

SUBMISSION

SUBMISSION TO

Quarantine & Biosecurity Review Panel

IN RESPONSE TO

Quarantine & Biosecurity Review

April 2008

PREFACE

The red meat sector is now Australia's No.1 agricultural enterprise. The Australian Meat Industry Council (AMIC) is the only employer association and recognised Peak Council in Australia, representing the commercial export and domestic processing industry.

AMIC is also the Peak Council representing the post-farm gate sector including smallgoods manufacturers, wholesalers, distributors, boning rooms and independent retail butchers – in total, close to 3,000 member companies representing over 55,000 workers directly employed in meat processing, exporting, wholesaling and retailing in Australia.

In addition, there is conservatively at least the same number again of Australian's involved in the road transport, shipping, carton and equipment manufacture, insurance, banking, laboratories and other ancillary industries – all dependent on the red meat processing and export sector for a proportion of their livelihood – an industry worth an estimated A\$17 billion to the Australian economy in total in 2007.

AMIC provides services and support to members that improves their working environment and is focused on achieving the best outcomes for the industry and its members as part of one voice on issues critical to their business.

Quarantine and biosecurity underpin Australia's "clean green" agricultural export industries and our access to world markets relies on this disease free status. Any major disease incursion would result in catastrophic damage to Australia's trading status and cripple this \$17 billion industry.

The Biosecurity risk assessment process must take into account the wider implications for exporters, consumers and the general economy.

A failure to reinvest has seen the AQIS and BA skill levels come under considerable pressure and more work need to be undertaken to address this skills shortage across the quarantine and export areas.

Clear delineation between AQIS and Customs is required to adequately resource and strengthen the operating partnership at border control.

FEDERAL GOVERNMENT REVIEW OF QUARANTINE AND BIOSECURITY

A Review of Quarantine and Biosecurity Arrangements Impacting on the Red Meat Processing Industry

1. INTRODUCTION

Background

Australia's red meat processing industry (RMI) provides both domestic and overseas consumers with high quality animal protein sourced from Australia's disease free livestock. This is an extremely significant industry to Australia as demonstrated by production and income data. For example in 2005-2006, the gross value of Australia's sheep-meat and cattle production was \$9.7 billion, near 1% GDP, with the total RMI valued at over \$17b. Linkages with other parts of the economy are strong and the performance of these industries has an effect on the national economy.

Globally, Australia is the second largest exporter of red meat, supplying 4% of world beef and 7% of lamb. In 2004, meat was 55% of Australia's \$2.6b of food exports to the USA and 42% of \$7.0b of food exports to Asia. Of 974 kilo-tonnes of beef exported in 2006, 303 kt went to the USA, 403 kt to Japan, 157 kt to Korea.

The operating environment of this industry is therefore extremely sensitive to the legislative demands and operations of Australia's Quarantine and Inspection Service (AQIS), Biosecurity Australia (BA), DFAT, and many other government institutions. Such entities, both here and abroad, have direct and significant impacts on the efficiency and output of this industry.

These impacts go beyond the daily interaction of these agencies with industry and the total suite of their activities in import and export regulation and control of all commodities whether agricultural or not have direct and critical flow on effects to the processing sector.

It is clear to many members of the Australian industry that the controls placed by AQIS on the Australian export industry are far more onerous than any conditions listed in protocols for imported drugs, chemicals, feedstuffs, and food.

In Australia legislation exists in relation to a BSE outbreak which exists nowhere else in the world, does not comply with OIE guidelines, and would cripple the Australian beef industry overnight. The purpose of this legislation is believed to

be a misguided attempt to control imports and yet no amount of science based discussion with the previous federal government was able to amend or delete the legislation (“beef off shelves” legislation).

Overview

There is a clearly defined system of international trade which is based on mutually agreed rules and procedures. Unfortunately trade in agricultural commodities is made more complex and often more restrictive by the need for quarantine regulations.

Although this trade is supposed to be based on a risk analysis of the available science and benchmarked against an Appropriate Level of Protection (ALOP) for the importing country many of our trading partners appear to only loosely adhere to WTO principles and utilise tariffs and quotas for many agricultural commodities.

Australia is unique in the world in having a clearly defined and published Import Risk Assessment (IRA) protocol which clearly details the application and evaluation process to be undergone for those countries wishing to export to Australia. Once completed this protocol becomes the mechanism for ensuring market access is restricted solely by commercial realities and not government intervention.

Unfortunately very few of our trading partners honour this “level playing field” in the breach and this results in guaranteed access to our markets for our competitors without commensurate access for our agricultural commodities into their home markets.

Specifics

The roles and responsibilities of BA and AQIS are many and varied and can impact on the processing industry directly via rules and regulations directly affecting imports and exports or indirectly via the trading environment in the particular market place.

The various elements of this interaction are covered below:

1. Imported Feeds and Feed Components

Imported feeds and components are utilised in the animal production sector and have the potential for significant impacts on processor viability.

AQIS holds the responsibility for ensuring all feedstuffs and components entering Australia are fit for purpose and have chemical and drug residues below acceptable limits.

For this purpose AQIS primarily relies on off shore testing with testing undertaken in Australia as a random sample or when there is a possibility of a residue limit breach. In theory these off shore tests are carried out to a high standard with government certification and scrutiny from the exporting country. In practice many of the source countries for this produce are not quite as comfortable with this reliance on industry testing protocols.

On many occasions in the recent past the export processing industry has come under extreme pressure from overseas customers concerned about (for example) Melamine residues detected in animal feed imported from China, and the potential leakage into commerce of feeds imported for use in the live export trade.

Any failure of standards in this area can result in serious market disruption as Australian meat is tested for drug and chemical residues on arrival at the destination port of entry. Failure of import testing functionality can remain unknown until later market failure occurs leaving the processors and producers carrying the potentially high financial burden for the errors and omissions of others.

Recommendation

- AQIS should undertake more definitive testing of incoming feedstuffs, feed components, and feed additives so as to provide statistically significant verification action and ensure certification statements made overseas are valid and reliable.
- All prospective exporters of feeds and feed components should be audited by AQIS for Australian compliance before import commences.
- Where breaches of agreed protocols are found sanctions action should be taken until improved performance is verified.

2. Imported Drugs and Chemicals Destined for Agricultural Use

All significant trading partners for Australian agricultural produce have published limits for chemical and drug residues in their food (MRLs). Australia (APVMA) relies heavily on the published data from the source drug companies for information on possible residue limits and withholding periods. These companies are almost always overseas based and often do not provide specific data relevant to small markets such as Australia.

The lack of market specific data can result in an unnecessary and high risk of market failure related to incorrect Export Slaughter intervals (ESIs) or withholding periods (WPs).

Recently Australia narrowly averted a major residue event when very high Tilmicosin residues were found by commercial testing of export product by export processors.

In the follow up investigation it appeared that the ESI nominated for the Australian market was substantially less than that nominated for (eg) the US market.

Australia is extremely vulnerable in this area when it accepts without question the data provided by the drug and chemical manufacturers.

Recommendation

- Drugs and agricultural chemicals should not be granted access to the Australian market (import permit) unless adequate residue data is available and verified as relevant to the Australian market.
- All drugs and agricultural chemicals marketed and distributed in Australia should be required to be clearly labelled with ESIs and WPs.

3. Imported Meat and Meat Products

Where BA has determined that AQIS should allow the import of meat and meat products to have passed port of entry there appears to be little verification activity by AQIS or State authorities on the location and status of this product.

The import protocols clearly define the standards required for transport and processing of this product however there is much anecdotal evidence that the monitoring and verification of procedures once the product has entered Australia is not undertaken either due to adequate resourcing or inadequate management.

In the Australian context authorities are reportedly investigating reports that the pork imported into this country is not always handled according to the AQIS protocol resulting in a disease risk to the country and giving imported product a competitive advantage.

This contrasts most unfavourably with the 100% AQIS presence required on Australian plants to allow export of the very same type of products to overseas markets. It seems the Australian system is far more onerous for our export plants than it is for imported meat plants.

AQIS protocols for “ship’s stores” allow otherwise banned products to enter Australian waters and ports. These products can be unsealed and used whilst in port and can be transported within Australia between ports. No products imported under this regime should be offloaded in Australia (for any reason) nor should be utilised whilst the vessel is within Australian waters.

Recommendation

- Where imports of meat and meat products are allowed entry to Australia under requirements stipulated by the IRA process AQIS should be required to actually monitor and verify the activities of importers and imported meat retailers and processors so that the Australian public and agricultural industries are reassured that any risk resulting from such imports is adequately managed to a mathematically significant extent.

4. Imported Animals

Animals and biological materials that are granted entry to Australia under BA protocols are essentially transferred to State Government control once past port of entry.

The primary restriction on imported animals relates to their restriction from the human food chain and the maintenance of “on farm” quarantine.

Unfortunately the State governments have limited resources to adequately monitor this lifetime quarantine and verification is most usually achieved by a phone call (if at all).

As a result these animals, although deemed by the experts to be worthy of ongoing restriction, are not monitored by the central controlling authority (AQIS) at all and only nominally by the State authorities.

As was evident in the BSE situation the ability of the authorities to trace all “at risk” imported animals is severely limited such that a genuine risk to our quarantine status would be very difficult to manage.

When later evidence becomes available that the imported animals may represent a potential threat to the country there is currently no mechanism where any government jurisdiction can enforce their removal/ destruction for the good of the industry at large.

Recommendation

- Where live animals or their biological material are allowed to enter Australia the requirements for ongoing quarantine or management activity must be verified as adequately completed according to BA regulations.

- If the controlling authorities are not resourced for this task it should be costed under the “user pays” principle.
- Where new evidence indicates that the risk posed by these animals is greater than first anticipated the government must be able (and willing) to reassess the animals suitability to remain in Australia.

5. Exported Meat and Meat Products

AQIS is responsible for ensuring the complete adherence to overseas requirements by our exporting processors.

To achieve this AQIS places inspection and verification staff on every export facility and subjects these facilities to multi level verification audits to ensure compliance.

This presence is not simply an oversight but an active controlling input that is not risk based, does not ensure food safety outcomes are achieved, and does not add value to the processors output in any way.

The red meat processing industry is subject to a level of scrutiny no other commodity has to endure and many (if not all) of the requirements of the regulators are outmoded procedures based on early 1900s knowledge and technology.

AQIS has been an observer and active participant in the CODEX forum for many years however there appears to be little gained from these endeavours.

At industry’s instigation AQIS, DFAT, MLA and others have formed a Red Meat Market Access Committee (RedMMac) to attempt to put a “whole of government” overlay on the processing industry.

Recommendation

- AQIS should be instructed to take a far more active role in removing unnecessary and restrictive legislation, unilaterally if required, in order to allow the processing industry to provide the world with the first quality animal protein it is capable of.
- The Federal Government should actively endorse the RedMMac process.
- The Federal Government should utilise all avenues at its disposal to argue for a removal of unnecessary restrictions to the trade in agricultural produce, ensuring that agricultural trade is discussed when other countries are seeking our minerals and energy exports.

- The Federal Government supports AQIS in embracing the Joint Strategic Initiatives Evaluation Group (SEG) outcomes with industry and the implications they will have for market access. The quantum change to inspection methodology in Australia that SEG will deliver will include better utilisation of scarce inspection resources and a more appropriate focus on food safety and quality assurance systems that will meet and exceed emerging global consumer expectations for food products.

AMIC requests that it be given the opportunity to expand on these comments at any future public hearings of the Review Panel.

***Processor Group
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