

**SUBMISSION BY**

**STOCK FEED MANUFACTURERS' COUNCIL  
OF AUSTRALIA**

**TO THE**

**QUARANTINE AND BIOSECURITY REVIEW**

**APRIL 2008**



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## **IDENTIFICATION**

This submission is presented by the Stock Feed Manufacturers' Council of Australia (SFMCA).

SFMCA is the Federal Council body representing the State stock feed manufacturers' associations. Individual companies involved in stock feed manufacture belong to their relevant State association. SFMCA members manufacture in excess of 90% of commercial feeds sold within Australia.

SFMCA member companies manufacture over 4,900,000 tonnes (SFMCA 2007 members survey) of animal feeds annually across Australia. Stock feed manufacturers operate within the animal feed supply chain and as such utilise imported raw materials and supply feed to animals resulting in the export of livestock products.

## **SUBMISSION**

The SFMCA within this submission addresses a number of areas which are seen as being relevant to the review panel.

### **1. Use of risk analysis**

The SFMCA supports the continued use of risk analysis to minimise the chance of pest and diseases establishing in Australia. This risk analysis needs to remain scientifically based. The feed industry understands and agrees with maintaining Australia's Appropriate Level of Detection (ALOP) at "very low risk but not zero".

Whilst the review discussion paper only makes reference to pest and diseases, we would hope that the Review Panel also considers non pest or disease related risks such as the importation of products that contain prohibited materials such as chemicals and heavy metals.

### **2. Shared responsibility**

SFMCA recognises the benefits that are provided by co-operation and shared responsibility between government, industry and public. The Transmissible Spongiform Encephalopathy Freedom Assurance Program (TSEFAP) which SFMCA operates with has been a positive step forward in a proactive approach to managing the threat of BSE entering Australia. This

co-operation between government and industry has been seen by the SFMCA as a vehicle to address issues and implement a program with realistic and practical outcomes. This has resulted in an improved feed safety emphasis through the SFMCA national quality assurance program FeedSafe.

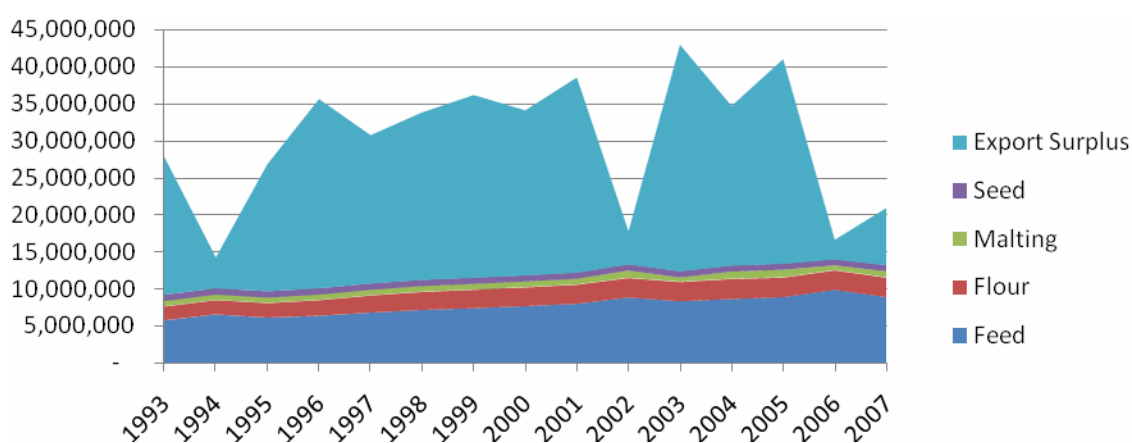
SFMCA has been able to work co-operatively with the Primary Industries Health Committee to gain Primary Industries Ministerial Council endorsement of the Code of Good Manufacturing Practice for the Feed Milling Industry. As an essential part of the food supply chain, this has increased Australia’s capacity to support food safety for both domestic and export markets.

### 3. Changing Operating Environment

The SFMCA believes that the issue of “changing operating environment” identified within the review discussion paper is of great importance to how Australia addresses quarantine and biosecurity into the future. The stock feed industry has seen an increasing trend to use of imported raw materials, these replacing materials available from Australian suppliers. The list of imported raw materials includes soybean meal, canola meal (produced in Australia from imported canola seed), cereal grains (imported during drought years), millrun, palm kernel meal, copra meal, tapioca pellets, minerals, vitamins and feed additives.

The Australian grain supply demand equation has been tightening over the last 20 years as feed grain demand for animal feeding has increased at a faster rate than grain production expansion. This increasing demand has co-incided with more frequent poor cropping years where available rainfall has reduced grain production. Figure 1 identifies grain use by industry sector from 1993 to 2007. Grain demand will be further increased with expansion of ethanol production based upon utilisation of cereal grains.

**Figure 1. Grain use by sector 1993-2007 - tonnes**

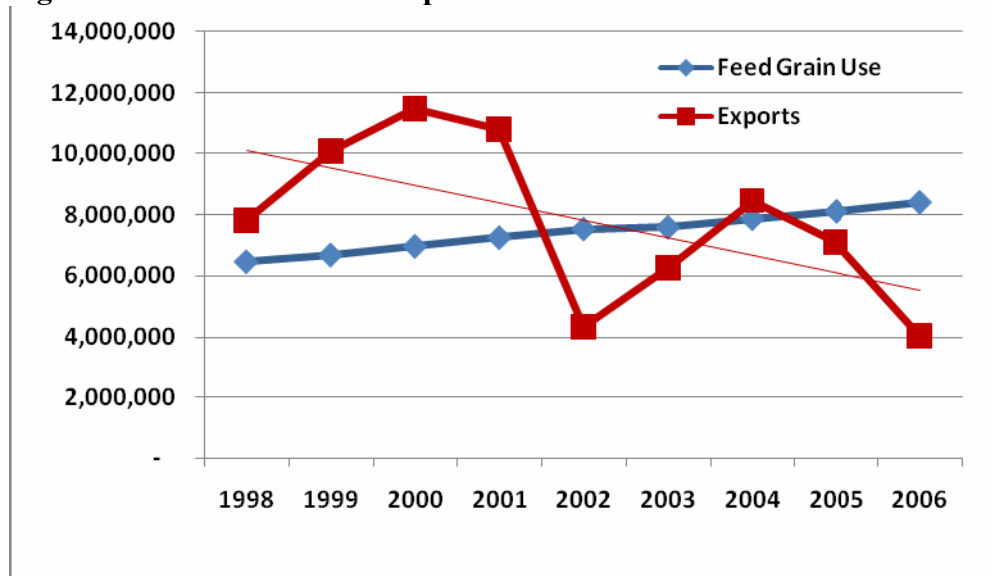


Source: JCS Solutions derived from published industry data

Australia faces a tightening grain supply demand equation which will result in an increased frequency of grain importation. Figure 2 shows the trend in grain exports versus demand for eastern Australia. With climate change predictions identifying more frequent periods of dry

seasonal conditions across Australia’s cropping belt, Australia has lesser ability to meet its growing demand for livestock production. In this situation access to importation of cereal grains is required to fill supply gap shortages.

**Figure 2: East Coast Grain Exports versus Feed Grain Use 1998-2006**



Source: Exports - Association of Australian Ports and Marine Authorities, Feed grain use – JCS Solutions

### 3.1. Grain Importation Controls

Under existing whole grain importation protocols, feed grains can only be imported under AQIS controlled permits, with this grain being sourced from a limited number of supply countries and regions. Upon arrival in Australia, whole grain can only be used by metropolitan based feed mills with heat processing capacity.

The SFMCA estimates that total metropolitan based feed milling capacity would allow the use of approximately 1,000,000 tonnes of imported feed grains annually. These import control mechanisms are in place to prevent potential plant pathogens and weed seeds entering Australia to the detriment of grain growers.

Whilst the stockfeed industry would like to see increased grain production to ensure there is never a supply shortage, the frequency of supply deficits is increasing and the SFMCA is projecting an increased frequency when feed grain will need to be imported into Australia. Under present control systems, Australia is exposed in having no defined process to allow access and use of imported cereal grains outside metropolitan based feed mills. The SFMCA believes this is a national weakness that needs to be addressed to ensure our livestock industries are not exposed to insufficient access to essential raw materials.

There needs to be work conducted to define methods of importing, transporting and using cereal grains in “up-country” feed manufacturing facilities, whilst retaining biosecurity

control. SFMCA believes the existing import control procedures are trade restrictive as the beef, dairy, pig and poultry industries are exposed to inflated domestic grain prices during drought periods.

### **3.2 Importation Permit Approval**

Suppliers to the stock feed industry seeking to gain stock feed ingredient import permit approvals have identified issues of under resourcing within AQIS, this specifically relating to the review and approval of permit applications. Whilst delays are recognised for either new raw materials or from alternate countries of origin, there would seem to be periods of time where AQIS has had insufficient trained staff to adequately process permit applications. Minor points of clarification being used to delay and frustrate applicants seeking more timely permit approval. Applications for imported raw material permits are not consistent in their submission, with peak periods being seen during drought periods. It is during these critical time periods that additional resources are required to service industry needs.

### **4. Post Border Activity**

The SFMCA believes there is a weakness in current quarantine and biosecurity measures after materials are imported into Australia. This particularly relates to raw materials that may require further assessment or recall due to contamination with prohibited substances. Once product is imported, Australia has no readily accessible system to trace raw materials passing through the animal feed supply chain.

There is no government initiated system of notifying industry when contamination problems have been identified. Recent incidents of high levels of heavy metals found in imported mineral products have identified problems within Customs and AQIS data control systems to identify importers supplying products to the feed industry. SFMCA believes that the existing database control system using customs tariff codes for tracking imported materials is inefficient and lacking in sufficient detail to allow adequate traceability and recall should a major contamination event occur.

The SFMCA believes that this area requires further review to implement a more efficient control process to reduce risks to the food supply chain.

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