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FLETCHER INTERNATIONAL SUBMISSION TO THE QUARANTINE & BIOSECURITY PANEL

INTRODUCTION

In discussions with the Department of Trade we have been encouraged to provide a submission to the panel for consideration. It is felt that although the thrust of the panel deliberations are in relation to quarantine and imports that the view of exporters may provide a much more complete picture.

In fact the terms of reference could be applied equally to the export industries i.e.

- Current arrangements to achieve Australia's appropriate level of protection;
- Resourcing levels and systems and their alignment with risk in delivering requisite services; and
- Governance and institutional arrangements concerning export certification services.

There are also a number of matters and questions raised in the Issues Paper that we wish to comment on. I would also like to meet with the panel should this be possible.

ISSUES FOR CONSIDERATION

The following matters drawn from PART C of the Issues Paper are also relevant to export industries. The advice that the panel welcomes submissions not constrained strictly to the terms of reference is important to exporters. Due to the high profile given to quarantine in Australia it is often forgotten that exporters of primary products are subject to checks and balances in importing countries and this is where the importance of export certification is paramount.

The same organisation, AQIS, is responsible for both issuing import permits and providing export certification. If there are perceived failings in one area of operations it is vital that other areas not be neglected. In discussing export certification I will raise the issue of non Commonwealth (AQIS) supervised exports. I should advise that my company is the only meat export company where AQIS currently prints "Health Certificates" on site.

Some 8 years ago it became government policy to permit meat exports from “domestic” plants where a market was willing to accept this standard. The standard is the Australian Standard which relies on company controlled meat inspectors without the presence of a government veterinarian. On the face of it, it is an unsatisfactory system which has resulted in market failure for the following reasons:

- (i) The Australian Standard is not uniformly applied by State governments and in fact a requirement for States to conduct cross reviews of each others operations to achieve this was removed at State request from the SAFEMEAT Operational Plan.
- (ii) I know from personal discussions with AQIS senior veterinarians that they are not comfortable with this dual standard and that the standard of hygiene at those plants is not as good as the standard at full export registered plants.
- (iii) Full export registration entails daily on site presence of an AQIS veterinarian (and inspectors) and a monthly audit by a senior veterinarian. There are no such checks in the domestic sector, audits are conducted by either State authorities or third parties neither of whom have experience in the export meat industry.
- (iv) Export abattoirs are required to be AUSMEAT accredited and are audited regularly to ensure trade description requirements are met, this is voluntary for the domestic sector.
- (v) There have already been some issues raised by importing countries in relation to “domestic for export” products in that it was not fully explained to them that there was minimal government oversight and no veterinary input. Indonesia and Libya come to mind.
- (vi) AQIS has over the last 8 years been required to put a lot of effort into this policy for no real “national” result. It has not gained us one new market that the export industry could not service and as I have said previously puts our export certification credibility at risk.
- (vii) There is also a push within this small “export from domestic” sector to increase ritual or religious slaughter as a marketing device to increase market share in the Middle East. This will distort the current balanced situation where our Islamic markets currently accept stunning prior to slaughter. In the case of the Jewish religion domestically it is accepted that animals are stunned immediately after the slaughter ritual. Any change from this situation will result in market disruption and a backlash from animal welfare lobby groups. Animal welfare is such a high profile issue today that it can result in loss of market access. The panel may be aware that a company in California was recently subjected to a massive product recall and one of its employees sentenced to prison for mistreatment of cattle. We must ensure therefore that as an exporting nation our welfare of animals is not called to question

“Is there adequate auditing and verification of pre border, border and post-border measures to ensure that policy determinations and permit conditions, including arrangements for co-regulation with industry, are in fact meeting the appropriate standard”. I contend that this is not being met in relation to “domestic for export” plants in Australia. It is worth noting that the export meat industry (and other export industry e.g. grains), are required to meet strict sourcing requirements for livestock

i.e. accompanied by a vendor declaration (including health advice and freedom from chemical residues) and be identified. Animals are then inspected by a veterinarian prior to slaughter. This is not performed to the same level at domestic plants and there is no ante mortem examination by a veterinarian. In fact domestic abattoirs do not uniformly participate in residue surveys.

The issues paper also raises the matter of information sharing between the States and AQIS, this does not occur and it is doubtful if disease findings are recorded at all at domestic abattoirs. Of recent times there have been a number of deaths of livestock due to anthrax. From the export processing perspective there was unsatisfactory communication between the State Departments of Victoria/New South Wales and the Commonwealth. In fact AQIS did not have procedures in place to manage the incidents and for sensitive markets and tended to adopt a “worst case” scenario approach. It is notable that the export industry has pushed hard for more objective auditing by AQIS and this is now well underway. The domestic industry is not involved in this restructuring. This restructured auditing will place more emphasis on measurable outcomes in areas specific to animal welfare, microbiology, residues and contamination and has been enthusiastically endorsed by the export meat industry.

It can be argued that our export inspection and certification arrangements are two tiered and although meeting international obligations, it is doubtful if many countries really understand this two tiered approach and this is where our industry is vulnerable.

Regarding the question of integrating the roles and responsibilities of AQIS, Biosecurity Australia and Product Integrity Animal and Plant Health Division, I am unable to comment other than it is paramount that Australia’s import and export certification be based on demonstrably sound scientific, verifiable systems. This requires industry to adopt best practice in its operations including on line inspection (and where possible reducing the number of inspectors) but it is also incumbent on government to ensure it has sufficient properly trained veterinarians not only at field level but just as importantly in Canberra head office. We need to ensure that there is not an imbalance between contract veterinarians and full time government employed veterinarians in both the export meat and animal quarantine programs. One only has to consider the huge cost to Canada and the US when BSE was detected. Trade from Canada to the US has still not normalised and the US was shut out of Korea and Japan for years. In fact Australia when we needed to locate imported animals from Canada as a result of the detection of BSE in that country was unable to do so, and I believe this is still the situation.

It has been obvious from time to time that there has been a lack of experience and knowledge in Canberra, this must be monitored on an ongoing basis. Regarding AQIS’s roles as a regulator and facilitator it is a fact of life for export industries that our first “customer” in gaining entry to a market is the “import country regulator”. This is why AQIS is so important for our market access and why it must be able to demonstrate that certification is backed by sound professional systems.

It is my view that the current cost recovery arrangements for the provision of inspection services is a balanced partnership between industry and government. However should this change to for example full cost recovery this should trigger:

- Reduced on line government inspectors and more development of industry best practice;
- Fewer contract veterinarians and more use of full time government veterinarians who are trained, multi-skilled and able to appreciate online auditing/trend analysis;
- More industry involvement in market access activities.

Industry pressed for the formation of the Red Meat Marketing Advisory Committee so that there could be a whole of government approach to market access issues. There has been one meeting of this group and I believe it has the potential to better harness experience within the DFAT, DAFF (including AQIS and International Division) MLA and Industry. Currently our overseas counsellors do not seem to be locked into what is happening in Australia and I doubt if they have any real promotional material explaining our export inspection systems.

Industry consultation is always a two way system, certainly the usual committees are in place but more energy needs to be applied from time to time.

CONCLUSION

In short I believe that a number of matters being pursued by the panel are relevant to the export meat industry. In particular from my perspective:

- (i) The export industry must continue to pursue best practice particularly if there is a change to the current charging regime.
- (ii) AQIS must ensure that it has trained and experienced staff and in particular veterinarians at plant, area and central office levels.
- (iii) Our export market should not be put at risk by a two tiered inspection regime. All exports should be underpinned by veterinary inspection.
- (iv) We must maintain our current Australian Government Supervised Muslim Slaughter System for both religious and animal welfare reasons.
- (v) We should invigorate the Red Meat Marketing Access Committee and fully utilise government resources for market access.
- (vi) The Australian Standard needs to take account of the public health requirements of the majority of those countries which import our products. There have been suggestions that eg refrigeration requirements should be changed, this will only lead to poor product out turn overseas and subsequent market failure for all Australian product.
- (vii) We should not adopt a lowest common denominator approach, as with procedures which resulted in the entry of Equine Influenza to Australia, to either import or export certification.

I look forward to the opportunity of meeting with the panel.

Yours faithfully



Roger J Fletcher
1st May 2008