

Submission to The Senate Rural and Regional Affairs and Transport References Committee.





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As an importer and wholesaler of seafood products including raw prawns and marinated prawns, Global Seafoods have been affected by the suspension of imported raw and marinated prawns.

The effect that this suspension has had on Global Seafoods is outlined by addressing the terms of reference as follows.

a. Management of the emergency response and associated measures implemented to control the outbreak of White Spot Syndrome Virus;

Imported Marinated prawns.

- 1 container of this product was already in transit when the ban came into effect. Prior to the ban, these prawns were imported under permit that set out the requirements for import that did not require the product to be tested for WSSV. Up until this point, Global Seafoods had successfully and legitimately imported many shipments of marinated prawns.
- Under the new regulations, these products were test and subsequently failed testing.
 - As of the writing of this submission, no definitive direction had been given as to the final action to be taken with this product. As a result, the product sits in quarantine, costing storage on a weekly basis, as well as tying up cash flow.
 - These products are a food service product to be further prepared in restaurants.
- Ongoing supply of these products has been stopped. This has had a negative effect on sales since the implementation of the suspension.

Australian Raw King prawns exported and re-imported to Australia

- Global Seafoods exported multiple containers of Australian Whole Raw King Prawns. These were processed and packed in Thailand and re-imported prior to the suspension under permit as per the conditions set out for raw imported prawns. The processed prawns were tested for WSSV, passed testing and cleared for sale.
- The remaining 4000kg of the Australian Raw King Prawns that Global Seafoods held at the time of a biosecurity order being placed on the QAP approved warehouse where they are stored have been held along with all other imported prawns.
- These products were put on bio-security hold as part of the direction given to the QAP approved premise that we store our product in on February 22.
 - An appeal was made and subsequently denied for the release of this product, even though that it is Australian prawns, and had also passed WSSV testing previously.
 - It took until April 7th for direction to be given for this product to undergo a second round of WSSV testing.

- As of the writing of this submission, the product is still on bio-security hold.
- The end result of this suspension on Global Seafoods is valued in **Appendix point 1**, which has caused a major cash flow problem and subsequently caused a significant financial burden.

c. The adequacy of Commonwealth resourcing of biosecurity measures including Import Risk Assessments;

Since the bans have come into effect, Global Seafoods have had number of products effected.

- The above mentioned Australian raw prawns that had been exported then processed and re-imported were placed on a biosecurity hold for 6 weeks before any direction to process these were given. This was after multiple emails were sent to the department of agriculture to follow up.
- Marinated prawns that were shipped but not received prior to the ban tested positive to WSSV. Direction was given to destroy or re-export. An appeal was submitted to the department of agriculture on February 28 for consideration of these prawns to be safely and responsibly sold to restaurants for use in meal preparation. As of the writing of this submission, no further direction has been given.
- Imported marinated products were put on bio-security hold at the same time the Australian prawns were put on hold. As of the writing of this submission, no direction has been made for further testing or action.

The above three points indicate the resources allocated to processing the volume of testing required is insufficient for the samples to be collected and testing to be carried out in a reasonable time period.

d. The effectiveness of post-entry surveillance measures and "end use" import conditions for seafood products including, but not limited to, uncooked prawns and uncooked prawn meat into Australia, since the import conditions implemented in 2010 were put into place;

While Global Seafoods are not a regular importer of raw prawns, we do purchase from an Australian company that does.

Prawns that had cleared through quarantine had been used in the processing of retail product. This was subsequently found to be WSSV positive and subsequently was directed to be withdrawn from sale. One major customer of Global Seafoods also has been given direction to withdraw the product from sale. This product then had to be taken back from the customer under bio-security direction, at the expense of Global Seafoods to consolidate all the stock in one place. The stock still sits in quarantine, again, at the expense of Global Seafoods, with no further direction given.

This has also had a major impact on cash-flow and caused significant financial burden.

f. The economic impact on Australian wholesalers and retailers;

- **Appendix point 1** lists the value of the products that are on biosecurity hold. The timing of the ban could not have been a worse time of year in regards to cash flow. The lead up to Easter requires a high investment in stock levels, which need to be purchased and

paid for prior to being sold. The revenue from the sale of these products could have been used to reinvest into the business at a critical time of the year.

- Based on previous sales history, **Appendix point 2** lists the estimated sales loss for the time period of the ban commencing, up to the end of June 2017. The profit loss from these lost sales put budget pressure on the business where spending and employment costs have already been budgeted based on these sales coming in.

Customer relationships

- Existing customers who have come to rely on these products to supply to restaurants are being short supplied.
- Withdrawing product from customers.
 - Imported prawns purchased by Global Seafoods from an Australian company tested positive when department of agriculture staff tested samples already on the market.
 - Marinated Prawns highly processed for meal solutions were found by department of agriculture staff in a retail store. Despite these having been previously cleared for sale, and no direction given to Global Seafoods by department of agriculture to withdraw the product, the customer was told they are not allowed to sell these, and to withdraw them from sale.
- Increased demand for alternate products has put supply pressure on these lines, leading to dissatisfied customers of the alternate products, as well as the customers chasing alternate products

h. Matters to be satisfied in the management of biosecurity risk before imports of seafood and seafood products, including, but not limited to, uncooked prawns and uncooked prawn meat into Australia could recommence;

There are two parts to this point that need resolving

1.) What needs to happen to the stock that is here

Any product that is in the country that is on bio-security hold needs to be resolved with urgency. The stock is holding up the cash flow of the companies that own it, and is costing storage to keep it, with stock nearing expiration dates as each day goes by.

As a responsible importer of seafood products, Global Seafoods believe that we, like many other companies are in a position to sell this product through appropriate channels and customers that will guarantee the use in restaurants and meals that are cooked and would not meet waterways. There is now, and always will be a need for affordable raw prawns for use in meal preparation. With the right controls in place, such as a full audit traceability program, all product that is in Australia could safely and responsibly be used. This would minimize the cost of the product, as the alternative- which involves either destruction or re-export, would be at a cost to the importer that would ultimately have to be recouped by increasing price of other product, the burden of which is borne by the end consumer.

2.) What can be done to ensure the safe responsible import of prawns in the future?

The solutions that would keep prices low for end consumers, while still maintaining safe levels of protection to the local prawn industry would be to allow importation of prawns containing WSSV under controlled and regulated conditions.

Under current regulations and processes, an importer with a proven long standing history of submitting products to testing and of importing seafood under compliant conditions is treated in the same manner as any other person who will attempt to import products from anywhere in the world into Australia.

Responsible importers who have continually shown to be importing seafood with a good record of compliance from certified overseas processors should qualify for recognition of their standing through lower levels of inspection. Department resources could then be more heavily weighted to importers who do not have this track record to ensure that less experienced importers are complying with required standards.

Products should be assessed on an individual basis. For example, a prawn that is produced in a dry marinade is assessed in the same category of a packet of garlic prawns in a wet marinade that is designed as a meal solution, or a wet marinated garlic prawn skewer. A wet garlic marinade penetrates the flesh of the prawn rendering the flavor and smell of the prawn unsuitable for use as bait as it would not attract the fish.

Any imported prawn, regardless of the way in which it is processed, packaged or prepared should be required to contain a statement that it is illegal for the prawns to be used as bait. An easily recognizable logo could be developed that can be used to emphasize the danger of the risk to bring attention to the labeling on the package.

i. Any related matters.

Compliance

- Since the ban first occurred there have been a number of revisions to the permit requirements. This requires constant review to ensure that any future containers comply with updated requirements that come into effect with no notice.
 - E.g. requirement for all packs to have ‘not for further processing...’ labelling.
 - This requires constant vigilance to ensure current imports still comply with permit requirements.
 - If a new update comes into effect prior to a shipment being processed, or is not seen by the importer, it could cause an entire shipment to be rejected due to failure to adhere to ad-hoc provisions that are made.
- If any further changes are to be made to import requirements, it should be done in consultation with responsible stakeholders to ensure measures set are going to be effective. It should also be done as an overall review, not continually, as multiple changes can lead to errors.

Conclusion

While Global Seafoods believe that companies such as ourselves need the opportunity to import raw and processed prawns to service the market with affordable and quality prawns, it is important to ensure the local seafood industry is not left vulnerable and at risk of decimation.

The Federal government needs to work with local producers and importers to ensure that all parties are afforded a safe and equal playing field to supply their product to the Australian market.

The financial burden on Global Seafoods, as a direct result of the new regulations have had a serious negative impact on the company. The short term impact is endangering 8 full time positions of senior long term staff and is causing serious concern for the ongoing trading in the long term.