

Quarantine and Biosecurity Review

Hans Continental Smallgoods welcomes the opportunity to provide a submission to the Quarantine and Biosecurity Review Panel.

Our recommendations for consideration are:

- **Review the reasons behind the recent changes to negate the views it is politically motivated and not science based**
- **Ensure there is a process of adequate consultation whenever policy or circumstances do need to be varied and there is an impact on stakeholders**
- **Provide AQIS inspectors with the expertise and authority to examine specific cases, not just apply the generic risk assessment to all processors eg. Waste disposal risks are different in urban vs. rural settings**
- **Review the pathways in the IRA and expand the terms of reference if it does not adequately cover pathways other than meat for human consumption.**
- **Provide an avenue for appeal / consultation with AQIS to review changes now and in the future**

These recommendations are supported by our recent experience as outlined in the following case study.

Hans is a significant user of both domestic and imported pig meat, processing around 45 million kilograms per year. Hans manufactures and distributes a range of ham, bacon and smallgoods products in the domestic market. Hans branded and private label products are produced in three plants by over 1100 employees (Blacktown NSW, Wacol and Colmslie QLD).

Hans also has a significant investment in domestic pig production through its interests in:

- Burnett Pork Alliance and Burnett Pork Alliance Marketing (growing 80,000 pigs per year)
- Swickers Kingaroy operations which is the third largest pork processor in Australia (slaughters 750,000 pigs per year and bones 314,000 pigs per year)
- Hans Fresh, a marketing division of Hans supplying fresh and fresh value-added meat to domestic and export markets (365,000 pig equivalents as carcass, carcass parts and boneless and bone-in meat cuts)

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As such, Hans fully supports biosecurity and quarantine measures to ensure Australia's ALOP – reducing risk to a very low level, but not zero. Hans fully agrees with the science based approach of using risk analyses to consider the level of quarantine and biosecurity risk that may be associated with the importation of animals, plants and other goods.

The need to import uncooked pig meat has been well established by the meat processing industry, as also found by the Australian Government Productivity Commission "Safeguards Inquiry into the Import of Pig meat, October 2007". There are significant supply chain quantity, cost and quality drivers making it necessary, and no scientific basis to not allow it under our WTO obligations. Hans has been importing uncooked pig meat without incident for a number of years.

In making this submission, Hans would like to provide comment to some elements outlined in the scope of review "Issues Paper" by way of specific recent company experience as a case study.

From the "Issues Paper" some issues raised are:

- *"The SPS agreement encourages consistent decision making. Measures should be based as far as possible on the analysis and assessment of objective and accurate scientific data."*
- *"Does AQIS implement risk management in a manner consistent with the advice/recommendations as outlined in the IRA Handbook?"*
- *"Australian arrangements have on occasion been subject to claims by trading partners that they give the appearance of being subject to political pressure relating to considerations precluded under the SPS Agreement or of approaches to import risk that are not consistent with Australia's ALOP or scientific evidence".*

In our case study Hans can show it has concerns in each of these areas.

Hans Case Study

- **Recent changes to AQIS policy and requirements**

It appears that late in 2007, AQIS have "blurred" the lines between cooked and uncooked meat products, and what constitutes "waste":

Since 2004, in the PMS it was stated in 5.7.3 "All solid imported pig meat waste material or packaging contaminated with imported **uncooked** pig meat or imported **uncooked pig meat waste** must be disposed of by

In December 2007 the wording became "All solid waste materials, including spoiled product and packaging **associated with the processing** of imported uncooked pig meat **must be treated as quarantine waste**

In the import licence conditions it now states "All solid waste associated with imported pig meat, including trimmings, wrapping, cartons, waste water and

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sludge is now considered quarantinable waste “ Reference to “uncooked” has been dropped.

In March 2008, there was a sudden blitz of audits by AQIS inspectors to each of our sites. Due to what appears to be policy or wording changes, changes in the methods of the meat processing were forced upon us with very little notice, and without any change in either the underlying Generic Import Risk Analysis (IRA) for Pig Meat, or the Process Management System for the Processing of Imported Uncooked Pig Meat (PMS).

No adequate explanation was given or consultation taken place; changes had to take place with immediate affect, or else risk suspension of our import licence. Hans was given only one day to amend procedures and system documentation.

A belated statement from AQIS was written to all producers stating:
“Recent audits of imported uncooked pig meat processors identified some deficiencies in relation to waste management practices in various regions. These deficiencies are mostly related to pig meat waste not being disposed of according to the requirements of the import permit and compliance agreement.”

AQIS Canberra has instructed the AQIS regions:
“IPM waste products can only be directed into one of two streams:

- 1. human consumption*
- 2. waste disposal*

Waste must be heat treated and disposed of as general waste, or incinerated, or deep buried.

Any other use/method is prohibited eg. Pet food, fertiliser”

This is at odds with how the IRA and PMS have been applied since 2004. There appears to have been a failure in comprehensively assessing the risk management options, and in failing to identify all options was then restricted by inflexible and archaic processes to apply only those options listed, no matter how illogical that may appear.

- **Processed meat waste treatment**

An unavoidable by-product of slicing and packing cooked ham and bacon products are cooked off-cuts and cooked trimmings.

The Distribution pathway for imported pig meat diagram (Figure 6, page 40 of the IRA) specifically identifies these products and a “no risk pathway” to pet food and rendering.

At the Blacktown plant, these cooked off-cuts and cooked trimmings were sent to the AQIS approved AJ Bush & Sons facility at Riverstone NSW. Here the product was rendered in a cooker at 125-135 degrees Celsius for a period of at

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least one hour. The finished product can be used in pet food and stockfeed for chickens. It is definitely not used in stockfeed that could be used in feeding pigs.

This is identified in the IRA as a “no risk pathway” because the heat treatment exceeds that required to inactivate/destroy the virus of concern (i.e. PMWS / PCV2 virus requiring 100 degrees for 30 minutes as nominated in the PMS). *“The pathogenic agents identified in this IRA would be inactivated by rendering under Australian conditions, and this pathway was not considered further”.* (IRA page 41)

However, due to the recent directive from AQIS Canberra, this is now apparently strictly prohibited and AQIS have also directed that meat waste from our staff canteen, quality assurance samples and product returned by customers should be treated the same. This is at odds with the science based IRA.

Instead, these by-products now have to be heat treated on site to a temperature of 100 degrees for 30 minutes or by the alternative approved method of 97 degrees maintained for 90 minutes, and then disposed of at landfill.

The additional handling, heat treatment and waste disposal of the meat by-products will cost Hans in the order of \$335,000 per annum.

- **Processed meat packaging waste treatment**

A small amount of packaging that has come into contact with cooked meat, the casings the meat was cooked in, and the aprons and latex gloves worn by production personnel were previously discarded to normal general waste.

This is because for these waste products, the likelihood of introducing disease was very low, within the ALOP. This is due to the fact that in the IRA it was determined (for the worst case, PMWS / PCV2 virus):

- the likelihood the meat is infected; will contain a sufficient dose to cause infection; the virus would remain viable; and the waste would be accessible to and located by a feral pig or susceptible species was “very low” in large towns (high only in rural and remote areas).

Compacted waste from the Blacktown plant goes to the Eastern Creek Waste Services facility in Sydney’s western suburbs, where there is no identified feral pig activity. The risk therefore is very low to negligible, well within Australia’s ALOP.

However, since March 2008 it is now a directive that all such waste needs to be heat treated before it goes to landfill. Again, this is not required in the science based IRA.

The additional handling and heat treatment prior to waste disposal will cost Hans in the order of an additional \$25,000 per annum for the Blacktown plant alone.

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At the Wacol QLD site, there is insufficient capacity to heat treat the additional packaging waste and plastic on site. It is collected and sent for incineration by an AQIS approved contractor. This will cost the Wacol site an additional \$50,000 per annum unless capital funds are committed to install additional waste cooking equipment.

In the case of the Colmslie QLD site, some of the additional packaging and plastic waste is incinerated; some is collected in a quarantine waste compactor for deep burial. Additional compacting units are now required to handle the previous general waste. In total this will cost the Colmslie site an additional \$160,000 per annum.

- **Water effluent plant solids waste treatment**

The solid fraction separated from the waste water in the treatment plant was also heat treated to 100 degrees for 30 minutes by an approved operator as required by AQIS to completely inactivate the PMWS / PCV2 virus.

Once this heat treatment was completed, the solid fraction was no longer considered quarantine waste, and was utilised as a fertiliser by direct land injection and endorsed by the EPA.

However, again under the recent directives, it is now considered a waste, despite the heat treatment. As a result, the product has to now be dumped in landfill as no other purpose is permitted. This practice is at odds with good environmental practices.

To be dumped in landfill, to satisfy EPA NSW legal requirements, the solid fraction now also has to be dewatered after heat treatment.

The additional cost to the business to dewater and send to landfill as waste is likely to be in the order of \$120,000 per annum.

- **Overall impact on the Hans business**

The impact of the sudden changes will cost the business around \$690,000. This will adversely impact the company's financial performance and ability to divert cash flow into value adding process improvements. Over time, pricing adjustments will need to be made which will eventually be passed on to Australian consumers.

Other Inconsistencies, not based on the science

Discarded/waste product and packaging from the retail sector (supermarkets, warehouses and food service) and households is not subject to the same requirements to heat treat prior to disposal.

Q u a r a n t i n e a n d B i o s e c u r i t y R e v i e w

However, in the IRA, it is determined that the risk from these sources is minimal, due to the quantities involved. The model assumed a most likely value of 5% and a maximum value of 10% of meat is discarded as waste by households (multiplied by 1.2 for food service establishments). However, in percentage terms, and therefore total quantity, the meat waste discarded by manufacturers/processors is less, yet it requires stringent heat treatment prior to disposal.

Furthermore the packaging discarded by households would clearly be in greater amounts than that discarded by manufacturers/processors, but again the manufacturer is required to heat treat the packaging and plastic that contained cooked imported meat.

From the point of view of the significant changes imposed upon Hans and the industry recently, the timing also appears odd. The risk profile for the organism of interest, the PMWS / PCV2 virus has diminished now that a successful vaccine cure has been developed. The countries that we import uncooked pig meat from will be reducing the incidence of PMWS. In fact, in the USDA's quarterly Hogs and Pigs report released on Friday 28th March, it was reported that there are 5% more sow farrowings and larger average pig litters due in part to the success of the circovirus vaccine. As a result hog futures have since declined sharply.

Summary Conclusion

In our case, it is hard to see that there is no political interference or agenda driving the recent changes which significantly increases the costs of compliance and therefore is an unnecessary trade restriction for the industry. The issue of imported pig meat has been contentious and it is the view of Hans that this has meant AQIS has been under substantial pressure to ensure it vigorously monitors and enforces sanitary requirements. It should only do so, however, to the extent required by the IRA. Imposing additional requirements beyond those of the IRA are unacceptable to Hans due to the additional costs imposed.

The changes do not appear to have been based on science, and go beyond ensuring the ALOP. A move to a lower or zero risk level is untenable and unjustifiable. The science (IRA) allowed certain pathways due to the low risk status, but there appears to be a sudden change in policy and these pathways are unilaterally and without notice prohibited. There certainly has been no consultation or explanation as to the reason for the changes. If AQIS is in receipt of additional new scientific information which indicates that IRA requirements need to change, or be extended, this needs to be clearly communicated to the industry. Hans would of course support any additional requirements if technically justified to mitigate a significant newly identified risk.

As a result we respectfully request your consideration of our recommendations.