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GAO Findings on MPR Released

According to a review conducted by the General Accounting Office (GAO), the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) needs to improve the transparency and accuracy of the reports required by the Livestock Mandatory Price Reporting Act (LMRA). The report, published this week, was requested by Sens. Chuck Grassley (R-IA) and Tom Harkin (D-IA) and mainly refers to the cattle and hog markets.

The report, entitled "Livestock Market Reporting: USDA has Taken Steps to Ensure Quality, but Additional Efforts are Needed," recognizes that AMS does explain how data is collected, calculated and published; however, it raises questions regarding accuracy, timeliness of reporting and transparency in the program.

Some of the findings in the report include:

- a lag time by USDA in correcting problems when packers fail to report or provide incorrect information;
- limited cooperation between AMS and the Grain Inspection, Packers and Stockyards Administration (GIPSA), which hinders the work of GIPSA monitoring anti-competitive behavior; and
- USDA deadlines to submit data are not consistently and reliably being met by packers.

According to the USDA, it agrees that the GAO's recommendations can further strengthen and enhance the LMR program.

"More transparency can be brought to the LMR program by better communicating how market reporters make their decisions regarding the inclusion or exclusion of particular transactions and the effect those decisions have on the market information reported," states the USDA.

USDA officials also concur with the report's suggestion of enhancing the sampling plan for auditing packer records. This will assist in drawing broader conclusions regarding compliance.

Some of the changes USDA states it will take include:

- prepare publicly available reports on the volume of transactions excluded by reporters and their effect on reported prices, and take steps to increase public awareness of reporting methods and processes;
- post quarterly audit information to its Web site and identify additional audit information to add in the future;
- develop auditing methods to allow conclusions to be drawn about overall data accuracy;

The Mandatory Price Reporting program expired Sept. 30, 2005. The U.S. House of Representatives passed a bill authorizing the LMRA for five years; however, the Senate-passed bill had only extended the program for one year to allow for a review of the GAO report. The House and Senate have yet to work out the differences in their respective bills to formally authorize the program.

The American Sheep Industry Association supports the five-year reauthorization of the 1999 LMRA. Since the expiration of the act, domestic packers have voluntarily reported prices; however, no imported wholesale lamb-cut prices have been reported, despite being a large category of the U.S. lamb market.

The full GAO report can be read at: www.gao.gov/cgi-bin/getrpt?GAO-06-202.

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