

Chapter 2

Meat and Poultry Inspection User Fees in Other Countries

ERS, with the cooperation of the International Policy Division of FSIS, obtained information from 22 countries about their experience with user fees for meat and poultry inspection systems. We aimed to determine the sources of finances for inspection activities, the precise activities, if any, that are financed through user fees, the bases for establishing fees (some alternatives are carcasses, inspector hours, pounds or value of inspected meat, and fixed annual fees), and fee structures, such as whether a country combined a fixed registration fee with an hourly charge for an inspector's time. ERS was also interested in which types of plants—slaughter and processing, export and domestic, large and small—were charged fees.

We surveyed officials in 10 countries: Argentina, Australia, Canada, Denmark, Germany, Great Britain, Japan, Korea, Mexico, and New Zealand. Some of the 10 were known to have user-fee systems, while others were important trading partners or had large meat sectors. European Community (EC) respondents alerted us to EC-wide user-fee rules that also apply to 12 EC nations that were not part of the original survey, bringing the total surveyed to 22 countries.⁴

ERS sent questions to agricultural attaches at U.S. embassies or, when possible, directly to relevant inspection agency officers. When we received their initial answers, we generally sent an additional set of clarifying questions. Because of the impersonal and distant format, survey questions had to be precise and brief.

We received direct responses from eight of the countries (all except Canada and Germany, which is covered under EC rules). We had information for Canada from a previous report (FSIS, 1996) and obtained supplemental information from the Internet web sites maintained by some agencies and by international organizations. Table 1 summarizes our findings, while Appendix 2 provides country-specific information.

⁴In addition to Denmark, Germany, and the United Kingdom, EC member countries include Austria, Belgium, Finland, France, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, and Sweden.

Nine of the 10 surveyed countries (all except Korea) rely on user fees for at least some funding for government meat and poultry inspection. In some countries, such as Canada, Japan, and Mexico, inspection is financed by a combination of public funds and user fees. This arrangement resembles the current system in the United States, where user fees (for overtime) finance about 13.5 percent of FSIS outlays. In other countries, such as New Zealand, user fees fund all inspection costs, including products produced for both the domestic and export markets, as well as operations in slaughter establishments and in processing establishments. In New Zealand, user fees also cover the indirect costs of the inspection system, costs such as negotiating with importing countries, setting standards, auditing compliance, and contributions to the overhead costs of the Ministry of Agriculture.

The responses from Denmark and the United Kingdom indicate that all EC member states must ensure that live animal and meat and poultry inspections are fully financed through user fees paid by the inspected establishments. Additional EC directives aim to harmonize fees and inspection procedures among the 15 member countries. These steps attempt to constrain member states from using inspection rules and financing strategies in ways that would restrain trade or protect domestic firms.

Most countries aim to base fees on costs actually incurred in inspecting meat processing establishments. The EC directive (85/73/EEC) obliges members to recoup costs through a standard charge per animal or through a charge based on actual expenses, such as inspector hours. In Great Britain, costs for slaughter inspection are based on carcass charges. Denmark bases fees on actual costs incurred. In either case, total charges will be broadly consonant with the costs of providing inspection services to an establishment.

Several other countries follow EC practice. In Argentina, 67.5 percent of the National Service of Animal Health's (SENASA) annual income comes from slaughter fees that are assessed on a per carcass basis (e.g., US \$1.85 per head slaughtered bovine, \$1.37 per slaughtered hog, and \$0.013 per slaughtered chicken or

Table 1—Foreign country experiences with user fees for meat and poultry inspection

Country	How is meat inspection financed?	How are user fees assessed?	Are inspectors present at all times? When are inspectors present?
Argentina	User fees	Fees are assessed for slaughtered animal by specie plus additional fees for volume of production of certain activities and for paperwork etc.	Yes, present at all times during the slaughter process.
Australia	User fees	For the domestic sector, registration fees. For the export sector, a more complex charging regime.	Yes, during slaughter operations in all export abattoirs but not necessarily during processing operations.
Canada	User fees	Based on an hourly rate for overtime and set fees for the other categories.	No information provided.
Denmark	User fees	Based on actual expenses for production in both domestic and export markets.	Yes, present at all times during meat and poultry slaughter and processing operations.
Germany	User fees	No information provided.	No information provided.
Great Britain	User fees	Assessed per animal, or by charging actual costs. Additional charges are also assessed.	No specific response to this question.
Japan	Public funds and user fees	Fees cover expenses incurred by testing materials and overhead. The Government of Japan sets the upper ceiling for the fee.	Inspections are carried out during operating hours of the plant.
Korea	Public funds only	Not applicable.	No information provided.
Mexico	Public funds and user fees	Fees for veterinarians are based on official minimum salary.	Inspectors remain in establishments during operations.
New Zealand	User fees	There is a complex budgeting and costing process.	Mixed requirement for the presence of inspector depending on product (meat or poultry) and destination of product (domestic or export markets).

Source: ERS/FSIS Survey of Meat Inspection Agencies

hen), while 32.5 percent comes from fees on processing activities and products such as deboning, cold cut elaboration, cooked meat, offal, and tinned meat, where fees are based on the volume of production. Canadian user fees are based on an hourly rate for overtime and set fees for the other categories. In Australia, annual registration fees cover the indirect expenses (standard setting, compliance, negotiations), while hourly charges finance inspection costs.

Most countries reported that inspectors are present at all times during slaughter operations. However, the Danish

Veterinary and Food Administration expects that with the implementation of approved own-check programs (that is, packer responsibility for inspection, with government audit) based on the Hazard Analysis and Critical Control Points (HACCP) system, the requirements for the permanent presence of government inspectors will be relaxed and adjusted according to the approved own-checks programs, the product range, and the volume of production of the individual establishments. Government inspectors would, however, still be required to visit Danish establishments at least once each day.