



Speech by

Mr JIM PEARCE

MEMBER FOR FITZROY

Hansard 29 April 1999

MEAT INDUSTRY AMENDMENT STANDARD (No. 1) 1999
Disallowance of Statutory Instrument

Mr PEARCE (Fitzroy—ALP) (9.39 p.m.): I rise to speak against this disallowance motion. Today I want to make four points on this important matter. I will argue that the QLMA's financial position required the increases that we are now debating. I will point out that the people who are currently most strident in their criticism of this fee schedule were in fact supporters of the same measures when they were on the board of the QLMA. I would suggest, therefore, that the fees and charges are necessary and that those who oppose them are doing so because of their own private agendas and not on the merits of the case. I will analyse the fees and show that they are not unfair.

I will try to explain the QLMA's financial situation. I turn firstly to the QLMA's financial situation when this Government came to office and, indeed, since early 1997. In the Auditor-General's report of 14 November 1998, he notes—

"There is considerable uncertainty whether the Queensland Livestock and Meat Authority will be able to continue as a going concern."

The QLMA's financial situation can be summarised in a few key figures. It had an operating loss for 1997-98 of \$1.82m and a net equity deficit of \$212,000 for the same year. Without the significant financial contribution made by the Beattie Government to the ongoing requirements of the QLMA, the new fee schedule and the charges for audits, this situation could not be corrected. Food safety is too important to let the meat regulator go bankrupt. It is only fair that the industry pay its share.

Certain individuals have been leading a campaign against the means instituted to put the QLMA back on track. They have attacked the decision to implement the new schedule of fees and to charge for additional audits. They have come up with spectacular statistics about supposed fee increases. Two critics are Bob McLeod of the National Meat Association and Leonard Poulter of Lenard's Butchers. What these two have in common is that they were both former QLMA board directors and they have both had a road to Damascus experience in relation to these proposals.

When these two men were on the board of the QLMA, they were in favour of what the Government has now done. I will now take members for a short trip along this road to Damascus. By 1997 even this board realised the need to make a number of decisions to repair the QLMA's disastrous financial situation. These were contained in the QLMA's 1997 business plan, delivered to Minister Perrett on April Fools' Day 1997. This plan recommended a new fee schedule from the Government. The schedule would increase accreditation fees above CPI levels. Also, the schedule provided for one free audit, but a cost of \$100 per hour for each additional audit would be imposed. It would contain substantial decreases in fees for some accreditation holders and increases for others. This is just what we are debating today—this very same schedule, albeit with some concessions for smaller operators. It was already in the process before we came into Government.

According to the minutes of the board meeting held on 24 July 1997, the new board went through the business plan, the fee increases and the charges for audits. Mr McLeod and Mr Poulter were at that meeting. If there were problems, if there were objections, that was the time to raise them. If one looks at the minutes of that meeting, which I can now table, one finds the following note at the end of the meeting. Under the heading "appreciation", it says—

"Members indicated their appreciation of being given the opportunity of discussing the business plan in such depth and felt they had a better understanding of the application of the document."

This is not because the board did not realise the implications of the changes. At the previous board meeting on 4 June, the minutes note a meeting with Mr McLeod wearing his other hat as executive director of the NMA at which Mr McLeod noted the effects on small butchers and the frequency of audits. Indeed, in the May 1998 edition of the NMA journal, Knife and Steel, Mr McLeod advised his members of the new schedule. The commentary on the schedule contained none of the histrionics that we see today from Mr McLeod. It noted that the NMA wanted lower audit fees and private sector involvement in the auditing process, but it was not the doom and gloom assessment we see today.

So back in mid 1997 Bob McLeod and Len Poulter knew about these changes. They were briefed on them, they understood them and they understood the implications and decided to back them. Now, they are attacking the same changes. The road to Damascus has had a profound effect upon these gentlemen. I suggest to the House that the fact that both these men were removed from their board positions when the Minister acted last year is what has caused their private road to Damascus conversion. They are attacking what they previously supported, not because what is being done is wrong, because they know it is not, but because they are bitter about their removal. That is the simple truth of it. There is no noble cause, no deep concern for the industry, just plain and simple personal bitterness. One would expect better.

Another example of this is Mr McLeod's use of percentage figures for fee increases which mask another change of heart on his part. I refer to the 30% discount that the board ultimately gave to some accreditation holders in 1996. This reduction in fees was made in anticipation of the new schedule receiving Government approval and coming into force. However, the reduction was given before the corresponding increases in other areas were introduced. The reduction was also given, even though it was not formally approved by the previous Government. So those discounts were illegal. This unilateral decision and the pre-empting of the new fees cost the QLMA in excess of \$600,000. The board realised its mistakes as delays occurred in implementing the new structure—as they should—because this was costing the QLMA \$80,000 per month.

The chairman twice wrote to the Minister mentioning the removal of the 30% discount as well as implementing the new fee schedule. Eventually, in 1998 the board voted to remove the 30% discount, but the damage had been done. I want to give a few examples, because I have heard some members quoting figures here tonight, in particular the member for Callide, who talked about a friend of his who had spent \$60,000 upgrading his shop to a standard. He has accreditation; he should be congratulated because he is obviously a good businessman who was concerned about his business and concerned about the quality of meat that he provides to the consumers. In that situation, that family has nothing to worry about because the only increase that they will have is the \$23 increase. If it is not up to standard, then they pay the audit fee, but these people have demonstrated that they can do it. It will cost them \$23, not the stupid figures that the members opposite have been talking about.

I just want to give a couple more examples. We have to remember that this 30% fee we have been talking about is illegal. What the people opposite have been doing is using the 30% discount, looking at the new fee which will come into force as at 1 May 1999 and then trying to work out the statistics and percentages. They are wrong because those fees were illegal, and I will give some examples. The fee for a butcher shop—smallgoods—employing one to two employees should be \$300, not the \$210 discount because that was illegal. We have increased that fee to \$323. For 3 to 10 employees, with the 30% discounted fee which was illegal because it was not approved by the Government, it was \$280. The real fee should have been \$400. We have put it up to \$431, a \$31 increase on what the real fee should have been. For a shop with 26 to 50 employees, the discounted rate was \$2,100—the illegal one, which should not have been in place because it was not approved by the Government. The fee under the schedule should have been \$3,000. Under this Government, it will be \$2,586. It is actually going down. It is one of the 16 fee schedules that are going to go down.

Let us look at slaughter yards. I have not got time to list them all, so I will go straight to 6 to 10 cattle per week. The fee was \$1,050 with the 30% discount, which was illegal and was not supposed to be in place. The fee should have been \$1,500. Under this Government it will be \$1,401. It is actually going down, not up as the members opposite are trying to tell us, which is misleading. The argument that they have been putting forward here tonight is that we do not care about small business.

Time expired.
