nature of the assessment this method is more open to potential abuse and biased assessments could result in more product grading either in or out.

It is doubtful that a subjective assessment would form a solid basis for a successful prosecution in the event of suspected misdescription.

A study published in the journal of Animal Science 67: 2460-2470 conducted by Ho, Field, Russel, Riley, Ercanbrock and Williams (1998) found that “break joint maturity scores, which enter into the overall maturity rating, were slightly older for rams than they were for other gender groups of a similar age. The epiphysial plates of ewe Lambs ossified at a younger age, casting doubt on the validity of break joint score as an index of maturity”.

The authors concluded from the research that “the overall maturity, muscle colour and texture, and rib bone maturity were the best carcass measures of age in sheep” and “to determine age in live sheep up to 652 days of age, tooth evaluation proved most reliable.”

**Dentition**

Assessment of the eruption of permanent incisors is the method that has traditionally been used within the Australian meat industry as a means of classifying ovine carcasses as Lamb, Hogget or Mutton.

The maintenance of the Lamb description within the domestic market is controlled to a greater or lesser degree by the individual state authorities.

The method has a number of advantages in that it is an objective measurement that personnel can be trained on-site to measure. Like all measurements it can be abused where there is a deliberate desire to do so but being an objective assessment it can not be subject to a bias.

The method also has a number of disadvantages in that once the head has been removed and disposed of, measurements cannot be confirmed. In addition carcasses that show evidence of the eruption of permanent incisors but which may still display Lamb characteristics and eating qualities are ineligible for the Lamb description.

Stress can delay the onset of eruption, which may also adversely affect eating quality.

The New Zealand definition defines a Lamb as “a young sheep under 12 months of age or one which does not have any permanent incisors in wear”.

This allows the New Zealand industry to describe a slightly older carcass as a Lamb but in most cases the difference would only be days rather than months.

The main advantage that this provides to the New Zealand producer is that an animal that has been mouthed at draft and has no permanent incisors but cuts a permanent incisor prior to slaughter can still be described as a Lamb.

There are substantial production systems between Australia and New Zealand that should be considered in determining whether such a system would be appropriate in Australia. There is a significantly larger degree of variation that exists from the effects of different breed types, seasonal variation and production systems in contrast to the uniformity of animals presented for slaughter under New Zealand conditions.

Within New Zealand, unlike Australia, the lamb drop generally occurs from late July through to October with the intensive production system allowing the majority of the seasons drop to be presented for slaughter prior to October the following year.

All Lambs within New Zealand become a year old on October 1, at which point a minimum of 10% of lambs presented for slaughter must be mouthed within the stockyards. Lines found to have a single carcass with a permanent incisor must have all carcasses assessed for dentition on the slaughter chain.

#### **Duration of teeth eruption**

Research conducted by Meat and Livestock Australia demonstrated an average duration of eruption to wear across three genotypes sampled as 27.4 days. First cross lambs tended to erupt permanent incisors more rapidly than the Merino and second cross sheep, however the difference between genotypes was not significant. All three genotypes showed a large variation in the duration of eruption with a range from 9 to 56 days.

The report also states that “the large variation between animals in the duration of eruption means producers would still be faced with the risk of some animals reaching full teeth eruption more quickly than anticipated”.

#### **Eating Quality Systems**

MLA has provided the following information with respect to advances in research into sheepmeat eating quality.

A wide range of factors can affect the eating quality of lamb and sheepmeat. When the Sheepmeat Eating Quality (SMEQ) program first started in 2000, there was clearly a large number of gaps in knowledge and little of the research had been conducted using the consumer as the final judge of eating quality. Since that time the following pre-slaughter and post-slaughter factors have been examined:

- Breeding and genetics of the sheep;
- Age of the sheep;
- Nutrition and growth path, including pasture characteristics and finishing systems;
- Stress and handling of the sheep pre-slaughter;
- Type, frequency and voltage of electrical inputs during processing;
- Method by which the carcass is hung following slaughter;
- Rate of chilling and pH decline following slaughter and the ultimate pH of the carcass;
- Period of aging between slaughter and consumption; and
- Type of cut and cooking method.



## Predicting Lamb and Sheepmeat Eating Quality

In the past, there has been no objective means of predicting lamb and sheepmeat eating quality. The SMEQ program has devised a model for predicting eating quality based on the results of 45,000 records of consumer evaluations of lamb and sheepmeat. This research indicates that no single quality trait (e.g. tenderness, juiciness, flavour) dominates a consumer's liking of sheepmeat. All these factors contribute significantly so a mixed score is the best measure of a consumer's satisfaction with sheepmeat eating quality.

A scoring system for eating quality was derived from the consumer responses and linked back to all the factors affecting eating quality. The mean eating quality score for all sheepmeat was found to be good. Most sheepmeat eats "good every day" including certain hogget and heavily denuded mutton cuts (meaning that consumers are generally satisfied with their sheepmeat dining experience). Lamb remains the "premium" product.

Sheepmeat eating quality does vary between processing treatments, age classes, feeding strategies and cuts, but in several cases assumptions about these influences have been shown to be wrong.

Specifically, the project has:

- Identified the impacts on the eating quality of lamb and sheepmeat;
- Measured the severity of the impact of attributes on eating quality;
- Identified how to minimise these impacts;
- Developed pathways that will produce products that are consistent and accepted; and
- Validated commercial implementation of the pathways.

Key commercial outcomes - Positive:

- Lamb remains the "premium" product when comparing like-for-like (eg same processing methods)
- Young mutton (1 to 4 teeth) loin cuts, processed under best practice conditions, have only slightly lower eating quality than weaned lamb loin cuts processed under the same conditions.
- The mutton loin is basically as good as the hogget loin, however leg cuts are inferior.

Key outcomes – Negative:

- Approximately 20% of lamb fails consumer expectations now, but pathways and practices have been identified that can reduce that failure rate to around 5%.

MLA Developments

- Standards and training packages have been developed to deliver the staged approach
- Each enterprise can choose the level of implementation of the Standards within their operation.
- MLA will coordinate and facilitate brand development through the independent retail and foodservice sector where they don't have the same marketing power as major retailers.
- Investigate the opportunities for better commercial use of non-lamb sheepmeat.

Key Messages

- The opportunities arising from the R&D revolve around continual process improvement within supply chains, using the tools and Standards arising from the R&D.
- The science has demonstrated there is an opportunity to make enhancements to the current categories of sheep based on consumer expectations.
- A low cost commercialisation model based on Voluntary Standards with provision for third party audit has been developed and effectively trialled as a component of this research.

- This would create greater ability to differentiate based on expectations of eating quality in the market place. (Consumer driven standards)
- Industry has the ability to capitalise on the outcomes of the research through the adoption of standards.

### **Measured Chronological Age (Whole of life ID)**

With advances in technology there also exists the potential to provide an exact age on an animal through individual identification. This is still in its infancy in the sheepmeat industry and the infrastructure could be developed both on farm and in abattoirs which in the long term would provide an objective means of determining an animal's exact age.

The UN/ECE and New Zealand definitions provide for a measured chronological age of less than 12 months for Lamb.

### **Conclusion**

It may be possible to measure a more accurate estimation of age and/or eating quality by a combination of a "maturity" and dentition measure. However there is no current information available on an objective, repeatable method of combining the two measures which can be used and maintained under practical conditions.

The New Zealand system offers a slight advantage to producers in that animals dispatched from a property satisfying the dentition criteria for Lamb which subsequently cut a permanent incisor prior to slaughter can still be described as Lamb if that incisor is not in wear.

It can be concluded from the above that currently there is not available a system that offers a more objective assessment of a carcass's eligibility to be described as a Lamb than that which is at present being used within the Australian Meat Industry.

Any new criterion that is proposed must be objective, measurable and practical to implement operationally. The introduction of an additional method of determination must be consistent for domestic and export markets to avoid confusion. Legislative changes would be required to the definition contained within the Export Control (Meat and Meat Product) Orders if a practical method was identified.

### **Recommendation**

It is recommended that the definition of a Lamb remain as specified within current state and export legislation being "a Lamb carcass shall be derived from a female, castrated male or entire male ovine animal that shows no evidence of eruption of permanent incisor teeth". Sheepmeat Eating Quality research may provide an ability to enhance existing classifications via the incorporation of eating quality descriptors.

## **Part 2 Uniform National Statutory Regulation of Lamb Branding**

### **Export**

The accurate description of basic categories including Lamb is a government to government certification requirement for trade with many of the customer countries with which Australia trades.

The description of Lamb will be maintained within the export sector until such a time as industry and AQIS are convinced that a change will not impinge on the integrity of the product, have an adverse effect on export markets and is in the interests of the industry.

AQIS has devolved responsibility to AUS-MEAT for product description under a Memorandum of Understanding (MOU) and Deed of Agreement. AQIS retains primary responsibility for “basic categories” including Lamb. Under the MOU, AQIS meets its obligation to verify accuracy of trade description through AUS-MEAT taking day-to-day operational responsibility, including that for corrective action, for all trade description other than those basic descriptions that importing country authorities may require AQIS to oversight directly. Under these arrangements the establishment’s Quality System approved by AUS-MEAT satisfies the Trade Description element of their Approved Arrangement and AUS-MEAT’s routine audits satisfy the requirement for verification on behalf of AQIS. AUS-MEAT Auditors are Approved Auditors under the Orders. AQIS also carries out verification audits of AUS-MEAT’s performance under the MOU. AQIS remains responsible for taking any legal sanctions under the legislation where required

### **Domestic**

Under current State legislation, individual state authorities are responsible for the administration and maintenance of the lamb definition within their state.

As a condition of license establishments must apply an approved Lamb roller brand to all Lambs. The roller brand must be applied in a prescribed manner to each side of the carcass ensuring that the brand is legible.

It is currently an offence under state legislation to apply a Lamb roller brand to product, which fails to meet the Lamb criteria, however, in the past some state authorities have considered restricting their activities to core health and hygiene related activities.

By agreement for mutual recognition of State legislation, State Governments are committed, to allow product fit for sale in one state to be sold in all States.

## **STATE RESPONSIBILITIES**

### **New South Wales**

Within New South Wales, Safe Food Production NSW currently issues all brands and controls the application through state legislation.

In 2002, the NSW Parliament passed legislation supporting the deregulation of Lamb branding; this was scheduled to come into effect on or before August 2003.

At the time, NSW had indicated that after deregulation no legislation will exist and the authority will have no involvement in Lamb branding within the state.

As a result both Victoria and Queensland had also indicated that they also intended to follow suit and undertake similar legislative amendment.

This deregulation did not proceed.

**Queensland**

Advice from Safe Food Production Queensland is that they currently administer the Food Production (Safety) Act (2000) and Regulations. Stamping requirements under this legislation are limited to identification of the processing establishment number for the purposes of product traceability.

The product branding requirements of the previous legislation, (the Meat Industry Act and Regulations), no longer apply in relation to control of the application of other marks and brands within Queensland.

These former requirements were that an establishment could not place a mark on a carcass unless the mark was approved by the controlling authority.

The current establishment identification mark may be applied in three ways, these being:

- a stamp with the establishment's licence number on it;
- the AUS-MEAT Lamb roller brand incorporating the establishment's licence number; and
- private company roller brands incorporating the establishment's licence number used in slaughterhouses.

Safe Food Production Queensland have advised that they now only deal with food safety issues.

The legislation calls up "substitution" of product but only applies to substitution of species (sheep for goat etc) rather than within a species (mutton for lamb).

Mis-description of product or deceiving a customer by incorrectly labelling is a matter for Queensland Health in the first instance.

Instances of fraudulent mis-description could also go further to involve consumer affairs and fair trading requirements.

**Victoria**

Currently the Victorian Meat Authority (VMA) issues to domestic processors and controls the application of the Lamb brands within Victoria through state legislation.

VMA does not issue its brands to export establishments therefore these establishments use AUS-MEAT brands when supplying product to the domestic market.

**Tasmania**

Tasmania currently has no legislation in place pertaining to the branding of Lambs. AUS-MEAT Accredited Enterprises wishing to brand Lambs may apply and be issued AUS-MEAT roller brands.

Where non-conformances are detected AUS-MEAT takes action through the provisions of its Accreditation Standards. Specifics of non-compliance are provided to the Tasmanian Dept Primary Industries and Fisheries mainly for their information.

**Western Australia**

The Western Australia Meat Industry Authority currently controls the application of brands within WA as prescribed in the WA Meat Industry Act 1976.

The WA legislation stipulates that an establishment can not place a brand on a carcass unless the brand is approved by the authority.

The authority issues its own brands but also recognises AUS-MEAT brands issued to AUS-MEAT Accredited Enterprises. AUS-MEAT has no direct responsibility for auditing of basic category in WA but as its officers are authorised officers of the authority any misuse of the brands detected by them in AUS-MEAT Accredited Enterprises is reported directly to the authority and AUS-MEAT.

**Northern Territory**

Within the Northern Territory the Department of Primary Industries and Fisheries controls the branding and maintenance of the Lamb brand through state legislation.

As there is effectively no Lamb kill in the Northern Territory this legislation has never been called on.

**South Australia**

The South Australian Meat Hygiene Unit currently issues and controls the application of marks and brands within South Australia.

The authority issues two types of marks which remain their property at all times, these being a stamp which designates that the carcass is fit for human consumption and a roller brand which identifies the category.

A company may also apply to the authority to use a company brand.

**ALTERNATE STATUTORY REGULATION MECHANISMS**

The alternatives to individual State licensing requirements for the national statutory regulation of the Lamb Brand, either through direct incorporation in legislation or through recognition of the AUS-MEAT accreditation system which have been considered in the past include:

- 1) AS 4696:2007 Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products For Human Consumption;
- 2) The Food Standards Code; and
- 3) The Trade Practices Act.

**AS 4696:2007 - Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption**

AS 4696:2007 - Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption has been adopted by all jurisdictions as the basic food safety requirement for the hygienic production of meat and meat products in Australia. This Standard was last amended in 2007.

This standard has been approved by the Australia and New Zealand Food Regulation Ministerial Council (ANZFRMC). The Standard harmonises standards for the production and transportation within Australia of meat and meat products regardless of whether the meat or meat products are for domestic or for export. The focus is on essential health and hygiene issues.

The prime objective of this standard is to ensure meat and meat products for human consumption comply with food safety requirements and are wholesome.

The Standard does not address matters related to trade description other than for the purposes of accurate identification, traceability and recall.

AS 4696:2007 provides the vehicle by which the State Authorities that are currently responsible for Lamb Branding agree, adopt and implement uniform national standards for the production of meat and meat products. The necessary legislative base is already largely in place with the relevant industry participants already subject to the requirements of the Standard. The Standard is currently focussed on food safety and hygiene. Incorporation of trade description requirements would require full agreement of industry stakeholders and the various levels of government.

## Regulation under Food Standards Australia New Zealand (FSANZ)

Food Standards Australia New Zealand (FSANZ) is an independent statutory agency established by the Food Standards Australia New Zealand Act 1991. Working within an integrated food regulatory system involving the governments of Australia and the New Zealand Government, FSANZ sets food standards for the two countries. FSANZ is part of the Australian Government's Health and Ageing portfolio.

FSANZ's ultimate goal is: A safe food supply and well-informed consumers. FSANZ sets food standards, and joint codes of practice with industry, covering the content and labelling of food sold in Australia and New Zealand. In addition, FSANZ is responsible for developing Australia-only food standards that address food safety issues – including requirements for primary production - and maximum residue limits for agricultural and veterinary drug residues.

FSANZ is responsible for administering the Australia New Zealand Food Standards Code.

PART 1.2 of the code deals with Labelling and other Information Requirements whilst Standard 2.2.1 deals with specific labelling and information requirements for Meat and Meat Products.

The Code focuses on labelling and compositional requirements primarily related to food safety, nutrition and public health.

The objectives of FSANZ are to:

- Continue to work with our government partners to develop food standards through the bi-national regulatory arrangements.
- Use best regulatory practice in the delivery of food regulatory outcomes.
- Anticipate and work proactively to address new food regulatory challenges.

The FSANZ 2006-07 Annual Report states the following:

*“While the volume of work processed by FSANZ has remained fairly constant since the Food Standards Code was published in 2000, the nature of our work has changed, and continues to change rapidly. We are concentrating more and more on nutrition and public health matters while, at the same time, maintaining our protection of food safety through compositional, labelling and food safety (hygiene) standards.*

*Mandatory fortification and health claims are two examples of where we are implementing government policy, through the Ministerial Council, to improve the health of the community.”*

The Food Standards Australia New Zealand Act 1991 does include provision for matters relating to quality, consumer confidence, consumer information and fair trading as follows:

### *Part 1*

*3 The object of this Act is to ensure a high standard of public health protection throughout Australia and New Zealand by means of the establishment and operation of a joint body to be known as Food Standards Australia New Zealand to achieve the following goals:*

- (a) a high degree of consumer confidence in the quality and safety of food produced, processed, sold or exported from Australia and New Zealand;*
- (b) an effective, transparent and accountable regulatory framework within which the food industry can work efficiently;*
- (c) the provision of adequate information relating to food to enable consumers to make informed choices;*
- (d) the establishment of common rules for both countries and the promotion of consistency between domestic and international food regulatory measures without reducing the safeguards applying to public health and consumer protection.*

*Part 2 Division 2**18 Objectives of the Authority in developing or reviewing food regulatory measures and variations of food regulatory measures*

- (1) The objectives (in descending priority order) of the Authority in developing or reviewing food regulatory measures and variations of food regulatory measures are:
  - (a) the protection of public health and safety; and*
  - (b) the provision of adequate information relating to food to enable consumers to make informed choices; and*
  - (c) the prevention of misleading or deceptive conduct.**
- (2) In developing or reviewing food regulatory measures and variations of food regulatory measures, the Authority must also have regard to the following:
  - (a) the need for standards to be based on risk analysis using the best available scientific evidence;*
  - (b) the promotion of consistency between domestic and international food standards;*
  - (c) the desirability of an efficient and internationally competitive food industry;*
  - (d) the promotion of fair trading in food;*
  - (e) any written policy guidelines formulated by the Council for the purposes of this paragraph and notified to the Authority.**

However, in accordance with the Commonwealth government's preferred self-regulatory approach, FSANZ and its predecessor ANZFA have taken the view that generally enforcement by means of the Code would not be warranted where there were no major public health and safety concerns, the problem was of low significance or the problem could be rectified by the market itself. In assessing whether to amend the Code, it is expected that FSANZ would look to whether there was convincing evidence that self-regulation was not effective.

Past Legal advice was that having regard to the preference for self-regulation, the preliminary view is that it may be difficult to provide the required evidence for regulation under the Food Standards Code.

**Trade Practices Act**

The following advice was received from Legal Counsel on the applicability of provisions of the Trade Practices Act to underpin a national system for lamb branding as follows:

**Government regulation**

- Part IVB of the Trade Practices Act 1974 (Act) deals with industry codes. It defines an industry code to be a code regulating the conduct of participants in an industry towards other participants in the industry or towards consumers.
- There are two types of industry codes contemplated by Part IVB:
  - voluntary codes; and
  - mandatory codes.
- A breach of a code constitutes a breach of the Act. Enforcement of industry codes is vested in the ACCC.

**Voluntary codes**

- A voluntary code only binds those companies which, agree to be bound by it. However, once a company agrees to be bound, the code is mandatory for that company.
- A voluntary code must specify the method by which a company may agree to be bound by the code and the method by which it ceases to be bound. For example, a code might apply only to members of the industry association administering it.

### Mandatory codes

- A mandatory code is one that binds all participants in the industry.
- A code may be declared mandatory where:
  - the Commonwealth government considers that there are serious social and economic costs of problems in the industry; and
  - there is a failure of existing regulatory mechanisms to address business conduct problems in that industry.
- To date the only mandatory code is the Franchising Code of Conduct.
- Proposals and processes for prescription of a code
- Proposals for the prescription of a code occur at Ministerial level. The Minister responsible for proposals is the Minister for Financial Services and Regulation.
- In deciding whether to initiate a proposal the Minister will take the following into consideration:
  - that the government's preference is for effective self regulation rather than government regulation;
  - whether the matter is appropriate for enforcement under the Act; and
  - whether the code is prescribed under other legislation.
- The process that will be followed when codes are proposed to be prescribed under the Act is as follows:
  - during the first stage, key stakeholders are notified. In the first instance, representative bodies are contacted and, if those bodies do not represent most industry participants, non members will be contacted;
  - the second stage involves drafting a formal consultative document and preparing an evaluation of the different opinions;
  - the third stage is one of consultation regarding the proposal and draft code. Copies of the documents are issued to the public and to identified stakeholders. Submissions are invited;
  - the next stage involves registering the code. Once the previous stages have been completed, the draft code is amended in line with any changes agreed in the consultation process and the Minister proposes regulations under the Act to underpin the code. Copies of the final version of the code will be distributed to parties involved in the consultative process; and
  - the Minister then lays the proposed regulations before both Houses of Parliament and it is up to Parliament to allow or disallow the code.

### Preferred government view

- The Commonwealth government has an objective of lowering regulatory costs on business and improving market outcomes for consumers, by encouraging self regulation as an alternative to government regulation.
- The government's preference for industry self regulation is reflected in the criteria considered by the Minister in deciding whether to initiate a proposal to prescribe a code. The Minister will only consider a proposal where:
  - the code would remedy an identified market failure or promote a social policy objective;
  - the code would be the most effective means for remedying that market failure or promoting that policy objective;
  - the benefits of the code to the community as a whole would outweigh any costs;
  - there are significant and irremediable deficiencies in any self regulatory regime;
  - in the case of a mandatory code, a systemic enforcement issue exists because there is a history of breaches of any voluntary industry code;



- a range of self regulatory options and quasi regulated systems has been examined and demonstrated to be ineffective; and
- the Minister is convinced that there is a need for national application for an enforceable code.

Legal Counsel advice is that, having regard to the preference for self-regulation, the preliminary view is that it may be difficult to provide the required evidence for a prescribed “mandatory” code under the Act.

To ensure a high level of compliance of participants under a “Voluntary Code” the following must be addressed:

1. All participants must be able to see the benefits of complying with the code (consumer confidence in the product that they are buying, a level playing field for all and an effective means of complying with “truth in labelling laws”).
2. Some devices would need to be included in the code to ensure that non-compliance can be detected. This could include independent audits and a highly visible complaint line.
3. The code would need to have sufficient enforceable sanctions to deter non-compliance.

Further legal advice is that the introduction of a voluntary code although not insurmountable would still be an arduous and time-consuming task.

### **Conclusion**

One or a combination of the following options could achieve co-regulatory underpinning of the AUS-MEAT Language and Accreditation Standards under new arrangements:

1. Incorporate in AS 4696:2007 requirements to comply with the AUS-MEAT language and Accreditation Standards in an enterprise’s Approved Arrangement;
2. Call up the AUS-MEAT Language under the Food Standards Code or/arrangements under an MOU similar to those currently in place with AQIS under the Export Control Act;
3. Adoption of the AUS-MEAT Language and Accreditation Standards as a prescribed code under the Trade Practices Act; or
4. Inclusion of AUS-MEAT Accreditation as a condition of uniform State based licensing arrangements.

Legal advice received indicates that having regard to the preference for self-regulation, the preliminary view is that it may be difficult to provide the required evidence for a “mandatory” prescribed code under either the Act (Trade Practices Act 1974) or a FSANZ Standard for Lamb branding.

Although legal advice has been provided stating that it is unlikely a “mandatory” prescribed code could be secured, a voluntary prescribed code may be possible and the potential also exists for a self-regulated “voluntary” code agreed, supported and driven commercially through the marketing chain.

### **Recommendation**

AS 4696:2007 - *Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption* provides the vehicle by which the State Authorities that are currently responsible for Lamb Branding agree, adopt and implement uniform national standards for the production of meat and meat products. The necessary legislative base is already largely in place with the relevant industry participants already subject to the requirements of the Standard.

A longer-term goal would be to investigate the potential for underpinning a national program as a prescribed code under the Trade Practices Act, however as this would be a difficult and lengthy process it should not hold up the implementation of any industry self regulated system.

### **Part 3      A National Commercially Driven Self Regulated Program**

#### **National Industry Self Regulated Program**

When considering the options available and the past government position with regard to self-regulation it would appear that a commercially driven National Industry self regulated program may be the only avenue to pursue.

A similar framework has recently been successfully implemented within the processor sector through agreement between the retail sector and processors with respect to the processing and retail marketing of "Budget Beef".

The key factor for success in that program was that agreement reached between the retail and processing sectors culminating in a binding code or agreement on both parties.

Within the processing sector the standards were progressed through the Peak Councils to the Australian Meat Industry Language and Standards Committee who endorsed the programs inclusion within the AUS-MEAT National Accreditation Standards.

The inclusion of the program under the AUS-MEAT National Accreditation Standards then allowed the program to be maintained by Accredited suppliers and controlled nationally under existing industry practices and sanctions.

#### **Minimum Requirements**

Prior to the establishment of a national program for Lamb branding there are a number of critical success factors that would need to be addressed as detailed below.

- 1) Industry must agree on the definition of "Lamb".

Any definition adopted must be objective, measurable, repeatable and applicable nationally.

- 2) A National standard method for assessing carcasses at slaughter must be implemented.

Currently, States and Territories either have none in place or have different requirements for determining the category of an ovine carcass.

Under a National program it would be necessary to standardise the method of determining the category of a carcass.

The most effective and least open to abuse would be to have the establishment mark each ovine carcass prior to the removal of the head and permanently identify the category of the carcass in an approved and manner.

This method ensures that the category can be checked at a later time by either the establishment's quality system or an independent body. This point is then the only area where the category of a carcass can be mis-represented with little chance of detection.

- 3) Establishments applying a Lamb roller brand to a carcass must operate under an approved and effective Company Quality Management System which details how the establishment will ensure the category is accurately applied.

For a program to be able to be maintained in a consistent and effective manner establishments processing Lamb need to develop and implement a standard operating procedure as part of the quality program, detailing the method of determining and positively recording the category on the carcass.

This system provides two benefits, one being that the establishment will have a standard operating procedure that can be used for training purposes and, two being that the body administering the program has a written procedure to audit against.

- 4) A third party auditing program must be implemented to assess compliance to the requirements of the program.

The program must be supported by an audit program that assesses the degree of compliance with the approved procedures that the establishment has in place.

For the audits to be effective they should be unannounced and able to be performed on a random basis.

An audit frequency would be established with consideration being given to reducing the frequency where establishments have a proven track record of compliance and have demonstrated that they are pro-active in ensuring that their quality system is maintained in an effective manner.

- 5) Sanctions such as removal of brands and/or accreditation where clear and blatant cases of product misdescription are detected must be included. Such sanctions currently exist within the AUS-MEAT National Accreditation Standards.

- 6) Sufficient resources must be available for a national program to be maintained effectively.

Sufficient resources would need to be provided to a body delivering the administration and auditing of a national program to ensure the effective delivery of the program, these resources would include provision for:

- management;
- administration;
- auditors;
- office space and overheads; and
- equipment such as vehicles.

This may be achieved either through industry levy or direct funding by program participants.

- 7) A National program would need to be supported by an education program to ensure the brand is recognised and has a value to all sections of the industry.

Sectors that should be targeted would include:

- wholesalers;
- retailers; and to a lesser extent
- consumers.

- 8) It would be beneficial, although not essential, for such a program to be supported at least in principle by State and Territory Governments and if not appropriately underpinned by legislation.

For the body administering the program to be able to be most effective' it would ideally be backed with legislation giving it the right to enter establishments and if necessary take samples of product and/or records necessary to confirm or disprove any suspicion of misdescription of product.

Sanctions for non-compliance should also be backed with supporting legislation in the event of it being necessary to apply these. It is up to industry to decide what these sanctions should be but they must be stringent enough to be an effective deterrent.

**Recommendation**

It is recommended that in the short term further consideration be given to a self-regulated “voluntary” code, agreed and supported through the marketing chain.

This code may be implemented through the development of a new national program or as was the case with “Budget Beef” the use of existing industry infrastructure through AUS-MEAT Accreditation.

Consideration should be given to establishing an industry agreed framework for the implementation of a national program to underpin the integrity of the description of Lamb incorporating the above minimum requirements.

## **Part 4      *Utilisation of the AUS-MEAT System of Lamb Branding***

### **Current Situation**

A past survey conducted by AUS-MEAT Limited using statistics provided by the relevant state authorities has demonstrated that the majority of Lambs being supplied to the domestic market are derived from AUS-MEAT Accredited Enterprises.

Although the majority of product entering the domestic market is derived from AUS-MEAT Accredited enterprises, these enterprises are generally large domestic or export processors. In the main, a large proportion of small domestic operators who make up the majority of premises tend to service local communities rather than wholesale product and are not AUS-MEAT accredited.

### **Export Industry**

Licensed meat exporters under the Australian Meat and Livestock Industry (Export Licensing) Regulations 1998 must be AUS-MEAT Accredited.

AUS-MEAT Accredited Export facilities supplying Lamb to the domestic market must have in place an independently audited and approved quality management systems manual which specifies how it will ensure the integrity of product description is maintained.

Many of these Enterprises, where permitted by the relevant State Authority, utilise AUS-MEAT Roller Brands when supplying product to the domestic market.

### **Domestic Establishments**

AUS-MEAT Accredited Enterprises have access to the AUS-MEAT Lamb Roller Brands.

AUS-MEAT Accreditation Standards will continue to ensure that the integrity of the Lamb Roller Brand is maintained through robust, independently audited quality management systems.

Non-AUS-MEAT accredited establishments would not have access to the AUS-MEAT Roller Brands unless their use is supported by the rigour of AUS-MEAT Accreditation.

### **Use of the AUS-MEAT System**

An advantage of using the AUS-MEAT system is that AUS-MEAT as an industry owned organisation takes its direction from industry and government.

While not in a position to set policy for industry, AUS-MEAT supports and assists industry wherever and by whatever means possible with industry initiatives.

The AUS-MEAT Accreditation program currently delivers to the domestic market the majority of its Lamb products. It is therefore reasonable to conclude that to adopt AUS-MEAT Accreditation and AUS-MEAT Roller Brands as a national domestic program would, in the main, cause little disruption or inconvenience in a number of states, particularly if the national program was a commercially driven voluntary program.

For a voluntary program to be successful, consideration must be given to having only one nationally recognised Lamb Brand, which would only be available to those companies which have satisfied industry requirements such as AUS-MEAT Accreditation.

Under such a scheme establishments which did not comply with voluntary Industry standards would not have access to the nationally recognised Lamb Brand. This would have little effect on small establishments servicing local communities. However (in order to maintain the integrity of the product

they market), it would be foreseen that large establishments and wholesalers would require a Brand on their product.

### **Conclusion**

Industry has two options available for the introduction of a voluntary commercially driven code for lamb branding, either develop, implement, maintain and finance a new national program or use the existing AUS-MEAT National Accreditation program and AUS-MEAT roller brands on a voluntary basis as a nationally recognised standard.

### **Recommendation**

As AUS-MEAT Accredited Establishments already provide to the domestic industry the majority of its product it is the most cost effective and logical avenue to pursue if industry decides to implement a national voluntary program.