

Second Reading

The Hon. ROBERT BROWN [11.37 a.m.]: I move:

That this bill be now read a second time.

The Food Amendment (Beef Grading) Bill 2008, which was introduced in the other place by the Hon. Richard Torbay, proposed to amend the Food Act 2003 with respect to the advertising, packaging and labelling of beef. The bill comes to this Chamber with the support of members in the other place, though I note that the Opposition reserved the right to amend the bill in this place. Following extensive consultation with the industry a number of amendments have been made in the other place to the original beef grading bill tabled in Parliament in December 2008. A letter I received from the Hon. Richard Torbay relating to the background to amendments moved to the bill in the other House states:

I enclose a copy of the amended Food Amendment (Beef Grading) Bill 2008, which will be brought back before Parliament on Thursday 12 November. A number of amendments have been made to the original Beef Grading Bill tabled in Parliament in December 2008 as a consequence of extensive consultation with industry. The bill calls up the AUS-MEAT language from the back of the retail door to the shopfront and requires beef labelled with the word "budget" to include the words "low quality" or "low grade" and beef labelled with the words "manufacturing" to include the words "suitable for mince only".

The latter term referred to in Mr Torbay's letter appears to be the essence of the differences between Mr Torbay and the New South Wales Farmers Association and representatives of the meat industry. The bill and the subsequent amendments seek to address the issue of beef labelling with the aim of promoting a consistent, consumer-oriented labelling system that will inform consumer choice in relation to the quality of beef products. I congratulate the Hon. Richard Torbay on this initiative. I note the contribution in the other place of The Nationals member for Lismore, Mr Thomas George, in which he said:

It is in the interests of the industry to have an effective labelling system to ensure that good beef gets approval. It will help keep the industry honest and if there is a premium for quality it is an encouragement for people to do the right thing in growing, butchery, preparation, and sales. Consumers want certainty and innovative meat cuts to suit changing food styles.

I am sure that every member of this place supports this position. I note, however, that Mr Thomas George and other Nationals members have concerns about some technical aspects of the grading system and that they would like debate on the bill to be held over so that further industry consultation can be undertaken. The bill introduced in the other place by the Hon. Richard Torbay has been on the table for 12 months. We are told that there has been wide industry and consumer consultation. Indeed, just this week crossbench members were given a presentation by industry representatives in which they outlined their specific concerns, which primarily relate to the term I read from Mr Torbay's letter. I understand the concerns of the industry, but we also have an obligation to ensure consistency for consumers. The New South Wales Farmers Association, in a letter to me dated 23 November 2009, stated:

The Association believes that the Bill passed in the Legislative Assembly on Thursday 12 November 2009 must be amended in the Legislative Council to ensure the best result for the NSW beef industry. The Association would like the Bill amended to remove Schedule 1 23B 1(c) and (d) to exclude references to "low-grade", "low quality", "budget", "manufacturing" and "suitable for mince only".

The Association is also seeking that the Bill be amended to minimise the involvement of the Minister to regulate the AUS-MEAT language. The Association believes that because this is an industry owned scheme, any changes made should be made by industry.

The Red Meat Advisory Council Limited forwarded to us a similar release, and the council's concerns are mirrored by the Farmers Association. The intent of the bill and its implementation has been a long-term issue, previously canvassed by the National Party as far back as 2003. A resolution passed at a National Party conference in 2003 titled "Primary Industry and Trade Urgency Motion" called on the Minister for Agriculture, Fisheries and Forestry, as a matter of urgency and for consumer protection, to:

1. Investigate all avenues towards implementing a national domestic beef grading and labelling system.
2. That this scheme MUST include the beef from all cattle regardless of age, sex, breed or type.
3. That this scheme is preferably covered by a Government endorsed voluntary system that is universally accepted and embraced by industry.

4. Failing this, that the scheme has Federal legislative underpinning, or if this is not possible, that you urge the states To supply the legislative underpinning.

As I said, I understand the concerns of the industry but, I repeat, we also have an obligation to ensure consistency for consumers. I would hate to think that this issue will be politicised. I believe that all members of this place and the other place support the intent of the bill. I do not believe that debate on it should be delayed further; the debate needs to take place. For the sake of brevity and efficiency I seek leave to have incorporated in *Hansard* the agreement in principle speech delivered by the Hon. Richard Torbay on 12 November 2009 in the other place.

Leave granted.

Since I introduced the Food Amendment (Meat Grading) Bill 2008 in the Legislative Assembly in December last year I have consulted widely with the industry and, as a result, have negotiated a large number of changes to the bill. These changes do not alter in any substantial way the main purpose of the bill, which is to provide consumers in this State with a system of meat labelling that is reliable and consistent. The need for this bill has become all the more urgent because figures show an alarming decline in beef exports. Beef exports to Japan of 31,000 tonnes in October 2009 were 7 per cent below the last five-year average. October exports to the United States of a little over 16,000 tonnes were 42 per cent below the last five-year average. The January to October exports to Korea of more than 92,000 tonnes were 11 per cent below the last five-year average. In real terms it means that producers and the industry will be more reliant on the domestic market, which has also been declining.

Many people in the industry attribute this drop in consumption to the unreliability of the labelling of beef products. It has been described as a lucky dip, where consumers buy meat one week that is tender and delicious and then the next week they buy the product under the same label and it is tough and tasteless. This bill addresses consistency in labelling reflecting the quality of the product. Since December, talks have been held with representatives from New South Wales Farmers, the Red Meat Advisory Council [RMAC], Meat and Livestock Australia, AUS-MEAT, major supermarkets, a range of key industry figures, organisations and communities. I include in that list Melbourne beef retailer Rod Polkinghorne, the founder and driving force behind Meat Standards Australia [MSA]. I have also had extensive discussions with the New South Wales Minister for Primary Industries, the Hon. Ian Macdonald, who issued a media release in February indicating his support for the bill. He went on to ask the Federal Minister for Agriculture, Fisheries and Forestry, the Hon. Tony Burke, to include the concept of a consumer-orientated beef grading system on the April 2009 Primary Industries Ministerial Council [PIMC] agenda.

Subsequently, the Primary Industries Ministerial Council established a working group whose terms of reference include, amongst other things, consideration of the cost benefits of making AUS-MEAT accreditation mandatory for all processors and retailers, and consideration of the establishment of a voluntary or compulsory meat-labelling code for processors and/or retailers that is suitable for consumers. The final report of the Senate Standing Committee on Rural and Regional Affairs and Transport inquiry into meat marketing, handed down in June this year, was critical of the labelling arrangements of beef from old cow with eight teeth under the 2002 Voluntary Beef Retail Labelling Agreement between the Meat and Livestock Authority, major supermarket chains and some independent butchers. The Senate committee found that the use of the word "budget" was "at best confusing and at worst misleading" as to its true meaning and suggested that the Government should investigate the most appropriate legislative pathway to ensure that beef from animals with more than eight teeth be required by law to be labelled "old cow beef".

The Senate committee was also of the opinion that a beef grading system with broad application and acceptance would benefit consumers and the aggregate Australian beef industry and considered that this could best be achieved through a voluntary system devised by industry. Currently about one million of the approximately three million cattle slaughtered for the domestic market each year are MSA graded. Only 12,500 of the 150,000 cattle properties in Australia are MSA accredited. Cattle sold through saleyards and from the top end of Queensland, the Channel Country and the Northern Territory cannot be MSA graded because of the MSA 24-hour transport rules. This leaves a lot of beef destined for the domestic market ungraded, which means that consumers, who play a big part in this bill, have no guide as to the quality of the beef they are purchasing before they make their decision to buy. Consumers who get a good steak one week and a bad steak the next are less likely to make repeat purchases.

Following our discussions, the Red Meat Advisory Council has asked the AUS-MEAT Standards and Language Committee to devise a consumer-orientated grading system that will provide a consumer eating quality guide for the ungraded products in between the Meat Standards Australia grades at the top end and the "budget" and "manufacturing" beef at the bottom end. It is hoped that the industry will agree to the AUS-MEAT proposal for a consumer orientated eating quality guide by April 2010 so that the proposal can be considered by the Primary Industries Ministerial Council at its April 2010 meeting as the basis for a national consumer-orientated beef grading and labelling code. The industry, through the Red Meat Advisory Council, agreed to the Food Amendment (Meat Grading) Bill 2008 provisions that call up the AUS-MEAT language from the back door of the retail store to the shopfront and proposed that the AUS-MEAT language should be expanded to include common descriptors that are not currently included in the AUS-MEAT language, such as "scotch fillet", "New York cut", "porterhouse", et cetera.

The beef industry, through the Red Meat Advisory Council, was also supportive of the legislative underpinning of the 2002 voluntary retail agreement with respect to "budget" beef from animals with eight permanent incisors—this includes appropriate qualifiers to the term "budget" to ensure an understanding that "budget" beef comes from older animals—and the provisions of the bill that require beef labelled "manufacturing" to be accompanied by the words "suitable for mince only".

The Leader of the Opposition agrees. I am happy to get that in *Hansard*. The Red Meat Advisory Council has suggested that the beef from animals with eight teeth sold in New South Wales should be labelled "budget grade" and

Meat and Livestock Australia would then mount a public awareness program to explain suitable cooking methods, such as slow cooking and casserole, that would provide a good eating outcome from this product. However, Rod Polkinghorne, the Australian Consumers Association, the Minister for Primary Industries and I do not believe that the words "budget grade" will effectively ensure that consumers understand the quality of the meat they are buying and the fact that it comes from older animals for the following reasons.

Under the terms of the 2002 voluntary retail beef labelling agreement between Meat and Livestock Australia [MLA] and the major supermarket chains and some independent retail butchers, the only exceptions to the requirement to label beef from cows with eight teeth "budget" are tenderloins and mince. Under the AUS-MEAT standards and language, beef from animals with eight teeth destined for the domestic market has to be labelled "budget ox", "budget cow" or "manufacturing". Industry has requested that MSA-graded product from animals with eight teeth should also be excluded from the requirement to label beef from eight -tooth animals "budget".

There has been considerable concern throughout the beef industry in recent years about a breakdown in the integrity of certain aspects of the Meat Standards Australia Scheme including concerns about the sale of MSA 35-day vacuum-packed aged beef from old cows which, in practice, is often opened by retailers before the 35 days, resulting in tough cow beef being sold to consumers; the introduction in recent years of MSA boning groups 10 to 18, which allows in certain circumstances, among other things, more beef from older animals to be MSA graded; and the degree of eating quality variance for MSA 3 product that flows from the current 18-point score scale for MSA 3.

Discussions are currently taking place between the Australian Meat Industry Council and the Meat and Livestock Association to address the Meat Standards Australia integrity issue. They include a proposal to require MSA 35-day vacuum-packed cuts to be held by the abattoir or wholesaler until the expiry date, and a proposal to delete MSA boning groups 10 to 18. Provided that the Meat Standards Australia integrity issue can be satisfactorily resolved, I am happy to accept the recommendation of the Red Meat Advisory Council that the AUS-MEAT Language and Voluntary Retail Budget Agreement be amended to exclude MSA-graded product, tenderloin and mince.

Rod Polkinghorne points out that any cut of beef from an old cow that would eat well if slow cooked or casseroled would make MSA 3 star and the remaining beef would not eat well however it was cooked. Therefore, if the better quality MSA-graded beef is excluded from the "budget" labelling requirement for beef from animals with eight teeth, it is difficult to argue that the remaining product should be called anything other than "low quality" or "low grade". This conclusion is consistent with the findings of the Senate rural affairs and transport committee and has the support of Rod Polkinghorne, one of the founders and driving forces behind MSA and a member of the MSA workshop currently reviewing the integrity of the MSA system. Rod Polkinghorne is also supportive of the provisions of the bill, which will call up and expand AUS-MEAT language from the back door of the retail store to the shopfront.

The Minister has agreed to withhold the introduction of the proposed regulations to introduce a voluntary all-of-product grading scheme to allow the industry to develop an acceptable alternative proposal through the AUS-MEAT Standards and Language Committee. This was a suggestion by the Red Meat Advisory Council, which was acceptable to me. I have made it very clear to industry that its proposal must provide an eating quality guide for all products between "budget" and "manufacturing" beef at the bottom end and MSA-graded beef at the top end.

In 1998, when MSA was first launched, Australians each ate 38 kilos of beef a year. MLA forecasts that this year each Australian will eat 31.3 kilos of beef, a decline of 17.6 per cent. Since the Food (Amendment) Meat Grading Bill 2008 was introduced into Parliament in December last year, I am informed that cattle prices have collapsed and cattle producers are now receiving about 30 per cent less in real terms for cattle than they were 20 years ago. Terry Nolan, Chairman of the Australian Meat Industry Council, advises that Australia's beef export markets have collapsed as a consequence of the global financial crisis and the recent increase in the value of the Australian dollar. That has led to a beef glut and a swamping of the domestic market. He says the current beef industry trading conditions are probably as bad as he has seen since the 1974-78 beef slump and the period in 1996 when demand dropped dramatically in Japan.

The importance of the domestic market to the Australian beef industry has therefore never been greater or clearer. The reforms contemplated by this bill are long overdue and will go a long way to alleviating the worst of the crisis now facing the Australian beef industry. This bill has been on the table for almost a year. I have had more than 50 meetings, more than 300 communications and conversations and almost 100 media interviews. There has been widespread consultation and engagement with the community about this legislation. The bill has the overwhelming support of consumers and, with the exception of the appropriate qualifier for the "budget" label description—which is a point of disagreement—at least until 48 hours ago it had the support of the Red Meat Advisory Council.

I take this opportunity to express my appreciation for the mostly constructive manner in which the beef industry and New South Wales Farmers have conducted their discussions with me. The process was very constructive until 48 hours ago, when agreements that had been made with me were not honoured by some industry representatives. Despite this, on the whole, the amendments that have arisen out of these discussions have strengthened the bill and produced a better outcome for both consumers and the industry. I acknowledge Minister Macdonald's staff, who have been very helpful and constructive in progressing this bill.

I do not think I need to say much more. This will be a convoluted and difficult debate because it involves a complex bill. I commend the bill to the House.