

The Senate

Rural and Regional Affairs
and Transport
References Committee

Beef imports

First report

July 2013

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Abbreviations and Acronyms

AVA	Australian Veterinary Association
BSE	Bovine Spongiform Encephalopathy
COAG	Council of Australian Governments
DAFF	Department of Agriculture, Fisheries and Forestry
DFAT	Department of Foreign Affairs and Trade
FMD	Foot and Mouth Disease
FSAI	Food Safety Authority of Ireland
FSANZ	Food Standards Australia New Zealand
IRA	Import Risk Analysis
OIE	World Organisation for Animal Health
QDAFF	Queensland Department of Agriculture, Fisheries and Forestry
RMAC	Red Meat Advisory Council
SPS Agreement	WTO Agreement on the Application of Sanitary and Phytosanitary Measures
TSE	Transmissible spongiform encephalopathy
vCJD	New variant Creutzfeldt-Jacob disease
WTO	World Trade Organisation

List of Recommendations

Recommendation 1

3.56 The committee recommends that beef and beef products should not be imported from any country that has:

- **reported any cases of BSE; or**
- **cross-border trade with an adjoining country which has reported any cases of BSE.**

Recommendation 2

3.57 The committee recommends that the Australian Government work with the OIE to develop a live test for BSE.

Recommendation 3

3.59 The committee recommends that the relevant Minister report any decision to approve or reject such recommendations to the Parliament and this committee prior to a determination by the Director of Animal and Plant Quarantine, in the case of an Import Risk Analysis, or the Chief Officer of FSANZ, in the case of a BSE country assessment, and prior to formal advice being provided to the applicant country.

Chapter 1

The reference

1.1 On 27 February 2013, the following matters were referred to the Rural and Regional Affairs and Transport References Committee for inquiry and report by 17 June 2013:

- (a) the possible imminent importation of beef products from countries whose cattle herds have bovine spongiform encephalopathy (BSE) and/or foot-and-mouth disease (FMD);
- (b) the processes undertaken by Australian government agencies in determining risk to consumers and industry and the adequacy of such processes;
- (c) the lessons to be learnt from the recent contamination of the beef supply chain with horse meat throughout Europe and its implications for Australian consumers and industry;
- (d) the likely implications of allowing imports of beef from BSE and FMD countries on Australia's international reputation and standing as the world's safest exporter of beef;
- (e) the adequacy of Australian food labelling laws to ensure Australian consumers can make a fully informed choice on Australian meat products; and
- (f) any related matters.¹

1.2 On 17 June 2013, the Senate extended the committee's reporting date to 5 July 2013.²

Conduct of the inquiry

1.3 The inquiry was advertised in *The Australian* on 6 March 2013 and on the committee's webpage. The committee also invited the State and Territory governments and interested organisations and individuals to make submissions to the inquiry.

1.4 The committee received fourteen submissions, several answers to questions taken on notice by witnesses and some additional correspondence and information. A list of submissions, correspondence and additional information may be found at Appendix 1.

1 *Journals of the Senate*, 27 February 2013, p. 3675.

2 *Journals of the Senate*, 17 June 2013, p. 3992.

1.5 A public hearing was held in Canberra on 17 May 2013. A list of witnesses who gave evidence at the inquiry is attached as Appendix 2. A proof copy of the *Hansard* transcript of the hearing was posted to the committee's website. The references to the pages of the *Hansard* transcript in this report are to the proof *Hansard*, which may be different from those of the official transcript.

Structure of the report

1.6 In the following chapters the committee:

- provides some background to the matters that are the subject of the reference (Chapter 2); and
- discusses key issues raised during the inquiry (Chapter 3).

Acknowledgments

1.7 The committee thanks those individuals and organisations who made submissions and those who gave oral evidence. Their input greatly assisted the work of the committee.

Chapter 2

Background

The Australian beef cattle industry

2.1 The Australian beef cattle industry is one of the nation's significant industries, representing over \$16.2 billion in gross domestic product, or 1.3 per cent of total GDP and \$7.6 billion in household income in 2010. About 20 000 people are involved in the red meat industry in farm production, processing and retail.¹ It also underpins more than 148 000 full-time jobs across all sectors of the economy.² Although there is a substantial domestic market for beef, the majority of the industry's output is exported, either as beef and veal or as live cattle. In 2011-12, 66 per cent of Australia's total production of 2.1 million tonnes of beef worth \$4.69 billion was exported to 100 countries.³

2.2 The industry is particularly important for northern Australia. The Queensland Department of Agriculture, Fisheries and Forestry (QDAFF) submitted that the Queensland industry is worth more than \$3.4 billion a year at the farm gate and that the value of exports from Queensland was more than \$3.1 billion in 2011-12. QDAFF submitted that continued access to key export markets is vital to growing Queensland's economy.⁴

2.3 In 2011-12, imports of fresh and frozen beef and veal amounted to just 115 tonnes, all of which came from New Zealand, and 349 tonnes of prepared or preserved beef.⁵

BSE and FMD

2.4 Bovine spongiform encephalopathy (BSE) is a fatal neurodegenerative disease in cattle that causes a spongy degeneration in the brain and spinal cord. BSE has a long incubation period, from about 30 months to 8 years. It may be most easily transmitted to humans by eating food contaminated with the brain, spinal cord or digestive tract of infected carcasses. In humans the condition is known as new variant Creutzfeldt-Jacob disease (vCJD) which is incurable and is invariably fatal.⁶

1 Meat and Livestock Australia, Fast facts 2012, www.mla.com.au/About-the-red-meat-industry/Industry-overview/Cattle, (accessed 6 May 2013).

2 Australian Meat Industry Council, *Submission 14*, p. 1.

3 Meat and Livestock Australia, Fast facts 2012.

4 Meat and Livestock Australia, Fast facts 2012.

5 Meat and Livestock Australia, Fast facts 2012.

6 Wikipedia, https://en.wikipedia.org/wiki/Bovine_spongiform_encephalopathy, accessed 10 May 2013.

2.5 According to the US Department of Agriculture, BSE was first recognised in Great Britain in November 1986. The first cases probably occurred in early 1985. It is not definitive that the disease originated from scrapie⁷ infected meat and bone meal that was used as a protein supplement in cattle feeds, but there is strong evidence and general agreement that the outbreak was amplified by feeding rendered infected cattle meat-and-bone meal to young calves. During the peak of the disease (1992), about 1 per cent of the adult cattle in the UK had the disease. As of November 2000, in more than 35 000 herds, about 177 500 cases of BSE were confirmed in the UK alone. Concurrent with the cattle epidemic in the UK was a rise of a new variant of CJD (vCJD) in humans. This form of CJD predominately affects younger individuals (median age at death 27.5 years as of October 2000), has atypical clinical features, coordination problems within weeks or months, dementia and myoclonus late in the illness, a duration of illness of at least 6 months, and an abnormal brain scan.⁸

2.6 The committee was informed that BSE, due to the various measures, is now at very low levels in countries that have reported BSE cases. However that does not mean it is not present. The risk still exists but, fortunately, it has been greatly reduced.⁹ For instance, Food Standards Australia New Zealand (FSANZ) has reported that of the 88 cases of BSE in The Netherlands in the past 15 years all but one (born in February 2001) have been cattle born before the ban on feeding animal protein to farmed animals was imposed across Europe in 2001.¹⁰ It has been estimated that the risk that each Australian has of dying from a road accident over the next two generations is perhaps 40 million times greater than the theoretical risk of them dying of vCJD transmitted by imported beef products.¹¹

2.7 The infectious agent in BSE is believed to be a specific type of misfolded protein called a prion. Prions are not destroyed even if the beef or material containing them is cooked or heat-treated, unless extremely high temperatures are involved.¹² Dr Kevin Doyle, National Veterinary Director, Australian Veterinary Association of

7 Scrapie is a progressive and invariably fatal degenerative disease of the central nervous system of sheep and goats. It is the prototype disease of the transmissible spongiform encephalopathies (TSEs). Animal Health Australia, <http://nahis.animalhealthaustralia.com.au/pmwiki/pmwiki.php?n=Factsheet.111-2?skin=factsheet>, accessed 2 June 2013.

8 US Department of Agriculture, *Bovine Spongiform Encephalopathy (BSE) and Other Animal Related Transmissible Spongiform Encephalopathies*, www.nal.usda.gov/awic/pubs/bsebib.htm, accessed 27 June 2013.

9 Professor Steven Collins, Director, Australian National Creutzfeldt-Jacob Disease Registry *Committee Hansard*, 17 May 2013, p. 18.

10 *BSE Food Safety Risk Assessment Report: The Netherlands*, Risk Assessment Production Process Section, Food Standards Australia New Zealand, October 2012, p. 34.

11 Professor John Mathews, *Review of Scientific Evidence to Inform Australian Policy on Transmissible Spongiform Encephalopathies (TSEs)*, 9 October 2010, p. 31.

12 Wikipedia, https://en.wikipedia.org/wiki/Bovine_spongiform_encephalopathy, accessed 10 May 2013.

Australia, stated that a beef product would need to be heated 'for a couple of hours at a couple of atmospheres to a temperature of about 133 degrees Centigrade—something of that order—in order to ensure that you are killing [the BSE prion]'.¹³ Professor Colin Masters, Executive Director, Mental Health Research Institute at the University of Melbourne, informed the committee that the technical difficulty in detecting BSE prions makes complete assurance of freedom from contamination very challenging.¹⁴

2.8 Foot-and-mouth disease (FMD) is an infectious and sometimes fatal viral disease that affects cloven-hoofed animals, including domestic and wild bovids. The virus causes a high fever for two or three days, followed by blisters inside the mouth and on the feet that may rupture and cause lameness. Susceptible animals include cattle, water buffalo, sheep, goats, pigs and deer. FMD is a severe plague for animal farming, since it can be spread through aerosols, through contact with farming equipment, vehicles, clothing or feed, and by domestic and wild predators.¹⁵ Though most animals eventually recover from FMD, the disease can lead to inflammation of the heart muscle and death especially in newborn animals. Adult animals may suffer weight loss and, in cows, milk production can decline significantly. Humans are rarely affected.¹⁶

Previous committee reports

2.9 From 2001 when cases of BSE were discovered overseas there had been a ban on importing meat into Australia from countries that had reported a case of BSE. On 20 October 2009 the Government announced a new policy to come into effect from March 2010 that would permit the importation of certain beef products under agreed conditions from countries that had reported cases of BSE.¹⁷

2.10 In November 2009 the Senate referred the Government's decision to relax import restrictions on beef to the Rural and Regional Affairs References Committee for inquiry and report. The committee published two reports on the inquiry in 2010.

2.11 In the first report, dated March 2010, the committee stated by way of background that on 28 July 2009 the Department of Foreign Affairs and Trade (DFAT) had advised the Red Meat Advisory Committee (RMAC) that there had been increasing pressure from Australia's trading partners to review the BSE policy. RMAC

13 Dr Kevin Doyle, National Veterinary Director, Australian Veterinary Association, *Committee Hansard*, 17 May 2013, p. 4. The Proof Hansard stated '123 degrees' however this was corrected to '133 degrees' for the Official Hansard.

14 Professor Colin Masters, Executive Director, Mental Health Research Institute, The University of Melbourne, *Submission 2*, p. [1].

15 Wikipedia, https://en.wikipedia.org/wiki/Foot-and-mouth_disease, accessed 10 May 2013.

16 Wikipedia, https://en.wikipedia.org/wiki/Foot-and-mouth_disease, accessed 10 May 2013.

17 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, First report, March 2010, p. 5.

subsequently wrote to the Minister for Agriculture, Fisheries and Forestry to request that the 2001 policy on BSE be updated to reflect increased understanding of the risks posed by BSE, increased confidence in measures to minimise the risks posed by the disease, and the recommendations and principles published by the World Organisation for Animal Health (OIE).¹⁸

2.12 The committee noted that:

RMAC's concerns with the policy centre on two perceived risks to the Australian beef industry: the risk that all beef, both domestic and imported, would be removed from retail shelves in the event of a BSE outbreak in Australia; and the risk of action through the World Trade Organisation (WTO) by Australia's trading partners.¹⁹

2.13 The committee commented in relation to the first of those concerns that it did not accept that a blanket recall of Australian beef and beef product would ever be implemented on an Australia-wide basis in the event of an Australian case of BSE. It recommended that a clear policy for Australia's domestic response to an Australian case of BSE should be developed in consultation with the Australian beef industry. The committee also recommended that a process should be initiated through the Council of Australian Governments (COAG), to seek the input and agreement of the relevant Federal, State and Territory human health and food safety Ministers.²⁰

2.14 In relation to trade, the committee referred to evidence given by the Australian Beef Association which claimed that the change to Australia's BSE policy was linked directly to the Free Trade Agreement with the United States of America.²¹ The committee quoted from a side letter to the Agreement signed by the then Minister for Trade and the United States Trade Representative as follows:

Australia and the United States note that the OIE is presently reviewing BSE standards as they relate to animal and public health. Australia and the United States will work cooperatively in the OIE, Codex, and other fora as

18 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, First report, March 2010, p. 7.

19 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, First report, March 2010, p. 7.

20 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, First report, March 2010, p. 49.

21 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, First report, March 2010, p. 11.

appropriate, with the objective of securing science-based standards and guidelines that address risks to food safety and animal health from BSE.²²

2.15 The committee also made recommendations which are summarised below:

- assessments of applications should be suspended pending the outcome of a formal import risk analysis (IRA) modelled on the expanded IRA process provide for in the IRA Handbook;
- countries applying to export meat to Australia should be able to demonstrate traceability of livestock equivalent to the Australian National Livestock Identification System;
- the assessment process should include mandatory in-country inspections;
- final responsibility for the development and administration of policy for food safety and plant and animal health arising from imports should rest with the responsible minister and be reflected in legislative instruments to ensure they are subject to appropriate parliamentary scrutiny; and
- unpackaged fresh meat should be labelled to show the country of origin.²³

2.16 In its second and final report on the reference, which was presented to the Senate in June 2010, the committee remarked on the fundamental importance of effective import protocols. It expressed concern especially in relation to the traceability of livestock between countries and concluded that it was essential that there should be full traceability of animals across country borders. The committee reported that the Government had provided assurances that applicant countries would be required to demonstrate equivalence, especially with regard to traceability standards, with the Australian standards.²⁴

2.17 The committee again recommended, as it had in its first report, that ministerial approval and parliamentary scrutiny should precede any change in policy to allow the

22 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, First report, March 2010, p. 12.

23 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, First report, March 2010, pp 49–52.

24 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, Final Report, June 2010, pp 14–15.

importation of beef from any country that had reported cases of BSE.²⁵ It again stated that in-country inspections should be a mandatory part of the assessment processes.²⁶

2.18 The committee also recommended that all food products should be labelled with both the country of origin and the country of processing if that were different from country of origin.²⁷ Finally, the committee considered that the National Health and Medical Research Council's Transmissible Spongiform Encephalopathy Advisory Committee should be formally charged with monitoring developments in the scientific understanding of the condition and with providing regular reports to the Minister for Health and the Minister for Agriculture, Fisheries and Forestry to enable the Government to respond quickly and appropriately to new evidence as it emerges.²⁸

Trade considerations

2.19 DFAT submitted to this inquiry that Australia, as a major agricultural exporter, has a strong interest in a fair global trading system. In the department's view, 'it is vital that Australia's domestic rules and regulations remain consistent with our commitments under the WTO and other international agreements'.²⁹

2.20 DFAT informed the committee that Australia's beef importation requirements are specified in the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement), and that:

The SPS Agreement provides a multilateral framework of rules governing the use of measures to protect the life and health of humans, animals and plants, with the aim of minimising any negative impact on trade. The SPS Agreement requires inter alia that SPS measures be applied only to the extent necessary to protect human, animal or plant life or health from risks arising from, for example, the entry and spread of pests, diseases, or disease carrying organisms. The SPS Agreement also requires that any such measures be based on scientific principles and not maintained without sufficient scientific evidence. The SPS Agreement encourages WTO Members to harmonise their measures with international standards developed by relevant international organisations, including the World

25 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, Final Report, June 2010, pp 10–11.

26 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, Final Report, June 2010, p. 17.

27 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, Final Report, June 2010, p. 19.

28 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, Final Report, June 2010, p. 21.

29 Department of Foreign Affairs and Trade, *Submission 6*, p. [1].

Organisation for Animal Health (OIE). SPS measures may differ from an international standard but their necessity for protecting life and health must be supported by a science-based risk assessment.³⁰

2.21 DAFF administers a risk-based inspection scheme (the Imported Food Inspection Scheme) under the *Imported Food Control Act 1992* that aims to ensure that imported foods comply with the Australian New Zealand Food Standards Code (FSC).³¹ FSANZ develops agreed national food standards, having regard to policy guidance from COAG's Legislative and Governance Forum on Food Regulation, including BSE risk assessments. State and Territory governments develop and administer food legislation that gives effect to the requirements of the FSC.³²

BSE Food Safety Risk Assessments

2.22 The Government's current policy, which came into effect in March 2010, requires that prior to importing beef into Australia a country must apply for assessment from the Australian BSE Food Safety Assessment Committee.³³ FSANZ submitted that:

The [2010] policy change that allows a BSE risk assessment to evaluate the human health risk from beef and beef products from any country is consistent with the international standard for BSE developed by the World Organisation for Animal Health (OIE) and is based on a science-based risk assessment methodology. No changes to the BSE standard were made in revising the BSE policy.³⁴

2.23 FSANZ informed the committee that the risk assessment it undertakes is an analysis of the applicant country's BSE-related control systems throughout the beef production chain. According to FSANZ, the assessment of the control systems 'affords the highest level of confidence in assessing the BSE risk status of a country's beef and beef products'.³⁵ This assessment of a country's BSE control systems is needed because there is no test for the condition in a live animal or in beef products.

2.24 During a country BSE risk assessment, FSANZ gathers data and evidence in relation to five key areas, as follows:

- (i) Risk assessment requirements regarding BSE risk release and exposure;

30 Department of Foreign Affairs and Trade, *Submission 6*, p. [2].

31 Department of Agriculture, Fisheries and Forestry, *Submission 9*, pp 1–2.

32 Department of Agriculture, Fisheries and Forestry, *Submission 9*, pp 1–2.

33 The Australian BSE Food Safety Committee is chaired by FSANZ and includes an animal health expert from Department of Agriculture, Fisheries and Forestry and food safety and risk assessment experts from FSANZ.

34 Food Standards Australia New Zealand, *Submission 10*, p. 2.

35 Food Standards Australia New Zealand, *Submission 10*, p. 2.

- (ii) Other system requirements:
 - BSE awareness program
 - Compulsory notification and investigation of BSE cases
 - Diagnostic capability
 - Animal traceability and identification systems
 - Animal slaughter and processing systems;
- (iii) BSE surveillance and monitoring system;
- (iv) BSE history of the country;
- (v) Ongoing review of country BSE status and additional data.³⁶

2.25 FSANZ stated that the data requirements are generally 'consistent with those of the OIE's Terrestrial Animal Health Code 2009,³⁷ but have been supplemented to address food safety in the areas of slaughter practices and product traceability'.³⁸

2.26 FSANZ explained that it allocates a BSE risk category to each country:

FSANZ determines a risk category for each applicant country and provides this advice to the Department of Agriculture, Fisheries and Forestry (DAFF). DAFF is responsible for implementing relevant requirements at the border through application of the necessary import certification for imported beef and beef products, in accordance with Australia's BSE policy.³⁹

2.27 The BSE risk categories for countries that apply to export beef to Australia are as follows:

Category 1

Countries assessed by Australia as meeting the 'Negligible BSE Risk' requirements of the Terrestrial Animal Health Code of the World Organisation for Animal Health (OIE). Beef and beef products can be imported subject to specific requirements.

Category 2

Countries assessed by Australia as meeting the 'Controlled BSE Risk' requirements of the Terrestrial Animal Health Code of the World

36 Food Standards Australia New Zealand, *Submission 10*, p. 3.

37 The World Organisation for Animal Health (OIE) is the intergovernmental organisation responsible for improving animal health worldwide. It is recognised as a reference organisation by the World Trade Organization (WTO) and in 2013 had a total of 178 member countries. Australia is a member of the organisation. Source, www.oie.int/about-us/, accessed 14 June 2013.

38 Food Standards Australia New Zealand, *Submission 10*, p. 3.

39 Food Standards Australia New Zealand, *Submission 10*, p. 2.

Organisation for Animal Health (OIE). Beef and beef products can be imported subject to specific requirements.

Category 3

Countries assessed by Australia that do not meet the requirements of either Category 1 or Category 2, or countries that have not applied to be assessed by Australia. Beef and beef products cannot be imported.⁴⁰

Biosecurity import risk analysis

2.28 As mentioned above, FSANZ's country risk assessment is provided to DAFF which is responsible for border control of beef and beef products imports under the *Quarantine Act 1908*. DAFF issues import licences for beef and beef products that have been assigned the appropriate category status by an FSANZ assessment and for other products that have a satisfactory assessment of the animal disease risk arising from the product.⁴¹

2.29 A Fact Sheet published by DAFF states that once FSANZ completes its BSE food safety country risk assessment, certain heat-treated beef products for human consumption from that country may be imported. The heat treatment would be needed to satisfy Australia's biosecurity arrangements. In effect, the pathogens that cause diseases such as FMD would be destroyed by the treatment.⁴²

2.30 If the country wishes to import fresh, chilled or frozen beef to Australia, DAFF is required to complete an import risk analysis of that country's animal health and production systems to ensure that the biosecurity conditions for import are met.⁴³ Imports must come from FMD-free countries.

2.31 DAFF assists FSANZ in relation to its in-country assessments for beef imports in addition to undertaking a biosecurity Import Risk Analysis in relation to fresh beef. At the time of the inquiry the department had not commenced that work in relation to the application from The Netherlands.⁴⁴

40 Food Standards Australia New Zealand, *Submission 10*, pp 13–14.

41 Import licences are not required for imports from New Zealand.

42 DAFF *Submission 9*, Attachment 1.

43 DAFF *Submission 9*, Attachment 1.

44 Dr Andrew Cupit, Assistant Secretary, Animal Biosecurity Branch, Animal Division, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, 17 May 2013, p. 31.
Note: The committee will shortly be reporting in detail on DAFF's biosecurity risk analysis in a report on imports of ginger, pineapples and potatoes.

Chapter 3

Comment on terms of reference

Possible imminent importation of beef products from countries whose cattle herds have BSE and/or FMD (tor (a))

3.1 FSANZ informed the committee that 14 countries have applied for BSE food safety assessments. The organisation provided the following table showing the details of the stage reached in its assessment of these applications.

Table 3.1—BSE Country Assessment Status¹

Country	Proposed date for country inspection	Anticipated date of final report	Assessment status*
New Zealand	Completed May 2011		Assessment finalised NZ assigned Category 1 status
The Netherlands	Completed March 2012		Assessment finalised The Netherlands assigned Category 1 status
Croatia	Completed March 2012		Assessment finalised Croatia assigned Category 2 status
Vanuatu	Completed June 2012		Assessment finalised Vanuatu assigned Category 1 status
Latvia	Completed September 2012	May 2013	Assessment report being finalised ²
Lithuania	Completed September 2012	May 2013	Assessment report being finalised ²
Chile	Completed March 2013	December 2013	Desk assessment and in-country assessment completed, final report in preparation
Brazil	Scheduled for 2013	March 2014	Desk assessment completed, in-country assessment to be confirmed
Argentina	Scheduled August 2013	May 2014	Desk assessment commenced
Mexico	Scheduled August 2013	May 2014	Desk assessment commenced
United States	To be confirmed		Desk assessment drafted. In-country verification visit being scheduled
Turkey	To be arranged		Pending commencement
Lebanon	To be arranged		Pending commencement
Taiwan	N/A		Withdrawn (Feb 2012)

*Reports and status of countries can be found at:

www.foodstandards.gov.au/consumerinformation/bovinespongiformencephalopathybse/statusofcountrybsefo5388.cfm

1 Food Standards Australia New Zealand, *Submission 10*, p. 6.

2 The committee understands that this assessment has now been completed but has not yet been published.

3.2 As described in Chapter 2, the BSE food safety assessment process assigns risk categories to the countries that apply to export beef products to Australia. As may be observed from the table above, only New Zealand, The Netherlands and Vanuatu have been assessed as Category 1 countries, that is, countries in which there is a minimal likelihood that the BSE agent has or will become established in the national herd. Croatia has been assessed a Category 2 country, a country that may have had exposure to BSE-related risk factors in the past but now pose a minimal level of risk.

3.3 FSANZ informed the committee that certification requirements for beef and beef products from Category 2 countries are more stringent than the requirements for those products from Category 1 countries. FSANZ also informed the committee that BSE has never been found in Croatia. However, while its active surveillance procedures are currently of a high standard, these procedures have not been at the appropriate levels relative to the size of the national herds for the eight years as required by Australia.³ Croatia had been granted access under the arrangements existing before 2010 and had applied under the current arrangements.⁴

Current applications

3.4 Since the policy was eased in 2010 two countries that were not already approved by FSANZ to supply beef products under the previous arrangements have applied to export beef to Australia—The Netherlands and the United States of America.⁵ As stated above, the Netherlands has been assessed by FSANZ as a Category 1 country. The Netherlands has applied for access for fresh (chilled or frozen) beef,⁶ which will require DAFF to undertake a biosecurity import risk analysis.⁷ At the time of the inquiry that assessment had not commenced.⁸ As may be observed from Table 3.1, the application from the United States of America, although it was received soon after the 2010 BSE policy change, has not proceeded to the same level. The reason given for this is that the United States was not able to provide the information sought by FSANZ.⁹

3.5 As mentioned in Chapter 2, beef and beef product imports were insignificant compared with Australian production. In 2011-12 only 115 tonnes of fresh beef were imported; all of that from New Zealand. In the same period, 234 tonnes of prepared or

3 Food Standards Australia New Zealand, *Submission 10*, p. iv.

4 Department of Agriculture Fisheries and Forestry, *Submission 9*, p. 5.

5 Department of Agriculture Fisheries and Forestry, *Submission 9*, p. 5. Countries that had approval under the previous arrangements had not reported any cases of BSE in the national herd.

6 The application from the Netherlands relates to veal.

7 Department of Agriculture Fisheries and Forestry, *Submission 9*, p. 5.

8 Dr Cupit, *Committee Hansard*, 17 May 2013, p. 31.

9 Ms Rona Mellor, Deputy Secretary, Department of Agriculture Fisheries and Forestry, *Committee Hansard*, 17 May 2013, p. 31.

preserved beef were imported from a number of countries, but the main supplier again was New Zealand. The committee was informed that Croatia has only two active permits for a small tonnage of processed meat.¹⁰ There was no indication in the first nine months of 2012-13 that imports of fresh or frozen beef or of prepared or preserved beef were about to increase.¹¹ Indeed, it would be difficult for imports to compete on price with the Australian product. The Australian Meat Industry Council (AMIC) submitted that:

The Government policy on BSE certification that brought Australia into line with international standards has been in place now for three years. The countries affected by the decision have to this point not been competitive in the Australian market.¹²

3.6 AMIC nevertheless was concerned that there is at least the potential for imports if Australia's terms of trade were to continue to strengthen:

...a time may come when some primals from specific international competitors who meet equivalent standards to those imposed on Australian beef exports, may be marketed in Australia.¹³

Risk assessment processes undertaken by government agencies (tor (b))

3.7 In its final report on the 2010 inquiry the committee stated that it intended to monitor the progress of the Import Risk Analysis process. This inquiry provides an opportunity to do so.

3.8 An overview of some of the processes involved in FSANZ's BSE country risk assessments was provided in Chapter 2 of this report. In the following section the committee discusses some of those processes in more detail. To illustrate the FSANZ risk assessment processes the committee has included, as Appendix 3 to this report, the executive summaries of the BSE Food Safety Risk Assessment Reports for Croatia and The Netherlands.

3.9 The BSE food safety assessment process employed by FSANZ is based on the OIE methodology, but includes some enhancements. Dr Scott Crerar, Section Manager, FSANZ, informed the committee that:

That [the OIE methodology] is the basis of our methodology. We go over and above that methodology in that we also consider slaughtering systems, meat processing systems including food recall and traceability once it gets into the food system. Importantly, the additional step we have is that we go to these countries and look at the effectiveness of the controls, how they

10 Dr Cupit, *Committee Hansard*, 17 May 2013, p. 26.

11 Imports to 31 March 2013 were 90 tonnes of fresh beef and 198 tonnes of beef product. *Source*: Australian Bureau of Statistics, International Trade, Australia.

12 Australian Meat Industry Council, *Submission 14*, p. 3.

13 Australian Meat Industry Council, *Submission 14*, p. 3.

implement those controls and how they ensure compliance. We want to be sure that they are actually doing what they say they are doing. The OIE does not do that.¹⁴

Desk assessments

3.10 In accordance with the OIE protocols FSANZ conducts desk assessments of the controls that applicant countries have instituted for BSE risk in their national herds. This process is based on the provision of comprehensive data and supporting evidence from the competent authority in the country as set out in Chapter 2.

Country visits

3.11 The desk assessment is followed by country visits to verify the claims made by the applicants and cover such things as inspection of abattoirs, animal feed mills and border inspection posts. FSANZ provided details of the verification visit to Croatia, including its itinerary, and the qualifications of the Australian staff involved in the visit.

3.12 In that case, the visit was conducted by three staff all of whom possess appropriate qualifications and experience. Establishments that were visited, in addition to the Ministry of Agriculture's Veterinary Directorate, included a rendering plant, slaughterhouses, feed mills and border inspection posts. The delegation travelled widely throughout the country on a five-day visit.¹⁵ The visit was arranged with the competent authority¹⁶ and the border inspection posts were the official posts. Dr Crerar observed that the delegation could only assess the official controls.¹⁷ Mr McCutcheon, FSANZ's Chief Executive Officer, stated that the involvement of the relevant government authorities is the normal practice, including when EU officials visit Australia.¹⁸

3.13 As stated in Chapter 2, in its 2010 reports on beef imports the committee stated that in-country inspections should be a mandatory part of the FSANZ and Biosecurity Australia assessment processes.¹⁹ This suggestion does not appear to have been accepted by the Government, but evidence submitted to this inquiry by FSANZ demonstrates that in every case where a country has applied for a BSE assessment, a

14 Dr Scott Crerar, Section Manager, Food Standards Australia New Zealand, *Committee Hansard*, 17 May 2013, p. 22.

15 Food Standards Australia New Zealand, answer to question on notice, 30 May 2013.

16 Mr McCutcheon, *Committee Hansard*, 17 May 2013, p. 25.

17 Dr Crerar, *Committee Hansard*, 17 May 2013, p. 23.

18 Mr Steve McCutcheon, Chief Executive Officer, Food Standards Australia New Zealand, *Committee Hansard*, 17 May 2013, p. 25.

19 Biosecurity Australia has been renamed DAFF Biosecurity and is now part of the Department of Agriculture, Fisheries and Forestry.

country inspection has been carried out or, where the assessment has not been completed, a country inspection is planned.²⁰

Committee view

3.14 The committee has no reason to doubt either the competence of the people involved in the verification visit or the thoroughness of their investigation. Although this activity no doubt contributes significantly to the assessment process, it gives no more than a 'snapshot' of the controls implemented by the applicant country at the time of the visit. As discussed later in this chapter in relation to meat, the controls monitored by the FSANZ process may be circumvented.

Follow up

3.15 Countries that are accorded a Category 1 or Category 2 BSE risk status are required to provide an annual update on feed controls and changes to their epidemiological situation for the preceding calendar year for review by the Australian BSE Food Safety Assessment Committee. If countries do not provide this information by 31 January each year they may lose their Category 1 or Category 2 status until the required information is submitted, resulting in their imports being suspended.²¹

3.16 Additionally, Mr McCutcheon informed the committee that:

...there is a requirement for each country, once it is assessed and is given a category 1 or 2 ranking, to provide FSANZ with a report every four months on their system, basically an update report similar to the one that they would provide OIE as part of the reporting arrangements to sustain their categorisation.²²

FMD assessment

3.17 The AVA submitted that the science relating to FMD is well established and is incorporated in the OIE Code.²³

3.18 DAFF informed the committee that it had concerns that the OIE FMD recognition system was not sufficiently rigorous to meet Australia's needs and that, in February 2010, the department had implemented a system which includes a list of 'DAFF approved' FMD-free countries. If an outbreak of FMD is detected in one of the approved countries, that country is removed from the list and trade is halted.²⁴

20 Food Standards Australia New Zealand, *Submission 10*, p. 6.

21 Food Standards Australia New Zealand, *Submission 10*, p. 8.

22 Mr McCutcheon, *Committee Hansard*, 17 May 2013, p. 34.

23 Australian Veterinary Association, *Submission 12*, p. 3.

24 Department of Agriculture, Fisheries and Forestry, *Submission 9*, Attachment 1, p. 9.

3.19 The department stated that it conducts its own evaluation which includes a desk assessment and an in-country verification visit.²⁵ DAFF informed the committee that it had not conducted a biosecurity import risk analysis for The Netherlands, which has applied to export fresh beef to Australia but that the task was on its forward work program. Croatia has not applied to export fresh beef to Australia and so a biosecurity import risk analysis is not required.²⁶

Livestock identification systems

3.20 In its 2010 reports the committee recommended that applicant countries should be able to demonstrate traceability of livestock equivalent to the Australian National Livestock Identification System. In relation to the traceability of cattle in the EU, which includes The Netherlands and, in effect, Croatia, FSANZ provided the following information:

Traceability systems for beef in EU countries are mandatory under Regulation (EC) No 1760/2000, updated by Regulation (EC) No 1791/2006. The regulation establishes cattle identification and registration systems and a labelling system for beef and veal. The regulation mandates that any beef product destined for human consumption must be traceable across the entire production chain including a complete history of the animal from which the product was sourced. It is mandatory to have registration of and electronic ear tags for all cattle within EU countries and this information must be maintained in a central electronic database. Cattle without ear tags are not permitted to be moved to establishments or holdings and cannot be slaughtered for human consumption. The system allows efficient monitoring on the status of imports (and exports) as well as exchange of information on animal health, inspections, and identification and health emergencies.²⁷

3.21 Dr Crerar, in a response to a question regarding the identification system in Croatia, stated:

They have an exceptional animal identification and registration system. It has to comply with the EU. They are currently acceding to the EU. They have had that in place for several years and they have had to demonstrate that to the EU.²⁸

3.22 Dr Crerar also stated that the system is audited by the competent authority.²⁹

25 Department of Agriculture, Fisheries and Forestry, *Submission 9*, Attachment 1, p. 9.

26 Ms Mellor, *Committee Hansard*, 17 May 2013, p. 32 and Dr Cupit, *Committee Hansard*, 17 May 2013, p. 37.

27 Food Standards Australia New Zealand, *Submission 10*, Attachment, p. 1.

28 Dr Crerar, *Committee Hansard*, 17 May 2013, p. 23.

29 Dr Crerar, *Committee Hansard*, 17 May 2013, p. 24.

Testing for BSE

3.23 As mentioned previously, there is no way to test live animals for BSE nor is there any prospect that a test may be developed in the near future.³⁰ Testing for BSE is therefore conducted post mortem.

3.24 Countries have developed testing protocols that mandate how many tests should be conducted and at what ages. The EU protocol, which applies to The Netherlands and also to Croatia, requires that all at risk animals and those animals suspected of a transmissible spongiform encephalopathy (TSE) must be examined in accordance with Article 12.2 of Regulation (EC) No 999/2001 of the European Parliament and of the Council laying down rules for the prevention, control and eradication of certain TSEs.³¹ Further, as Dr Crerar commented:

According to the definitions of the OIE, it is mandatory for any cattle over 30 months of age, as well as for suspect animals or any sudden death animals—those thought to be of a higher risk of TSE-like diseases. It is very comprehensive testing.³²

3.25 DAFF informed the committee that in 2011 Croatia had tested approximately 18 per cent of adult animals and 16 per cent of animals aged between 24 and 48 months.³³

3.26 Dr Doyle, National Veterinary Director of the AVA in response to a question from the committee commented:

...removal of "specified risk materials" (for BSE) is a requirement in all European countries including Croatia and the Netherlands. This is required under European Commission legislation and requirements and the OIE code. There are also other controls, such as inspection of animals (for neurological signs), traceability, ruminant feed bans, BSE testing animal over 30 months and other controls.³⁴

Apparent breach of biosecurity

3.27 Immediately before going to press the committee learnt of an alleged breach of biosecurity which could risk Australia's FMD and/or BSE free status. As noted below the committee intends to investigate this important matter at a later date.

30 Dr Doyle, National Veterinary Director, Australian Veterinary Association, *Committee Hansard*, 17 May 2013, p. 2.

31 Food Standards Australia New Zealand, *Submission 10*, Appendix, p. 2.

32 Dr Crerar, *Committee Hansard*, 17 May 2013, p. 24.

33 Department of Agriculture, Fisheries and Forestry, answer to question on notice, 30 May 2013.

34 Dr Doyle, answer to question on notice, 23 May 2013. *Note*: 'Specified risk materials' are tonsils and distal ileum from bovine animals of any age; brains, eyes, spinal cord, skull and vertebral column of bovine animals over 30 months of age. See FSANZ, *Submission 10*, p. 14.

European beef supply chain and horse meat contamination (tor (c))

3.28 In January 2013, the Food Safety Authority of Ireland (FSAI) published the findings of a study which examined the authenticity of a number of beef burger, beef meal and salami products available from retail outlets in Ireland. The study, which tested for the presence of horse and pig DNA, revealed the presence of horse DNA in some beef burger products. The FSAI stated this raised concerns in relation to the traceability of meat ingredients and products entering the food chain.³⁵ The FSAI reported that traces of horse DNA were also detected in batches of raw ingredients, including some imported from The Netherlands and Spain.³⁶ Subsequent investigations revealed that beef products contaminated with horse meat, which included beef lasagne and spaghetti bolognese, had been distributed widely throughout the EU.³⁷

3.29 A DAFF Fact Sheet states that there is no indication that products contaminated by horse meat have been imported into Australia and that there is no indication that horse meat has been sold as beef in Australia.³⁸ The department states that Australia does not import hamburger patties from the United Kingdom or Ireland and does not import lasagne-style meals from France or any other European country.³⁹

3.30 The Fact Sheet also deals with the consumption of Australian horse meat and the chances that it could contaminate the beef supply chain in this country. Horse meat may be sold and consumed in some Australian States under the laws of that state. The Fact Sheet states that it is unlikely that meat substitution is occurring in Australia due to the regulations and measures implemented by industry. The Fact Sheet also refers to Australian labelling laws which require that food must be labelled truthfully and Australian Consumer Law which prohibits misleading or deceptive conduct.⁴⁰

Committee view

3.31 The committee observes that these laws may of course be circumvented. The beef supply chain, in common with most economic activities, may be corrupted, for instance, due to human error or criminality.

35 Food Safety Authority of Ireland, *FSAI Survey Finds Horse DNA in Some Beef Burger Products*, press release, 15 January 2013, www.fsai.ie/enforcement_audit/horse_meat.html, accessed 27 June 2013.

36 Food Safety Authority of Ireland, *FSAI Survey Finds Horse DNA in Some Beef Burger Products*, press release, 15 January 2013.

37 Food Safety Authority of Ireland, *Horse Meat Substitution*, press releases, www.fsai.ie/enforcement_audit/horse_meat.html, accessed 27 June 2013.

38 Department of Agriculture, Fisheries and Forestry, *Submission 9*, Attachment 1, p. 1.

39 Department of Agriculture, Fisheries and Forestry, *Submission 9*, Attachment 2, p. 1.

40 Department of Agriculture, Fisheries and Forestry, *Submission 9*, Attachment 2, p. 2.

3.32 The question that arises from the meat substitution issue in the EU is whether the beef supply chain in EU countries that has been compromised by meat substitution could also be vulnerable to the introduction of meat that, at least potentially, could be at risk in relation to disease, including BSE or FMD.

3.33 On one level the answer is clearly 'yes', because in the case of horse meat substitution, the traceability systems that would be relied on by FSANZ and DAFF assessment processes were compromised. On another level, the committee is somewhat comforted by the fact that the corruption was identified and addressed. In the meantime, however, if that corruption had involved illegal trade in animals with BSE or FMD, and had the resulting diseased beef been imported, the matter may not have been discovered until too late and the damage would have been done.

3.34 Significantly, however, as the FSAI has concluded, the substitution of horse meat for beef raises concerns in relation to the traceability of meat ingredients and products entering the food chain in the EU. The committee considers that beef and beef products should not be imported from any country where BSE has been identified in the national herd. In reaching this conclusion the committee is also mindful in particular of the long incubation period for vCJD.

Implications for Australia's reputation as an exporter (tor (d))

3.35 Given Queensland's pre-eminence in the industry the following statement from the Queensland Department of Agriculture, Fisheries and Forestry (QDAFF) is relevant to the Australian beef industry:

Queensland has world's best market access for beef because of a long-established status in relation to herd health. The beef industry has taken maximum advantage of this in terms of marketing and value. It is therefore critical that our world-class, disease free status be maintained. The detection of BSE or FMD would be catastrophic for the Queensland beef industry.⁴¹

3.36 To illustrate the possible consequences for the Australian industry and for the economy, QDAFF drew attention to the experience of exports of beef from the United States of America (USA) to Japan. QDAFF informed the committee that, following detection of BSE in the USA beef herd in 2003, Japan initially banned imports from that country. As a result, Japanese imports from the USA dropped from 416 000 tonnes in 2003 to 5400 tonnes in 2004. According to QDAFF, the possible effects on the Queensland economy would be significant as the State exported more than \$1 billion of beef products to Japan in 2011-12.⁴²

3.37 To illustrate the possible effects of an outbreak of FMD in Australia, QDAFF submitted that an outbreak in the United Kingdom in 2001 caused losses of more

41 Queensland Department of Agriculture, Fisheries and Forestry, Submission 4, p. 1.

42 Queensland Department of Agriculture, Fisheries and Forestry, *Submission 4*, p. 2.

£8 billion.⁴³ Dr Gibbs, Vice President, Australian Veterinary Association, stated that the Productivity Commission had estimated that an outbreak of FMD in Australia would cost \$16 billion in the first year.⁴⁴

3.38 Although Australia must continue to protect its enviable reputation as a disease-free beef exporter, it must also adhere to international trade arrangements. DAFF submitted that:

The former 2001 policy was largely inconsistent with the current science and, without revisiting the policy, Australia was vulnerable to retaliatory trade action ... In addition to reflecting current science, the revised policy reduces the risk of a challenge to Australia's approach to BSE through WTO processes. Australia's earnings from agricultural, fisheries and forestry exports...rely on world markets accepting our science based approach...⁴⁵

3.39 Australia's accession to the OIE protocols may provide some comfort in the event that a BSE event occurs in this country. Dr Doyle alluded to this:

America, for example, which really has not had an indigenous case, is categorised as a country of negligible risk, as are we. We have not had an indigenous case. There is some merit in this...in the sense that, if we were to have one for some reason in an imported animal or some other means, we would be in the same category.⁴⁶

Parliamentary scrutiny

3.40 As indicated in Chapter 2, this committee on two occasions has expressed concerns about a lack of ministerial and parliamentary scrutiny in relation to import risk analysis processes. It recommended that ministerial and parliamentary approval should precede any determination to change the policy relating to the importation of beef from a country that had reported a case of BSE. The committee was concerned in particular that the significant change in policy in 2010 was not subject to effective scrutiny.

3.41 The committee reported that it accepted that FSANZ and DAFF officers are ultimately responsible to the relevant minister, but it did not accept that this was the same as a minister signing off on policy decisions or parliamentary scrutiny of significant changes in policy.

3.42 In its second report on the Government's decision to relax import restrictions on beef the committee made the following recommendation:

43 Queensland Department of Agriculture, Fisheries and Forestry, *Submission 4*, p. 2.

44 Dr Peter Gibbs, Vice president, Australian Veterinary Association, *Committee Hansard*, 17 May 2013, p. 1.

45 Department of Agriculture, Fisheries and Forestry, *Submission 9*, p. 10.

46 Dr Kevin Doyle, *Committee Hansard*, 17 May 2013, p. 3.

The committee recommends a process whereby the relevant Minister is required to consider and rule on the recommendations provided by Biosecurity Australia [now known as DAFF Biosecurity], following an Import Risk Analysis, and the Australian BSE Food Safety Assessment Committee, following a country assessment. The committee also recommends that the relevant Minister report any decision to approve or reject such recommendations to the Parliament and this committee prior to a determination by the [Director of Animal and Plant Quarantine], in the case of an Import Risk Analysis, or the Chief Officer of FSANZ, in the case of a country assessment, and prior to formal advice being provided to the applicant country.⁴⁷

Committee view

3.43 The committee has concluded (see paragraph 3.33) that there should not be any imports of beef from countries that have recorded cases of BSE. If, however, the Government were to persist with its new policy, the decision to do so should be open to the greatest possible scrutiny, especially including scrutiny by the Parliament.

3.44 Given the importance of Australia's multi-billion dollar beef industry and the possibly catastrophic effects those decisions may have on the industry, the committee reiterates its 2010 recommendation that the relevant Minister report any decision to approve or reject such recommendations to the Parliament and this committee prior to a determination by the Director of Animal and Plant Quarantine, in the case of an Import Risk Analysis, or the Chief Officer of FSANZ, in the case of a country assessment, and prior to formal advice being provided to the applicant country.

Food labelling (tor (e))

3.45 The committee recommended in its final report on the 2010 inquiry on beef imports that all food products be labelled with both the country of origin and the country of processing, if different. At the time of the inquiry, FSANZ had prepared a proposal for extending country of origin labelling to unpackaged beef, and consultation on the issue was proceeding.⁴⁸ (Country of origin labelling was already mandatory for packaged beef.)

3.46 In relation to packaged beef products, FSANZ submitted at this inquiry that:

The Australia New Zealand Food Standards Code requires most packaged beef products to be labelled with certain information, including country of

47 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, Final Report, June 2010, pp 10–11.

48 Rural and Regional Affairs and Transport References Committee, *The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef*, Final Report, June 2010, p. 19.

origin information, the name or description of the food sufficient to indicate its true nature, and an ingredient list.⁴⁹

3.47 In relation to unpackaged beef, the committee was informed that the COAG Legislative and Governance Forum on Food Regulation had agreed to extend country of origin labelling requirements to unpackaged beef, sheep and chicken meat sold in Australia. This new requirement will take effect on 18 July 2013.⁵⁰

3.48 FSANZ submitted that the labelling requirements for unpackaged beef include the product name or description. According to FSANZ, labels must also include a statement that identifies the country or countries of origin of the meat, or that indicates that the meat is a mix of local and/or imported foods. The labels must be provided on or in connection with the display of the food. FSANZ also informed the committee that:

Requirements for defences (safe harbours) to specific country of origin claims such as 'product of' and 'made in' are set out in Australian Consumer Law, which is administered by the Australian Competition and Consumer Commission.⁵¹

3.49 The Australian Made Campaign informed the committee that to meet the definition of 'Australian Made' a product needs to have been 'substantially transformed' and more than 50 per cent of the cost of manufacturing or producing that product needs to have been incurred in Australia.⁵² Mr Harrison, Chief Executive of the organisation, stated that:

...we can have manufactured products that have a very high imported component and yet still meet the test as judged by the regulator for the government, the ACCC, that that process actually constitutes substantial transformation. We all know of the example where the imported pork can be cured into bacon or ham and the product legally can be called 'Made in Australia' because it meets both of the tests, because the ACCC says that process constitutes or meets the substantial transformation test.⁵³

3.50 In a recent report presented to the Senate, the Rural and Regional Affairs and Transport Legislation Committee found that the current definition of 'substantial transformation' could be more precise and less open to interpretation and manipulation.⁵⁴

49 Food Standards Australia New Zealand, *Submission 10*, p. v.

50 Food Standards Australia New Zealand, *Submission 10*, p. v.

51 Food Standards Australia New Zealand, *Submission 10*, p. 9.

52 Mr Ian Harrison, Chief Executive, Australian Made Campaign Ltd., *Committee Hansard*, 17 May 2013, p. 10.

53 Mr Harrison, *Committee Hansard*, 17 May 2013, pp 10–11.

54 Rural and Regional Affairs and Transport Legislation Committee, *Competition and Consumer Amendment (Australian Food Labelling) Bill 2012 (No. 2)*, March 2013.

Committee view

3.51 The committee welcomes COAG's decision to label unpackaged meat. The committee had made this recommendation in its earlier reports on this matter.

3.52 The committee also draws attention to the recommendation made by the Rural and Regional Affairs and Transport Legislation Committee in its recent report on the Competition and Consumer Amendment (Australian Food Labelling) Bill 2012 (No. 2), namely, that the Government should consider developing a more effective country of origin framework (including a more effective definition of 'substantially transformed') which would better balance the interests of consumers, primary producers and manufacturers.

3.53 This committee supports and reiterates that recommendation.

Conclusions and recommendations

Beef Imports

3.54 The committee concludes that the risk to human and animal health from the importation of beef from countries where BSE has been identified is such that imports from those countries should be prohibited. The principal reasons for that conclusion are that the beef production chain is susceptible to corruption, as may be seen from the experience of the recent meat substitution situation in the EU, and because, despite the best efforts of the Australian authorities, traceability of cattle cannot be guaranteed. Additionally, there is no live test for BSE, nor is there a prospect of a test being developed in the near future, which would require research on various forms of diagnostic tissue.

3.55 Allied to this is the fact that the symptoms of vCJD may not be become apparent for decades, so that any beef imports contaminated with BSE might not be identified for many years.

Recommendation 1

3.56 The committee recommends that beef and beef products should not be imported from any country that has:

- **reported any cases of BSE; or**
- **cross-border trade with an adjoining country which has reported any cases of BSE.**

Recommendation 2

3.57 The committee recommends that the Australian Government work with the OIE to develop a live test for BSE.

3.58 If the Government persists with its current policy, any decision to import beef or beef product should be made by the responsible minister and referred to the Parliament.

Recommendation 3

3.59 The committee recommends that the relevant Minister report any decision to approve or reject such recommendations to the Parliament and this committee prior to a determination by the Director of Animal and Plant Quarantine, in the case of an Import Risk Analysis, or the Chief Officer of FSANZ, in the case of a BSE country assessment, and prior to formal advice being provided to the applicant country.

Apparent breach of biosecurity

3.60 The committee intends to investigate further an alleged biosecurity breach which could risk Australia's FMD and/or BSE free status (see paragraph 3.27).

3.61 Accordingly, the committee intends to report on this important matter by the first day of the second sitting period of the 44th Parliament.

Senator Bill Heffernan

Chair

Additional comments by Government Senators

Recommendation 1 – The committee recommends that beef and beef products should not be imported from any country that has:

- ***reported any cases of BSE; or***
- ***cross-border trade with an adjoining country which has reported any cases of BSE.***

Do not support.

Australia maintains comprehensive controls that protect Australians from exposure to unsafe food through the application of food safety policy and standards developed by FSANZ, and implemented by DAFF (for imported products) and state and territory food authorities.

The Australian Government regards the health and safety of Australian consumers and our favourable animal health status as matters of the highest importance. As such, the Government's current policy on imported beef and beef products does not allow these products to be imported unless the risks associated with BSE are adequately managed. Australia's risk assessments are consistent with Australia's World Trade Organization (WTO) obligations. Prohibiting beef imports from any country that has ever reported a case of BSE, regardless of its current official disease status and risk management measures, would be inconsistent with these obligations. Such a requirement could significantly damage our credibility as a country that conducts science-based risk assessments and applies the least trade-restrictive risk-management measures necessary.

Recommendation 3 – The Committee recommends the relevant Minister report any decision to approve or reject such recommendations to Parliament and this Committee prior to a determination by the Director of Animal and Plant Quarantine, in the case of an import risk analysis, or the chief officer of FSANZ, in the case of BSE country assessment, and prior to formal advice being provided to the applicant country.

Do not support.

The Australian Government advocates a science-based approach to decisions about the entry into Australia of imported products. There is a robust decision making framework through primary and subordinate legislation which delegates decision making in this regard to officials, in some cases with the guidance of eminent and independent scientists. It would be inappropriate for information on government-to-government processes to be communicated to individuals not directly involved in the process before the decision making process is completed.

Senator Glenn Sterle
Deputy Chair

Additional comments by Senator Nick Xenophon and Senator John Madigan

1.1 As noted by the committee, Australia's beef industry is a vital part of our economy. The threat posed by bovine spongiform encephalopathy (BSE) and foot-and-mouth disease (FMD) to this industry cannot be underestimated.

1.2 In 2011 I introduced the Quarantine Amendment (Disallowing Permits) Bill 2011, the aim of which was to give Australia's agricultural sector the certainty it both deserves and needs by minimising the risk of diseases entering Australia through imports.

1.3 The explanatory memorandum to the bill explained that import and removal permits will be disallowable instruments unless they are covered by a determination of the Director of Animal and Plant Quarantine, which is also a legislative instrument. A Director's determination can specify a thing and set out the conditions to be complied with to limit any quarantine risk associated with importing or removing the thing to an acceptably low level.

1.4 When the Director's determination is laid before Parliament, the Minister must also table a risk analysis in both Houses of Parliament and cause a motion to be moved to refer it to the relevant Committee in each House responsible for agricultural matters for report. These Committees should table their report no more than 15 sitting days after the determination is referred.¹

1.5 I note the committee has recommended that beef and beef products should not be imported from any country that has reported cases BSE, or that trades with an adjoining country which has reported any cases of BSE. I strongly support this recommendation—given the evidence received by the committee indicating that the traceability of cattle cannot be guaranteed, this is the only sensible course of action to take.

1.6 I also note the committee's third recommendation that the relevant Minister report any decision to approve or reject the importation of beef or beef product to the Parliament and this committee prior to a determination by the Director of Animal and Plant Quarantine, in the case of an Import Risk Analysis, or the Chief Officer of FSANZ, in the case of a BSE country assessment, and prior to formal advice being provided to the applicant country.

1.7 This recommendation is in line with the intent of the Quarantine Amendment (Disallowing Permits) Bill 2011. It is disappointing that the opportunity to subject proposed imports to greater scrutiny through this bill was not taken at the time it was introduced. However I am encouraged by the approach taken by the committee in

1 Quarantine Amendment (Disallowing Permits) Bill 2011, Explanatory Memorandum, p. 2.

relation to managing the risk posed by beef imports and fully support the committee's recommendations.

Senator Nick Xenophon
Independent Senator for South Australia

Senator John Madigan
Democratic Labor Party

Appendix 1

Submissions Received

Submission Number	Submitter
1	Mr Andrew Giles
2	Professor Colin Masters
3	Country Women's Association of NSW
4	Department of Agriculture, Fisheries and Forestry Queensland
5	Australian Made Campaign Ltd
6	Department of Foreign Affairs and Trade
7	RSPCA Australia
8	Community and Public Sector Union (CPSU)
9	Department of Agriculture, Fisheries and Forestry
10	Food Standards Australia New Zealand
11	Department of Primary Industry and Fisheries Northern Territory
12	The Australian Veterinary Association
13	Department of Health and Ageing
14	Australian Meat Industry Council

Additional Information Received

- Received on 23 May 2013, from the Australian Veterinary Association. Answers to Questions taken on Notice on 17 May 2013.
- Received on 30 May 2013, from the Australian Made Campaign. Answers to Questions taken on Notice on 17 May 2013.
- Received on 30 May 2013, from Food Standards Australia New Zealand. Answers to Questions taken on Notice on 17 May 2013.
- Received on 31 May 2013, from the Department of Agriculture, Fisheries and Forestry. Answers to Questions taken on Notice on 17 May 2013.

TABLED DOCUMENTS

17 May 2013, Canberra, ACT

- Tabled by Dr Scott Crerar, Section Manager, Production Process Section, Food Standards Australia and New Zealand. Table 6: BSE Surveillance Points Data 2004–10.

Appendix 2

Public Hearings and Witnesses

17 May 2013, Canberra ACT

- BIDDLE, Dr Bob, Assistant Secretary, Animal Health Policy Branch, Animal Division, Department of Agriculture, Fisheries and Forestry
- BOUNDS, Ms Ann, Consumer Policy, Framework Unit, Competition and Consumer Division, Department of the Treasury
- BUTT, Mr David, Deputy Secretary, Production Process Section, Food Standards Australia New Zealand
- COLLINS, Professor Steven, Director, Australian National Creutzfeldt-Jakob Disease Registry
- CRERAR, Dr Scott, Section Manager, Food Standards Australia New Zealand
- CROWE, Ms Lisa, Administration and Compliance Manager, Australian Made Campaign Ltd
- CUPIT, Dr Andrew, Assistant Secretary, Animal Biosecurity Branch, Animal Division, Department of Agriculture, Fisheries and Forestry
- DOYLE, Dr Kevin, National Veterinary Director, Australian Veterinary Association
- FARRELL, Ms Tanya, Senior Adviser, Department of the Treasury
- FIRMAN, Dr Jenny, Medical Adviser, Office of Health Protection, Department of Health and Ageing
- GIBBS, Dr Peter, Vice President, Australian Veterinary Association
- GILL, Mr Anthony John, Senior Medical Adviser, Office of Science Evaluation, Therapeutic Goods Administration
- HARRISON, Mr Ian, Chief Executive, Australian Made Campaign Ltd
- HEALY, Dr Marion, Director, National Industrial Chemicals Notification and Assessment Scheme
- LIEHNE, Mr Peter, Assistant Secretary, Cargo and Shipping Branch, Border Compliance Division, Department of Agriculture, Fisheries and Forestry
- McCUTCHEON, Mr Steve, Chief Executive Officer, Food Standards Australia New Zealand

- MELLOR, Ms Rona, Deputy Secretary,
Department of Agriculture, Fisheries and Forestry
- MILWARD-BASON, Ms Lyndall, Manager, Customs Policy Section, Trade
and International Branch, Department of Industry, Innovation, Climate Change,
Science Research and Tertiary Education
- RAHMAN, Ms Azriane, Analyst,
Department of the Treasury
- SCHIPP, Dr Mark, Australian Chief Veterinary Officer, Office of the Chief
Veterinary Officer, Department of Agriculture, Fisheries and Forestry
- TWENTYMAN, Dr Bruce, Veterinary Policy Manager,
Australian Veterinary Association
- WOODLEY, Mr Peter, Acting First Assistant Secretary, Regulatory Policy and
Governance Division, Department of Health and Ageing

Appendix 3

Executive summaries of the Croatia BSE Food Safety Risk Assessment Report and The Netherlands BSE Food Safety Risk Assessment Report

The full reports can be viewed here:

www.foodstandards.gov.au/industry/bse/bsestatus/Pages/default.aspx

BSE
Food Safety
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Report
Croatia

Last Update: October 2012

Risk Assessment Production Process Section

Food Standards Australia New Zealand

Executive summary

Food Standards Australia New Zealand (FSANZ) is the regulatory body responsible for conducting Bovine Spongiform Encephalopathy (BSE) food safety assessments of countries that seek to export beef or beef products to Australia. FSANZ analyses the information provided by applicant countries and assigns them a BSE risk status. The requirements detailed in the *Australian Questionnaire to Assess BSE Risk*¹ are based on those of the World Organisation for Animal Health (OIE) *Terrestrial Animal Health Code* (2009).² Croatia made a submission in 2010 to be assessed under the current BSE policy.

Croatia was previously assessed by the Australian BSE Country Categorisation Committee for Human Food Products (ABCCC) in 2003 for the purpose of country categorisation. The review was based on:

- a completed FSANZ country questionnaire and associated information
- Eurostat export statistics on exports of live cattle and of MBM and greaves from European Union (EU) member states during the period 1980 to 2000.

At the time of the ABCCC review, the ban on rendering Specified Risk Material (SRM) had been in place for five years, but only two years had elapsed since the introduction of the total ban on feeding meat and bone meal (MBM) to farm animals, the exclusion of fallen stock from rendering, and efficient BSE surveillance. It was concluded that at the time of the review, the risk of recycling and amplification of infectious material was very stable, but that it had been unstable in the recent past. Croatia was assigned to Category C, as a country assessed as having had considerable exposure to BSE risk materials, but having not reported any cases of BSE.

FSANZ has conducted an assessment of Croatian legislative measures concerning control and prevention of BSE, and an in-country assessment of the application and enforcement of these legislative measures. Croatia currently has robust controls to prevent the amplification of the BSE agent within the Croatian cattle population and contamination of the human food supply with the BSE agent. Control procedures were observed to be operating efficiently during the in-country assessment.

Importation of MBM or greaves is prohibited in Croatia, and effective border controls are in place. Repeated revisions of legislation has ensured that controls to prevent the importation of cattle incubating BSE, and food products of bovine origin that might contain the BSE agent, have been as rigorous as, or more rigorous than, OIE recommendations for more than a decade. The exception has been the importation of bone-in meat, which is not recommended by OIE, but because only bone-in meat inspected and certified as suitable for human consumption in an EU country has been permitted, this is not considered to be a significant source of risk. Croatia has been diligent in monitoring the BSE status of other countries and has kept up to date with evolving knowledge of BSE transmission.

Procedures are in place to protect against cross-contamination of feed between ruminant and non-ruminant species. Sampling is in place to ensure that fishmeal used in animal feed production does not contain mammalian proteins, although sampling has been mandatory only since 2006.

Food safety controls are established in Croatia to ensure effective protection of the human food supply from potential BSE contamination. Croatian regulations related to management of SRM such as central nervous tissue at slaughter are fully aligned with European Commission (EC) regulations and OIE recommendations. All beef and beef products are fully traceable back to the animal or animals from which it came, and all bovines in Croatia must

be identified and registered. All food business operators are required to have a procedure for the recall of products as part of Hazard Analysis and Critical Control Point (HACCP) requirements, and Croatia has a rapid alert system and procedures to deal with food safety emergencies.

BSE has been a notifiable disease in Croatia since 1996 and effective BSE education and awareness programs are in place. Farmers, veterinarians, and slaughterhouse personnel are educated to recognise the clinical signs associated with the disease through ongoing awareness and education exercises for BSE. There are incentives to facilitate reporting, and penalties for failure to report suspect clinical cases.

Diagnostic capability is good, and diagnostic tests compliant with Chapter 2.4.6 of the OIE *Manual of Standards for Diagnostic Tests and Vaccines for Terrestrial Animals* have been validated and are subject to appropriate, ongoing quality control, including collaborative inter-laboratory testing with national reference laboratories of other countries.

Croatia has a sophisticated, centralised animal identification system and database, which is fully aligned with EU regulations.

Croatia carries out Type A surveillance that complies with the guidelines in Articles 11.5.20 to 11.5.22 of the OIE's *Terrestrial Animal Health Code*. Surveillance point data currently meet the points target for the last seven years, although attainment of the target is a recent event. In-country assessment by FSANZ personnel confirmed that Croatian legislation relevant to BSE prevention and control is effectively enforced.

In conclusion, the risk of BSE entering and recycling within the bovine feed system or entering the human food supply in Croatia is currently well controlled. On the basis of the FSANZ BSE food safety assessment of Croatia, **Category 2** status for the Republic of Croatia is recommended.

BSE
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The Netherlands

Last Update: October 2012

Risk Assessment Production Process Section

Food Standards Australia New Zealand

Executive summary

Food Standards Australia New Zealand (FSANZ) is the regulatory body responsible for conducting Bovine Spongiform Encephalopathy (BSE) food safety assessments of countries that seek to export beef or beef products to Australia. According to the BSE food safety policy¹, FSANZ analyses the information provided by applicant countries and assigns them a BSE risk status. Information provided must address the requirements detailed in the *Australian Questionnaire to Assess BSE Risk* (Australian Questionnaire)² which are based on those of the Office International des Epizooties (OIE) *Terrestrial Animal Health Code* (2011) (TAHC).³ Imported beef and beef products are only permitted from countries which have been assessed and are assigned a favourable BSE risk status (Category 1 or Category 2). Countries seeking market access for fresh beef products are also subject to an assessment of animal quarantine risks by the Australian Department of Agriculture, Fisheries and Forestry.

The Netherlands made a submission to FSANZ in May 2011 to be assessed for BSE food safety risk. The Netherlands has not been previously assessed by FSANZ for BSE risk status and currently does not hold market access for beef and beef products with Australia.

FSANZ has carried out an assessment of legislative measures concerning control and prevention of BSE in The Netherlands, and an in-country assessment of the application and enforcement of these legislative measures. Five main control areas were examined:

- (1) **Import controls** to prevent the release of the BSE agent through imports of animals or animal-derived products
- (2) **Feed ban controls** to prevent contamination of the animal feed supply with the BSE agent
- (3) **Food safety controls** to prevent contamination of the human food supply with the BSE agent
- (4) **Traceability and animal identification systems** to ensure animals and animal-derived products can be effectively identified and recalled if required
- (5) **Surveillance programs** to ensure that BSE affected animals are identified and removed from the feed and food production systems.

Bovines and bovine-derived products that are imported into the Netherlands are mainly sourced from European Union (EU) countries that are subject to harmonised legislation for BSE across the EU. Most live cattle, that are imported for veal production, are slaughtered at less than one year old. These animals represent negligible BSE risk. Bovine-derived products for feed production are also predominantly sourced from EU countries but only low risk materials (non-SRM) are permitted for import and only for specific use such as pet food or fertiliser. Beef or beef products for human consumption is sourced from EU countries and countries which have been assessed as negligible or controlled BSE risk status by the OIE. Only minimal numbers of bovines and minimal amounts of bovine-derived products have been imported from third countries (non-EU) and these are regulated through EU-based processes for approval of specific establishments in eligible countries and rigorous certification processes covering quarantinable diseases and food safety measures.

Since 2001, there has been an EU-wide total feed ban in place which prohibits the feeding of animal protein apart from fishmeal to farmed animals. The Netherlands has prohibited the feeding of ruminant protein to ruminants since 1989 and procedures to prevent cross-contamination of feed between ruminant and non-ruminant species have been in place since 1999. Procedures to comply with feed ban controls are applied at slaughter and during processing to prevent the recycling of the BSE agent. Stringent practices are enforced around the use of stockfeed so that feeding of ruminant protein to ruminants is prevented. Ante-mortem inspection procedures to identify animals potentially affected by BSE and post-mortem procedures to ensure the removal and destruction of specified risk materials are well-established. These practices are important to prevent the BSE agent from entering the feed and human food production systems.

Traceability systems include both an electronic traceability system that allows tracking of all animals, animal-derived feed, and animal-derived food products placed on the market (TRACES) and a cattle identification system which records all movements of cattle within The Netherlands and between EU countries. The Dutch cattle identification system has been in place since 1990 and has evolved to the point where there are few inaccuracies demonstrated (for example, animals that have left a holding with no destination recorded) and there is strong adherence to procedures to ensure all animals have correct identification. Cattle identification data is integrated into the TRACES system so that if a BSE case is confirmed, all cohort animals and feed sources for those animals can be identified and, if needed, removed from the market and appropriately dealt with under the BSE control program.

BSE has been a notifiable disease in The Netherlands since 1990 and since then 88 cases have been identified. On-going awareness and education programs have meant that farmers, veterinarians, and slaughterhouse personnel are well-informed and recognise BSE presentation in clinically affected animals, and understand actions which must be undertaken when a suspect clinical case is identified. Diagnostic capability is supported by a national reference laboratory which has played an internationally-recognised role in BSE diagnostics and research since the epidemic was first identified.

Improvements in diagnostic capability (the “BSE rapid test”) allowed the implementation of an active surveillance program for BSE in 2001. The Netherlands meets the requirements for “Type A” surveillance according to the guidelines set in Articles 11.5.20 to 11.5.22 of the TAHC. Type A surveillance is the highest level of surveillance recommended under the guidelines, allowing the detection of at least 1 case per 100,000, with a mandatory requirement to test older cattle which are at highest risk for BSE. The declining numbers of BSE-positive cattle identified through the active surveillance program in the past seven years are evidence that BSE control measures have been effectively implemented and enforced in The Netherlands.

BSE control measures were observed to be operating effectively during the in-country assessment conducted by FSANZ. Appropriate monitoring and inspection procedures were verified across the beef production chain. Auditing of establishments (feed mills, slaughterhouses, farms, and rendering plants) by the competent authority occurs through both random and targeted programs and significant adverse findings with respect to official BSE controls have not been identified by the competent authority as a result.

In conclusion, The Netherlands has clearly demonstrated that it has put into practice comprehensive and effective controls throughout the production chain to prevent the introduction and amplification of the BSE agent within the Dutch cattle population and any contamination of the human food supply with the BSE agent. Control measures exist across all levels of production including practices at the slaughterhouse, disease surveillance, feed production, animal identification and traceability, and import regulations. The integration of all of these measures at various establishments was observed first hand at the in-country verification visit. Therefore, this assessment concludes that imported beef and beef products sourced from The Netherlands pose a negligible risk to human health. It is recommended, therefore, that The Netherlands be given a **Category 1** for country BSE food safety risk status.