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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE

Reference: Import restrictions on beef

MONDAY, 14 DECEMBER 2009

CANBERRA

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SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT

REFERENCES COMMITTEE

Monday, 14 December 2009

Members: Senator Nash (*Chair*), Senator Sterle (*Deputy Chair*), Senators Heffernan, McGauran, Milne and O'Brien

Participating members: Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Lundy, Ian Macdonald, McEwen, McLucas, Marshall, Mason, Milne, Minchin, Moore, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Back, Heffernan, Nash, O'Brien and Sterle

Terms of reference for the inquiry:

To inquire into and report on:

The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef, especially relating to the import of beef from countries previously affected by bovine spongiform encephalopathy, otherwise known as mad cow disease.

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Committee met at 8.31 am

CHAIR (Senator Nash)—I declare open this public hearing of the Rural and Regional Affairs and Transport References Committee. The committee is hearing evidence on its inquiry into the impact and consequences of the government's decision to relax import restrictions on beef. I welcome you all here today. This is a public hearing and a Hansard transcript of the proceedings is being made.

Before the committee starts taking evidence, I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The committee prefers all evidence to be given in public but, under the Senate's resolutions, witnesses have the right to request to be heard in private session. It is important that witnesses give the committee notice if they intend to ask to give evidence in camera. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. If the committee determines to insist on an answer, a witness may request that the answer be given in camera. Such a request may, of course, also be made at any other time. Finally, on behalf of the committee, I would like to thank all those who have made submissions and sent representatives here today for their cooperation in the inquiry.

[8.32 am]

BELLINGER, Mr Bradley Robert, Chairman, Australian Beef Association

CARTER, Mr John Edward, Director, Australian Beef Association

CHAIR—Welcome. Would you like to make a brief opening statement before we move to questions?

Mr Carter—Yes. We will go through the submission we sent you and we will both speak to that, if that is all right.

CHAIR—Certainly.

Mr Carter—The announcement by the ministers that beef would be imported from BSE affected countries unleashes the most serious threat to Australia's beef industry in our history, and ABA vigorously opposes the decision. We give four reasons—

CHAIR—Sorry, Mr Carter—I will just pull you up there. We have your written submission in front of us. Perhaps you could just take five minutes to point out the key things in the submission—we will obviously go through it in detail later—and that will leave plenty of time for questions.

Mr Carter—Fine. The four main points are: the increased risk to Australia human health; the increased risk to Australian animal health; the devastation of price to Australian producers through the importation of cheaper but higher-quality beef from the United States, which is subsidised through the grain subsidies, which would trigger increased unemployment in regional centres as Australian abattoirs closed; and the loss of Australia's unique, clean image for its exports as, perception-wise, we are demoted to the same ranking as countries with BSE. Basically, we take the same line as that of the *Land* newspaper's headline: 'We're mad'. We fully agree with that.

We regard the 'beef off the shelves' thing as a farce. It is a completely separate issue. No government in the world would put 300,000 people out of work by taking all the beef off the shelves. It has not happened anywhere. We believe that what has been going on is a complete fabrication. It has been said that the WTO obligations would necessitate it. We would like to see that paper, and we ask that it be tabled.

Mr Bellinger—I would like to talk briefly about the USA-Australia free trade agreement—in particular, the BSE side-letter that was included in that agreement in 2004. We believe it was a rather psychopathic, foolish and unnecessary undertaking to include that BSE side-letter in the USA free trade agreement. We have actually helped the United States to gain market access to two of our most important markets by value—Japan and South Korea. I would like to table the BSE side-letter.

Mr Carter—It is claimed this is a science based decision. We say it is neither medical nor economic science but political science. We go through the risk to human health. I will not go into the detail there, but we have got it all tabulated—and we have the background to say that nobody is very sure of what is going on with the TSEs and the various other diseases that can go to humans. We point out that there is still no legislation banning the feeding of chicken litter to cattle in the United States. We go on to the increased risk to animal health. We note the chronic wasting disease scrapie in deer in America. We go on to the ‘controlled risk assessment’, which we regard as a fine academic phrase.

Mr Bellinger—We recall the chaos after the importation of Brazilian beef after permission from AQIS, who never visited Brazil. We recall the 2005 Senate inquiry when apparently no disciplinary action was taken against AQIS when uncooked beef from Brazil, a country with foot and mouth disease, was brought into Australia.

Senator HEFFERNAN—But it had the OIE tick, mate, so it was okay!

Mr Bellinger—We also recall the reports of Eastern Creek quarantine station on hygiene and discipline. AQIS had been warned of the tick carrying capacity risks for disease as far back as 2000 by Robert Steel. We have no confidence in those who are assigned the task of controlled risk assessments. If beef is allowed in from countries that have, or have had, cases of BSE, we believe there are not the necessary safeguards in Australia to properly keep out BSE infected material from our consumer base.

Mr Carter—In terms of the price and unemployment implications, the last entry on the USDA website shows that the wholesale price of beef in the United States is about half what it is in Australia. We have a situation where they have a graded product coming from a subsidised industry. They have got cheap imported labour in their abattoirs. They have a fiercely competitive retail sector, as opposed to the duopoly we have in Australia, and they will be in here like a flash. The beef traders are already doing their sums on importing high-quality US beef, and there is no question that they will take over the top end of our market.

Mr Bellinger—We have seen what has happened for other Australian agricultural industries when the floodgates have been opened. We note that a shipload of onions brought in midway through this year suppressed the onion market throughout Australia. The same could be said for oranges and tomatoes, and of course frozen vegetables from South-East Asia and China.

I would like to draw an analogy between what the government is proposing here—to introduce beef from countries that have been infected with BSE—and the pork industry. We have already been there with the pork industry. I will table a summation I have done on the effect lowering restrictions has had on the Australian pork industry and how these restrictions will now be turned to beef. We have been here before. First it was with pork and now it is with beef. When assessing the impact of the consequence of the government’s decision to relax import restrictions on beef, we have the benefit of hindsight of a similar process that was initiated by the government nearly 20 years ago for pork.

Since the quarantine liberalisation in the early 1990s, Australian pig producers have had to compete with imported pig meat. Imported frozen, uncooked pig meat has been allowed into Australia from Canada since 1990, from Denmark since 1997 and from the USA since 2004. Pig

meat imports have continued to grow. Over the years between 2001 and 2006 the volume of imports increased by 163 per cent while Australian production declined. Imported pig meat as a proportion of production in Australia increased from 17 per cent in 2001 to 44 per cent in 2006. Pig meat consumption increased by 32 per cent during that period; however, this did not stimulate increased Australian production as imported products supplied the increased demand. These are the scariest and most recent statistics. We have seen a drop in gross value production from \$944 million in 2006-07 to \$880 million in 2007-08. If the current trends continue this Christmas then 67 per cent of all processed pork sales will be from imported pig meat.

These are the comparisons from the pork industry to what is being proposed with the importation of beef in this country from BSE affected countries. Similar to pig meat imports, beef import production will be based on subsidised grain, particularly from the USA and Europe. While farms in Australia receive less at the cattle farm gate, we will be unable to compete with finished product in the feedlot. Even when grain feed prices are considered low, transport and geography can dilute the benefits. For example, at the moment you can buy feed barley from Victoria where the price has dropped down to \$120 a tonne. Transport to a Toowoomba feed lot is at \$90 a tonne. The harvest in Queensland, as you would realise, has been a disaster, making the cost of taking barley from Victoria to the feedlot in Toowoomba \$210 a tonne. If the Senate does not overturn the government's decision to allow imported beef from BSE infected countries we will see ship loads of cheap grinding beef sent to the USA and backloaded with graded, feedlot beef into Australia. I have no doubt that consumption will increase; however, as with pig meat, it would not be to the benefit of Australian producers.

Senator HEFFERNAN—Sure, the WTO has the shits and, sure, I was over in Canada earlier in the year and they told me what the government have caved in to, but the government did say that they have taken the decision on this because of demands from the industry. That is what they said when they put out the changes. They covered it with health reasons. This is really not to do with human health; this is to do with trade and the fact that, if you go to the Wagga saleyards this morning, beef is now the cheapest it has been in real terms since the collapse of 1974 and 1978. The whackers that are overpaid out the back there—

Senator STERLE—Chair, this is a Senate inquiry. Senator Heffernan, I know you have grown another leg since your successful preselection but—

Senator HEFFERNAN—I am quoting—

CHAIR—Senator Heffernan, do you have a question?

Senator HEFFERNAN—It seems to me that the government blamed the industry. According to the information in RMAC's submission, the extent of consultation was a government matter. RMAC was informed on 16 October, four days prior to the announcement. When did you blokes find out?

Mr Bellinger—I received a phone call from the minister's office three hours prior to the announcement being made to the media. That was the only consultation that the Australian Beef Association received on this matter.

Senator HEFFERNAN—Why do you think that would be?

Mr Carter—I think it is because perhaps then we could not come in hard and attack the thing.

Senator HEFFERNAN—Let me tell you what I was told. I rang Justin Toohey, who is out the back there, and asked, ‘Why didn’t you consult us?’ He said, ‘We did not consult you, Bill, because we knew you would oppose it.’ This is like the ETS thing where they said, ‘Let’s have no exposure and just make the announcement.’

Their submission says they are not going to go to the status of the country anymore; they are going to go to the status of the animal. Dr Steel will be here later and we will go to the status of the animal. But wouldn’t that be a concession, if they are not going to worry about the status of the country, that they have given up on the traceability et cetera in individual countries and they are going to go to the behaviour from the saleyards to the abattoirs and animal health, when it hits the deck on the floor of the abattoir? Are you familiar with the test that is required to find out if an animal has got BSE?

Mr Carter—We are certainly aware of an operation in America trying to apply that test and being overruled by the USDA because they wanted access to Japan when things were not going well. It can be done. But we have no doubt, as you said and we concluded a long while ago, this is all connected with that side letter to the free trade agreement.

Senator HEFFERNAN—There is no doubt about that. The government owns up behind the scenes on that—the threat of the WTO thing. The process of announcing this to the industry is at a time when there is talk about the dollar going to parity. In real terms, the price of beef—even though I have to say this week we are down to \$2.80, I suppose—if you go to David Jones in Sydney is \$54 for steak. Eighty per cent of the packaged market is two companies, 40 per cent of the market in the US is five companies and 60 per cent of the market in Canada is five companies. The ACCC equivalent over there looks at the impact on the producer as well as the impact on the retailer when they go to a merger. Now we have got Swift in Australia being very predatory. We will deal with that in due course. I am gathering evidence on that. Wouldn’t you say that this has been a serious attack on viability and a disregard for the desperate plight that the cattle industry is in in Australia?

Mr Bellinger—Most certainly. This decision could not have come at a worse time for the cattle producer and maybe it could not have come at a better time for large multinational processors and, I would hazard a guess, the large retail sector as well.

Senator HEFFERNAN—The new Australian policy is similar to OIE guidelines. Can you imagine what the guidelines would be if you are not going to take into account the status of the country but rather the status of the animal? I am sure a bureaucratic answer will come later in the day, but can you get your head around that?

Mr Carter—Senator Heffernan, as you know, I chaired the New South Wales meat authority for nearly 11 years and I had a lot to do with meat inspection. I had meat inspectors involved everywhere. I do not believe this country has got the capacity to police such a policy. I do not think it would get to first base. The only base they were able to get to with the Brazilian one was the OIE reading on the computer. In this case they would have to inspect plants in Greeley owned by JBS Swift and they would have to inspect plants owned by Cargill, and the influence

of these two multinationals over some solitary meat inspector going from Australia to check things—

Senator HEFFERNAN—Garbage.

Mr Carter—would be the most one-sided battle ever.

Senator HEFFERNAN—In Australia up until recent weeks the government said they could not afford to subsidise inspectors in our own abattoirs, yet at the same time they said, ‘We’re going to go over there and inspect them.’ We do not have enough vets in Australia let alone enough to send over there. In terms of the viability of a proposition that you would have this inspection, given—like bananas from the Philippines, where you are dealing with a corrupt regime—that back when the meat quotas were on, as you remember, there was a 52,000-tonne contingency quota available in the United States for Cargill and we wanted it here in Australia but it was in their global interest not to allocate any of the quota into America that was contingency from Australia because they could get a bigger quid out of bringing it in from somewhere else, aren’t we just playing into the hands of the consolidated meat processors?

Mr Carter—We are. That takes us up to the last point we have, which is the loss of Australia’s clean and green image. We have been telling the world that we are an island continent, we have very little disease and we have gone one further—we have put in an NLIS system, which is meant to be by far the best in the world, and we, Australia, should have access to the rest of the world based on our clean, green image. Now we are suggesting we are going to bring in beef from countries that have BSE. It is ludicrous.

Senator HEFFERNAN—We will get to that. That particular one is an ‘over my dead body’ matter. Were you at the meeting to talk about SRMs at the Sydney Airport a few years ago? This very proposition was put to us, and the Howard government told Canada, the US and others to bite themselves. Were you there?

Mr Carter—No.

Senator HEFFERNAN—At that meeting I put the proposition to the industry—and some of the people who were there are at the back of the room now—that the industry at that time was self insuring against the event of a BSE reactor with the ‘meat off-the-shelves’ policy. I see here that they have knocked the idea of SRM removal, even though probably 90 per cent of the beef that is exported from Australia has mandatory SRM removal, because of, they say, the renderers and the cost to the industry. I will get to why they think that fails the ‘meat off-the-shelves’ test. That is a question on notice for the boys at the back of the room, because I have got significant scientific advice on that. Why do you think they did not give proper consideration to this five years ago? Do you think it took a change of circumstances or a lack of knowledge? I was seriously offended not only that the grassroots of the industry were not told but that the guys who were consulted in RMAC were sworn to secrecy and to not tell them. As you know, there was a letter in the *Land* following that ‘we’re mad’ page, which, to their credit, they did and got into a bit of trouble for from the industry—from the bureaucratic side of the industry not from the blokes that knock the nuts out of the bloody bulls.

Senator STERLE—Where can I get that bloke’s number?

Senator HEFFERNAN—They did not consult, and there was a letter, which was the letter of the week, the next week agreeing with the proposition that from the New South Wales farmer's point of view the industry was let down. The person who wrote that letter was asked to either put in a retraction or change their mind. That person has now changed their mind and was asked to turn up here today but is not going to turn up because he has been pressured not to turn up. Don't you think that that is obscene behaviour not only by bureaucracy but by the government?

Senator STERLE—That is your opinion, Senator.

Senator HEFFERNAN—Yes, it is.

Mr Bellinger—That is how the system works, Senator Heffernan. You have a bureaucracy set up with an agripolitical structure in Australia with the peak councils, the bureaucrats, under the heading of RMAC. The state farming organisations pay into these peak councils. The peak councils make policy for the MLA, as we have seen with these BSE incidents—the off-the-shelves policy and consequently BSE coming into Australia. This was done with consultation with the Cattle Council, with the minister involved. That is the agripolitical structure. No-one is to speak out of turn, and that is why the ABA is so alone on this issue: we come directly from our members.

Senator HEFFERNAN—You are considered to be perennial nuisances, as I have said once before here to Mr Carter. We do not want to revisit the catastrophe that was about to happen, with the bureaucracy managing to tick an OIE thing for a country that was allegedly BSE-free, when there is no such damn thing—BSE-free herds in a BSE country. Luckily, SBS went over there. I was part of the reason they went. Where do you think the average Australian citizen is on this? What do you think public opinion is?

Mr Bellinger—I issued a press release when I was first notified by the minister that we were going to allow beef in from countries that had BSE. I received more phone calls and letters et cetera from people in Sydney, Melbourne and Perth than I have in my three years as chairman of the Australian Beef Association. This is a major issue east of the great divide and, consequently, they have been ringing me up and saying, 'How can we help, Brad? How can we stop this disaster from happening?' I have said to them all, 'Write to your local member; go to the press,' and one has already put a letter to the *Land* about this issue.

Senator STERLE—Gentlemen, could you tell us who you actually represent?

Mr Bellinger—We have approximately 1,000 members, who are all cattle producers—about 600 of those are current—throughout Australia. So we are a national beef industry lobby group.

Senator STERLE—When you say 600 'are current', what do you mean?

Mr Bellinger—They are paid-up members, but we have about 1,000 on our books.

Senator STERLE—And you are national?

Mr Bellinger—That is right.

Senator STERLE—In which states?

Mr Bellinger—All states of Australia.

Senator STERLE—And how many beef producers are there in Australia?

Mr Bellinger—There are around 200,000 in total.

Mr Carter—But the other organisations would not be able to muster 12,000 beef producers.

Senator STERLE—Would not be able to muster 12,000?

Mr Carter—No.

Senator STERLE—So there are a lot of unrepresented producers?

Mr Carter—Most of the people who pay the levy—in fact, 90-odd per cent of them—are members of nothing.

Senator HEFFERNAN—Could you explain—

Senator STERLE—No, sorry—

Senator HEFFERNAN—This is to help you, to assist you. Could you explain how the votes accumulate in the MLA—how the processors have more votes than the others?

Mr Carter—As to the JBS Swift vote in the MLA elections: with Cargill and one other they have more votes than the producers of Australia have got.

Senator STERLE—So are you saying to me that, as to the thousand, or 600 currently, that you are a major representative of the producers around Australia?

Mr Bellinger—That is right, yes. We speak outside the industry structure. For example, I put a vote in the *Land* on the topic of NLIS; I received 2,000 votes against the system in five weeks. We held a meeting in Roma in 2004 and had 1½ thousand producers attend, which is one of the biggest farm rallies since the days of Canberra in the mid-eighties.

Senator STERLE—I would like to go back to your submission and, in fact, part of your opening statement, Mr Carter. I just want to clear this up. In your submission you talk of the minister's—I take it you mean Minister Crean's—claim that the decision is science based, and you say, 'It is not science; it is political.'

Mr Carter—That is correct.

Senator STERLE—In that case, and correct me if I am wrong, are you suggesting that the Red Cross, the college of pathologists, the blood transfusion society, the haematology society,

the Bone Marrow Donor Registry, the cord blood bank network and the National Blood Authority are all political operatives?

Mr Carter—I am not saying they are political operatives. You have got so many scientific opinions on BSE and TSE around the world that you could write many books on the subject. There is no certainty. This is a learning curve, as I have illustrated in this thing. It is a steep learning curve. There is no certainty. There are opinions, but there is no certainty.

Senator STERLE—What I just want to establish, Mr Carter, is: do you say that, in your view, those representative health bodies that I have mentioned are incompetent?

Mr Carter—I am not saying they are incompetent—

Senator STERLE—in terms of making a science based decision?

Mr Carter—I am saying that, for every one of the organisations you have listed there, there is another organisation somewhere around the world which has a contrary view.

Senator STERLE—But I am saying, Mr Carter, and I want to get it clear from you, that you are saying that this decision was politically based not science based. To someone who does not have a science background, like me, that says quite clearly that these people were not capable of making a science based decision; it was a political decision.

Mr Carter—No, I am saying that the minister—not one minister, three ministers in this case—made a decision that was based upon the political signing of a document by the previous government and that they had used support from some scientifically based groups. But those scientifically based groups have got contrary opinions to theirs all over the world.

Senator STERLE—I interpreted it differently, but I will move on because of time. The Australian Medical Association were invited to have input. I am led to believe they were confident about Professor Mathews's findings. We have Professor Mathews's conclusion here. So your statement about the science base is not the case—it is politically based—also casts aspersions on Professor Mathews's work.

Mr Carter—I would say that I have no doubt that Professor Mathews believes what he has written, but there are people all over the world with equal or greater scientific knowledge. I would like to point out that here in Australia nearly all of that which is scientific is based upon reviews of literature from around the world.

Senator HEFFERNAN—That is exactly right.

Mr Carter—I have got an absolute demolition of those reviews done by a very senior and highly respected Canadian scientist.

Senator STERLE—So what do you say then to Professor Mathews's findings that the risk of an infection from CJD would be 0.002 of a person?

Mr Carter—I am certainly not capable of deciding whether it is 0.002 or 0.01, and he isn't either. It is a guess.

Senator STERLE—So you are saying that Professor Mathews's work is not credible.

Mr Carter—I am saying that it is based upon reviews of literature around the world that are being questioned all over the world by other scientists.

Senator STEPHENS—We can see all sorts of opinions in the science world on any issue we take.

Mr Carter—Yes, correct.

Senator STERLE—I think that is understandable. We have seen a lot of that lately. But, clearly, when one considers what affects Australia, the government consults with those bodies and those representative societies. I find it very hard to accept that that is a political decision and not a science based decision. That is my opinion.

Mr Carter—I am very happy to accept that. But we do get back to the opinions that government is accepting and we are finding that the Red Meat Advisory Council is basically making decisions all the time that coincide with what the department of trade and other bodies in Canberra believe.

Senator STERLE—They will be here later and we can ask questions of them anyway. In terms of representation of Australian producers, the government has consulted with the Red Meat Advisory Council, MLA, the Cattle Council, the Australian Meat Industry Council and the Australian Lot Feeders' Association. Collectively, what do you think their representation would be out there with Australian producers compared to yours?

Mr Carter—I believe that, if it came to a vote on a lot of the issues that we have taken up, and it was a compulsory vote, as the federal election is, we would walk home; we would get well over 50 per cent of the vote. In other words, producers who are not members—the same as your political party, Senator Heffernan's political party and Senator Nash's political party—represent a very small membership in relation to the people that vote.

Senator HEFFERNAN—The bloody—

Senator STERLE—You have had your turn, Senator Heffernan, and quite frankly it is only nine o'clock and I have already had enough of the interference.

CHAIR—Settle down, guys.

Senator STERLE—Through you, Chair, I did not ask you about the vote. I understand and I appreciate you putting that to me, and they can put their points forward. In terms of membership representation, where does the ABA sit with the collective numbers of the other industry representative bodies that I just mentioned?

Mr Carter—Our membership is smaller than theirs. There is no question about that. We are not arguing about that. But we represent the opinion of the vast majority of Australian producers on this particular issue.

Senator STERLE—So in terms of actual numbers I still cannot get to the bottom of it. You have said to us that your representation is a lot smaller than theirs collectively, but you do not know the numbers. And that is not fair—nor should you know their numbers. I will ask them what their numbers are.

CHAIR—RMAC talk in their submission about future import volumes. They say that there is no reason to believe that this policy change will dramatically affect these import levels. They say that, in the years 1990 to 2004, imports to Australia from all countries reached a maximum in any one year of 4,700 tonnes and that was mostly from New Zealand. They do not actually believe the policy change will have a dramatic effect on import levels. But it is clear from your introductory statements that you believe that it potentially will. Why are you right and why are they wrong?

Mr Bellinger—The dynamics have changed markedly in Australia, particularly over the last 10 years. The supermarket duopoly is flexing its muscle and giving Australia some of the highest retail prices for beef in the world. With the high Australian dollar and with grain subsidies and efficiencies in United States feedlots and processing facilities, I think it costs about 58c a kilogram to send beef from the United States to Australia. On the price differential, sirloin, for example, is selling in Australian supermarkets for between A\$30 and A\$50 but it is selling for between A\$15 and A\$16 in United States supermarkets. So the price advantage is there and the dynamics have changed. The mere fact that there have been at least five applications made since the announcement about importing beef into Australia—and the ink is not even dry—gives some indication of the amount of beef that will be coming into the country.

CHAIR—Where is the information available about the applications that have already been made?

Mr Bellinger—That information was made available in the press.

Mr Carter—I would like to make a point about the actual cost. My family is involved in moving a lot of meat. It costs more to send meat from Sydney to Melbourne than from Sydney to Tokyo.

Senator BACK—The discussion about the various bodies associated with blood and blood transfusion was most interesting. But it remains the fact that, despite the proposed changes for the importation of beef, there has been no change at all to the restrictions on the donation of blood by people who have lived or remained in the UK for a certain period of time. It is a question I will soon pursue a bit further. If we can start to import beef I do not know why we cannot start to free up the restrictions. Perhaps that explains why various groups were unable or unwilling to attend.

I want to go to the business of taking beef off the shelves. Can you explain in more detail why you believe it has been asserted very strongly by nearly everybody who is going to appear today

and has put submissions in to this inquiry that beef would go off the shelves in Western Australia if a BSE case occurred in Hobart?

Mr Carter—It is so silly that I have great trouble with it. As I said, I chaired the state authority for 11 years. The idea of any state government—and it would be state governments—taking all the beef off the shelves and putting all those people out of work is ludicrous. It has not happened anywhere else in the world and it would not happen anywhere else in the world. It just does not make sense.

Mr Bellinger—No other country has initiated the policy—I do not know whether it is a policy or an edict—that, once a BSE case is found in a country, all the beef should be taken off the shelves. Australia is in a unique position. We are arguing that this policy, or edict, should never have been introduced in Australia.

Senator BACK—From your knowledge and experience, in the absence of moving in the direction in which the policy seems to be changing, do you know of any mechanism by which we could end up with the BSE prion in the Australian herd?

Mr Bellinger—The established literature shows that BSE is transferred to cattle through the feeding of ruminants to cattle. We have had a ban on ruminant feed in Australia for well over 10 years. The risk that we would have BSE in the Australian domestic herd is minute. The importation of large amounts of meat from countries that have BSE, and the lack of quarantine controls—and we have little faith in them—would suggest that there is a greater chance of contracting BSE from imported meat than finding it in our own herd.

Senator BACK—With the specified risk materials, or SRMs, what particular materials are we talking about?

Mr Carter—The spinal column and the brain. The South Koreans were very remiss, I believe, in not opposing the import of beef from the United States, a BSE affected country. When South Korea and Japan get chips of bone in meat, they take off their list the abattoir in the United States that it has come from. So it is an ongoing battle with bone in the product. The product is meant to be utterly boneless.

Senator BACK—Neural ganglia are also included in the list. From a practical point of view, with your meat inspection experience, how do you identify ganglia?

Mr Carter—I cannot answer that.

Senator BACK—Neither can I.

Senator HEFFERNAN—I want to go to the history of our trade relations and the impact of the consolidation of the industry. Senator Sterle was trying to go to the medical side of this, which is fair enough, but I have not been the least bit interested in the medical side. Back in 2005 we rejected the proposition and the industry decided to go on with self-insurance and not have mandatory SRMs—and I will get to that with them in due course, because they have a flawed argument in their submission. Why do you think the government would pull this on without actually exposing it to public opinion first?

Mr Carter—I believe that they clearly expected outrage; otherwise, there would not have been three ministers doing the press release.

Senator HEFFERNAN—My understanding from the Department of Agriculture, Fisheries and Forestry, who were not particularly bonded to the idea, is that it was a whole-of-government decision driven by trade. Do you think that is likely to be the case? This is no different from the argument on apples, prawns and God knows what else. I see it as agreeing that, because the other countries cannot match our status, we should concede a bit of ground to them.

Mr Carter—We believe very strongly it is the delivery of the side-letter that Minister Vaile signed.

Senator HEFFERNAN—There is no doubt about that.

Mr Carter—That is the beginning and end of it.

Senator HEFFERNAN—You are allowed to have an opinion here.

Mr Carter—That is our opinion.

Mr Bellinger—I asked my local member, Tony Windsor, to ask a question of Minister Truss when he was the Minister for Trade. This goes back to 2007. He asked the question:

Will the Minister give the Australian beef industry an assurance that US beef will not be imported into Australia whilst the US has BSE cases and Australia has none?

Mr Truss answered:

Australia has the sovereign right to set its own food safety standards, including for BSE. Under Australia's policy for the safety of imported food, imports of beef and beef products produced on or after the date a country reports an indigenous case of BSE are prohibited.

That was the government's policy in 2007. That policy has been changed by this government.

Senator HEFFERNAN—It has; there is no question about that. We cannot see this as anything other than lowering the trade barrier. I have to say that Swift—and there will be an inquiry instigated out of this committee—are acting in a very predatory manner in some areas, and are putting a lot of pressure on the industry at a time when the industry is almost on its knees. There were 8½ thousand cattle in one yard last week in the north, and 7½ in another. And this is done with a clandestine operation without consultation. Whether the industry want to blab that they consulted based on what their position was four years ago, the New South Wales Farmers Association Cattle Committee was not consulted. There is no way of getting around that. We were not consulted. I have to say, it is based on a lazy trade position because of a threat from the WTO. Thanks very much.

CHAIR—Mr Bellinger and Mr Carter, thank you very much for appearing here today. We appreciate your time.

[9.15 am]

BURRIDGE, Mr Gary, Chairman, Processor Council, Australian Meat Industry Council

DORIAN, Mr John, Veterinary Counsel, Australian Meat Industry Council

MARTYN, Mr Stephen, National Director, Processor Council, Australian Meat Industry Council

Mr Burridge gave evidence via teleconference—

CHAIR—I now welcome via teleconference Mr Gary Burridge, representing the Australian Meat Industry Council. Mr Burridge, could you please provide the capacity in which you appear today.

Mr Burridge—I am appearing today as the Chairman of the Australian Processor Council of AMIC, AMIC's peak processing council. On the bench in front of you Mr Steve Martyn and Mr John Dorian are also present.

CHAIR—Thanks very much, Mr Burridge. Would you like to make a brief opening statement, and then the committee will ask questions.

Mr Burridge—No, Senator. I think our position is fairly well known with regard to this matter, and had been for some considerable time.

CHAIR—I also welcome in the room here with us Mr John Dorian and Mr Steven Martyn. Would either of you like to make an opening statement before we move to questions?

Mr Martyn—We are in the hands of our chairman.

Senator HEFFERNAN—Could you explain to the committee—and to the people of Australia, by the way: what is the make-up of AMIC in terms of foreign ownership of the institutions you represent as a percentage of the available capacity in the industry?

Mr Burridge—Sitting here right at the moment, I could not tell you the exact percentages—

Senator HEFFERNAN—It doesn't have to be exact, mate; just make it—

Mr Burridge—I understand the question you are asking—and I question the relevance of it. At the end of the day AMIC represents all processors in Australia. And it is based on the premise of one organisation, one vote. So, if you are questioning the overseas ownership: it is one organisation, one vote.

Senator HEFFERNAN—What percentage of Australia's processing—major processing, not some bloke who kills three cows a week for the local butcher shop—makes up the market?

Mr Burridge—You have lost me. Senator, could you explain that again, please?

Senator HEFFERNAN—With respect to the likes of Swift, Cargill—whoever you like—what percentage of the kill do they represent in Australia? Could I make it any plainer?

Mr Burridge—I do not know that I can answer. I do not know whether Mr Martyn—

Senator HEFFERNAN—You are pulling my leg, surely.

Mr Burridge—No, I am not. I do not sit here and monitor the exact percentages of the companies that may be owned—

Senator HEFFERNAN—You would agree then, Mr Chairman, that it is the majority?

Mr Burridge—It is a significant proportion.

Senator HEFFERNAN—Oh, Jesus!

Mr Martyn—Maybe I can add to this. A lot of this information is confidential to individual companies. However, there is in fact an industry summary called the ‘Top 25’ which lists the top 25 processors in Australia, their employees and their production. I would be more than happy to provide that out-of-session. It is a public document. The other comment I would make is that international ownership in Australia has been here for over 100 years. It began back in the early 1900s. We have had a series of investments in this country from England, the United States and Europe. The same structure exists today.

Senator HEFFERNAN—How many votes do the people you represent get in the MLA election?

Mr Burridge—Steve Martyn may answer that.

Mr Martyn—Again, through you, Chair, this is a confidential—

Senator HEFFERNAN—Ha ha. Confidential or a cover-up?

Mr Martyn—issue. You would have to ask MLA that. I do not have a vote in MLA, so I cannot comment. But my understanding—and you can ask MLA later—is that it would be reflective of the actual transaction levies they pay.

Senator HEFFERNAN—And the stock they have on feed. So when were you consulted? I have had this conversation with you earlier, Mr Burridge, you may recall.

Mr Burridge—Yes, you have, Senator Heffernan. This has been on our agenda for many, many years.

CHAIR—That was not the question, sorry, Mr Burridge.

Senator HEFFERNAN—When were you consulted about this particular decision?

Mr Burridge—I was personally consulted by one of our members—and it was not one of the multinationals—who asked when we were going to overturn this issue and take the issue forward. I was personally asked by one of our members when this would move forward.

Senator HEFFERNAN—No. I am asking you when you were consulted by the government on this decision.

Mr Burridge—We brought it up—

Senator HEFFERNAN—Were you consulted at all before it was announced?

Mr Burridge—Yes.

Senator HEFFERNAN—When?

Mr Burridge—We brought the matter up at a RedMMAC meeting in Canberra with government, particularly the department.

Senator HEFFERNAN—So, according to the red meat—

Mr Burridge—Red Meat Market Access Committee.

Senator HEFFERNAN—document, you were consulted. Were you one of the ones consulted on 16 October, four days prior to the announcement?

Mr Burridge—Yes, I would imagine we were consulted four days prior to the announcement you are talking about.

Senator HEFFERNAN—Were you surprised by that?

Mr Burridge—No.

Senator HEFFERNAN—Righto. Some of your members were.

Mr Burridge—They may have—

Senator HEFFERNAN—The smaller ones.

Mr Burridge—They may have been surprised—

Senator HEFFERNAN—I except that, for the big fellas, it is in their interests. I experienced the meat quota proposition where Australia was kept out of the contingency market because it suited one of the operators to use that quota elsewhere. I have been through that. I have been through the business in Brazil. I was the whistleblower there. You guys sat back and watched all that happen, and you sat back and watched all this happen without consultation. There is nothing

wrong with a bit of an earnest debate about the thing. As I say, I am not interested in the health provisions. As you know, there was pressure on us earlier to have a higher testing regime. Instead of 20,000 or 30,000 or whatever it is we tested, they wanted to do many hundreds of thousands to try and catch us with a reactor when the whole game was on. In terms of the interests of the people you represent, what proportion of those interests will become importers into Australia?

Mr Burridge—I am not aware of individual companies' predisposition to import meat.

Senator HEFFERNAN—I am.

Mr Burridge—What I would say is that the matter of the BSE meat-off-the-shelves legislation has been discussed at every state and national meeting for over five years at intermittent intervals, and at all stages there has been unanimous support for the removal of that legislation.

Senator HEFFERNAN—Under the existing policy, pre-emptive removal of SRMs would fail to address the risk of all beef and beef products being removed from Australian shelves should there be a case of BSE. If there is full mandatory SRM, why does that fail? I was at the airport meeting and there was a lot of pressure from the renderers because of a certain cost to the renderers. I am sure the Red Meat Advisory Council will explain the words later. Bear in mind the Red Meat Advisory Council put out a vision document with much hoo-ha in parliament a few months ago which completely excluded the possibility of an impact from emissions trading on the beef industry, which at 40 bucks a tonne is 35 per cent of the production cost and at \$17 a tonne means every irrigated dairy farmer would be insolvent if it were to go ahead. And look at what they have discovered in Europe now. Bear in mind that that is the same RMAC. Please explain to me what is the logic behind the idea that if you have SRM removal you will still have to remove the meat from the shelves?

Mr Burridge—The first thing is the definition of SRM removal. There are various levels of that removal. If you go back to the position in Europe and in Canada where the total SRM removal was significant—

Senator HEFFERNAN—To the point of no T-bone steaks?

Mr Burridge—essentially if you followed the logic right through and took it all off the shelves in Australia the costs of that would be prohibitive, particularly when Australia has been deemed to have zero or negligible risk under the OIE criteria. Our position in relation to this matter has always been that we have not had a case of BSE in this country. We have not been required by OIE to remove SRMs from our food, and our industry has adopted that scientific evidence. That same scientific evidence says that meat is safe to eat in every European country and every North American country as it is presented fit for human consumption at the retail end. We have followed that same science through in our processing methodologies.

Senator HEFFERNAN—So why do we SRM-remove now for export?

Mr Burridge—It is only where there is a customer-specific requirement.

Senator HEFFERNAN—And that is to protect their market, obviously?

Mr Burridge—They do it for whatever reasons they predetermine.

Senator HEFFERNAN—What percentage of our export is SRM-removed?

Mr Burridge—It probably only affects manufacturing trim. I think they are the major driver for SRM removal.

Senator HEFFERNAN—I am aware who it affects, but what percentage?

Mr Burridge—I would say fewer than 40 per cent require it.

Senator HEFFERNAN—But it could be half?

Mr Burridge—I doubt it.

Senator HEFFERNAN—You have got very vague controls over the people you represent if you do not know the answer to those sorts of questions, thank you very much.

Mr Burridge—The issue is that there is no requirement to remove it.

CHAIR—One of the issues surrounding your industry's decision to move down this path of review is this issue of the potential to have to remove meat from the shelves. In your view, under the current arrangements that are in place, what is the chance of a breakout of BSE in Australia?

Mr Burridge—I would say that it is very limited, based on the science that we have been provided with and that has been provided by international and domestic experts. I would suggest that our industry has probably been the one that has banged on governments' doors—and, I say, repeatedly on government doors—over the years at any time an international trading partner introduces a non-science based trade barrier. We have asked government to assist us and we find it somewhat hypocritical that we would maintain legislation that has no basis in science.

CHAIR—Given what seems to be negligible risk of an outbreak of BSE occurring here under the current arrangements, why then do you argue so strongly that it is so important to have a change in the arrangements, because there would be a requirement for all meat to be removed from the shelves. From what you are saying, it is not going to happen anyway.

Mr Burridge—The issue is, we challenge and ask government to challenge every one of our international trading partners every time they put in place a non-scientifically based trade barrier. It is somewhat hypocritical for Australia to maintain a non-science based trade barrier as is the case with this piece of legislation.

Senator HEFFERNAN—If that is the case, do you think we should have national livestock traceability?

Mr Burridge—We have got national livestock traceability.

Senator HEFFERNAN—But do you think we should?

Mr Burridge—For ourselves?

Senator HEFFERNAN—Yes.

Mr Burridge—We already have national livestock traceability.

Senator HEFFERNAN—But do you think we should have it? Do you think it is a good idea?

Mr Burridge—Yes, I do.

Senator HEFFERNAN—Do you think other countries should have the same?

Mr Burridge—That is their prerogative.

Senator HEFFERNAN—Yeah, mate, you want you cake and you want to eat it too, because you represent a whole lot of multinationals.

Mr Burridge—I think you are inferring whether the underpinning policy of allowing meat into this country should or should not have those types of requirements. Is that where you are coming from?

Senator HEFFERNAN—No, I am mindful of the proportion of the industry and of the global trade that you represent. I am also mindful of the fact that most countries are nowhere near the situation that is so gloriously represented in Brazil, where they have the cross-border illegal trade with their neighbours to add value. It is like the Indians: they transport some of their cattle that they pat and milk across the border so they can sell them. It absolutely flies in the face of commonsense that someone as notable as the OIE could give a desktop approval to a country based on the fact that we do not have enough vets to supervise ourselves let alone go over there and go through the higgledy-piggledy and likeable rogues in all the meat industries. How the hell are we ever going to know, given that the RMAC submission today says that we are going to do away with the emphasis on status of country and go to the status of the cow that comes from the heard? How are we going to supervise that if we have not got full traceability? Isn't that step 1, which we would have to demand?

Mr Burridge—I think that is a question that should be put to the department and not necessarily to me.

CHAIR—Mr Burridge, as you have raised the trade area and the consistency, I guess, as you see it, obviously in some of the submissions there has been a reference to the WTO intimating that there was a belief that Australia would be taken to the WTO on the basis of the fact that our arrangements were there to preclude imports. In the submissions that I have read there are no specifics around those suggestions. Could you give the committee some specifics on who from other countries has said that and why you think there is going to be a case before the WTO? The actual detail is very light on in the submissions.

Mr Burridge—I am not personally aware of any exact discussions but, as I said from the onset, our industry is confronted constantly with non-tariff trade barriers in various markets. We hold a very strong view that anything that restricts trade has to be science based. For over seven years we have had the view, which we put before you today, that his legislation should be removed. From our perspective, it has nothing to do with anything to do with WTO rulings. It is an underlying principle that our organisation carries.

CHAIR—On that basis, have you had any other countries say to you that, because your country has not changed the arrangements regarding BSE, we are going to perhaps put some difficulties in your way in terms of exporting to other countries?

Mr Burridge—Not to me personally. I am aware that Canada is presently looking at taking some countries to the WTO over restrictive trade practices.

CHAIR—We will ask these questions of other parties later, but there is nothing specific to you.

Mr Burridge—Unless one of my colleagues at the bench would like to make a comment.

Mr Martyn—You will obviously be talking to the departments later and they have far greater detail, but it is certainly our understanding that this issue has been raised in a number of trade discussions, both privately and publicly, over a number of years. It has obviously been a point of sensitivity. But obviously governments have a better understanding of just where those sensitivities lie.

CHAIR—We will certainly ask the department that, but there are obviously degrees between intimations in conversations that countries should perhaps change their arrangements or rather more definitive noises, if you like, coming from other countries about where they are prepared to go in terms of the WTO.

Senator HEFFERNAN—To follow on from that, would it be fair to say that in terms of our status, which is BSE free for all intents and purposes, that we have had a trade advantage at certain times in Japan and Korea?

Mr Martyn—That trade advantage is based on a number of things.

Senator HEFFERNAN—I am aware that they brought in the 30-month rule, but we did get meat in there when others lost the market. That is what I am asking you. Just speak non-bureaucratic, plain language, mate.

Mr Martyn—Certainly the United States and Canada getting BSE did allow Australia to get access.

Senator HEFFERNAN—Would wouldn't you say that in the first place. All this bureaucratic crap that people go on with. Of course we got a trade advantage, didn't we?

Mr Martyn—I just made that point.

Senator HEFFERNAN—Right.

Senator STERLE—Mr Burridge, could you tell the committee how many beef producers are represented by AMIC.

Mr Burridge—Beef producers, probably, are not directly represented by AMIC. We represent the processors. I can comment—and this is a person comment—that my organisation represents 1,600 primary producers.

Senator STERLE—I do not know if you were online previously, but certainly Mr Martyn and Mr Dorian were here for our earlier witnesses who made the statement—and I would be interested to get AMIC's response through you, as the chair, Mr Burridge—that they dispute the minister's claim that the decision is science based. They say it is political science, not medical or economic science. What is AMIC's response to that statement?

Mr Burridge—The first comment I would make is that the introduction of this piece of legislation was never protectionary with regards to trade. It was introduced at the point of time when the science was vague, unknown and uncertain. There was not a clear link how BSE per se was being transmitted into the livestock herds in Europe. There was not a clear and definitive link from those infected animals to potentially CJD in the human population. As such, that legislation was introduced as a precautionary measure, not as a trade barrier per se for the sake of commerce. It was on a point of an unknown disease potentially of exotic nature with a transmission through to the human form potentially of CJD, again with an unknown transmission.

Senator HEFFERNAN—Can I say if you hang on the line for a little while you are going to learn something today, because what you have just said is wrong.

Mr Burridge—That may well be the case, Senator. I can only base it on what science is saying.

Senator STERLE—Bearing in mind the amount of coverage your council does have in this industry, do you believe the consultation process was adequate?

Mr Burridge—From our perspective it was more than adequate. All of our members were engaged across the years. As far as other sectors are concerned, I believe the Cattle Council, ALPA through RMAC were all engaged, and they are the peak producer representative bodies. I can only suggest from my perspective that the consultation process appeared adequate; in fact, more than adequate.

Senator STERLE—Thank you.

Senator BACK—With regard to the consultations that you had with the government in this process leading up to the announcement, were you asked to sign or were you asked to indicate that you were prepared to enter into some form of confidentiality agreement that you would not discuss this outside that process?

Mr Burridge—Yes, we were. We did not sign anything. We were asked to keep it confidential whilst government communicated with everyone.

Senator BACK—And you found that acceptable?

Mr Burridge—I found it acceptable given that government undertook to communicate with various parties.

Senator BACK—Gentlemen in front of us, you found that acceptable as well?

Mr Dorian—Certainly.

Senator BACK—At what stage do you believe that it was likely that this actually might have become public after this confidentiality process?

Mr Burridge—We are not aware of the exact timing of anything becoming public. We were not actually informed until it did become public.

Senator BACK—Did you or any of your associates put to government that it might not be a bad idea or that you would agree to that confidentiality based on the fact that somebody associated with government would actually alert the opposition to this at the time or prior to the time of the announcement?

Mr Burridge—I would say yes, that is the case.

Senator BACK—You did ask that that process take place?

Mr Burridge—That was clearly our position, yes.

Senator BACK—You are aware, of course, that it did not.

Mr Burridge—I was aware after the event that it did not.

Senator BACK—I wonder if any of you actually raised that with people in government, that it seemed to be an untoward process?

Mr Burridge—I would have to say I did not personally, unless either of my colleagues did.

Senator HEFFERNAN—We all thought it was treacherous and traitorous.

Senator BACK—I am asking Mr Dorian and Mr Martin. Did either of you respond to government? Did you express disappointment or surprise?

Mr Martyn—Certainly the general view of industry was that there would be a wide consultation. It was not up to us to consult with anyone else than our own members, which we did. Obviously if there were in fact failures or shortcomings in that consultative process then we

did indicate to government that it seemed to be the case, but again that was not our role. Our role was to consult with our members and we did. They were very aware of the policy that we held.

Senator BACK—In the life of the previous government, Mr Burridge, are you aware of any precedent? Were you ever consulted or did you enter into negotiations or discussions with the previous government on the basis that you would not share or know that that information was going to be shared with the then opposition?

Mr Burridge—I was not in the seat at that time, I was not in the seat of chairman, so I am not in a position to answer. I was aware clearly that AMIC had discussions with government over this particular matter and removing this particular piece of legislation. But I cannot say anything more than that, because I was not sitting in the seat as chairman.

Senator BACK—Thanks, Mr Burridge. Mr Martyn or Mr Dorian, do either of you recall back that far?

Mr Martyn—I cannot recall any particular instances, but from time to time obviously issues are confidential. We respect confidentiality in whatever forum that is. It is the way to ensure that any policy is developed in a cohesive manner.

Senator HEFFERNAN—This particular confidentiality was based on the fact that we would be consulted.

Mr Martyn—In a broad sense we asked that everyone would be consulted, but obviously it was not our prerogative to be providing that consultation other than to our own members.

Mr Dorian—I cannot make a direct comment on the question on the table at the moment. I just want to clear something up because I think it is not coming out clearly. This is not a new position from AMIC's point of view. This has been a position held for a very long time and discussed with other governments for a very long time.

CHAIR—We understand that. That is very clear.

Mr Dorian—When you talk about consulting it sounds like it is a recent thing that has all gone out. We have consulted with government for a long time on this.

Senator HEFFERNAN—But circumstances change. We were down to 47c or whatever in the dollar, if you are talking about parity. That impacts not only on your industry but on the poor old producer.

Senator BACK—Perhaps the point you just made, Mr Dorian, takes me also to that point of confusion. Since this is not a new issue, since it has been around for years, it just amazes me that this whole process at that time seemed to have been conducted in a highly confidential, behind-the-scenes level, when (a) as you say, it was not new and (b) it obviously had to become public. So I thank you and completely agree with you. Can you explain to the panel the background to the National Livestock Identification System—what the imperative was and why it came into existence?

Mr Dorian—Goodness. I think you need another inquiry on your own on that. Simply, the ability to differentiate between animals and determine whether animals are or are not fit for the particular purpose that they are aimed at obviously relies on some sort of ability to recognise whether it is animal A, animal B or animal C. In a cost-effective mechanism, the higher the level you can do that to the better you are in a position to meet market expectations. I am talking about commercial expectations as well as government-to-government, country expectations. My personal view, and I believe AMIC's view—but Stephen may correct that—is that we should have the most comprehensive animal ID we can afford which will give us a commercial outcome.

Senator BACK—It is the case, is it not, that Australia not only has the world's best practice but is the only country in the world that has a properly defined identification scheme—back to farm, back to animal?

Mr Dorian—In some elements that is certainly correct. It is a very broad-brush area. I do not think you can be too focused when you make those statements.

Senator BACK—Is there another country that is better than Australia? Does anyone else have a compulsory scheme like we do?

Mr Dorian—Of course there is no other country better than Australia.

Senator HEFFERNAN—That was not the question.

Mr Dorian—The answer is: I do not know of one. Other countries have elements of an ID system. We have more elements more comprehensively placed.

Senator BACK—Good. Thank you. That takes me to a submission—not to your submission but to the Red Meat Advisory Council's submission, which is publicly available. It talks about the long-term effects on Australia under the old existing—and, I must admit, it puts in brackets the word 'existing', so fortunately it still is—policy which says:

... if Australia were to be affected by an unlikely single case of BSE, the results would be devastating for the sector and the economy.

How does that change under the proposed new policy? If we had a single case then, how would it not be devastating for the sector or for the economy?

Senator HEFFERNAN—That is what you call a 'stake in the heart' question.

Mr Dorian—I am happy to have a go at explaining the view on that. Firstly, we talk about these terms as if they are black and white, simple and clearly defined, and when you are talking about diagnosis and SRMs they can mean different things. People talked before about different scientific opinions out in the world on various issues. All I can say is that, with the way the food standards code currently is structured, if the logical sequence of events occurred if we had an indigenous case of BSE then there would be at least an attempt to restrict beef off the shelves in that sense. That is where the common terminology comes from.

CHAIR—Can I just come in there. You have just used the words ‘there would be an attempt’. Through the submissions it seems to have been made very clear that beef would come off the shelves if there were a BSE outbreak. So, just so the committee is clear, is what you really mean that there would be an attempt to do that—that it would not happen automatically?

Mr Dorian—To be clear on that, I am not a constitutional lawyer. I think the responsibility lies with the states, and individual states may act individually. But you would find that that is where you would end up.

CHAIR—No, I understand that. Perhaps we have misread it but it certainly seems that the intent put forward by the submissions is that beef would come off the shelves. I just need to be very clear that it is potential—an attempt; obviously, that is something for us to ask further questions on.

Mr Dorian—I will leave my colleagues to answer as well, but the bottom line is this: if a state made that decision, then other states would, in our opinion, follow.

Senator HEFFERNAN—Sadly, you are avoiding Senator Back’s question. The question was: before and after—what is the difference? You have not answered it.

CHAIR—Senator Back can re-ask his question.

Senator BACK—My question, to remind you, was this. Under the existing policy, if Australia were to be affected by an unlikely single case then the world would finish tomorrow. My question was: how is that different if the policy changes and we then do have a scenario in which countries who themselves at the moment have level 2 status under the OIE classifications can import beef?

Mr Dorian—If we had an indigenous case of BSE, what I was trying to allude to is: that definition, that diagnosis, is not itself clear cut. There is atypical BSE. You can have a lot of discussion about what is or is not BSE. In that interim period of the discussion, whether a day or a year, all sorts of unanswered questions are open to us. Our personal view, our industry view, is that we need to clarify the situation about what happens if that occurs, independently of and separately from any trade or other discussions.

Senator BACK—Sure. As our profession, the veterinary profession, pushed very hard for the national livestock identification system, it is the case, isn’t it, that Australia finds itself better positioned than practically any other country. As to the first form of defence, be it domestic meat off domestic shelves or foreign markets reciprocating, we are in the unique position, aren’t we, that we could actually go back to farm and back to animal, as a result of our identification system. Practically no other country in the world could do that, could they, in a similar circumstance?

Mr Dorian—I could support that statement, Chair.

Senator BACK—So when we say that all beef could be removed—and, Chair, I thank you: it is not ‘would be’; ‘would’ and ‘could’ seem to get confused in this debate. But what the Red

Meat Advisory Council correctly says is that all beef could be removed, and I say, and you agree, that the NLIS would give us a lot of protection there.

The second point we make is that foreign markets could reciprocate by locking Australian products out without scientific justification. Again, we find ourselves better positioned, don't we, than any other country in that situation?

Mr Dorian—I believe so.

Senator BACK—If we were the subject of some attack by the World Trade Organisation, we could stand up and say, 'We have got this in place; neither you nor any other country can actually state that with the same degree of surety that we can.'

Mr Dorian—I think you are putting a case for conjecture and what might happen in the scenario, and I do not think—

Senator HEFFERNAN—What is that supposed to mean?

CHAIR—But you are basing all of your arguments for changing the arrangements on conjecture—on what might happen. Beef might be removed off the shelves. There might be a challenge in the WTO. So I would say there is conjecture already occurring.

Mr Dorian—Absolutely. But we have put on the table what our view is. What I am saying is that, to hear another conjecture is, well—what am I going to say? Yes, that is another view.

CHAIR—I will go back to Senator Back and he can continue on that.

Senator HEFFERNAN—Could I interpose one question. The question that Senator Back puts is 'before and after'; RMAC says the new arrangements will require beef and beef products which are derived 'from animals', not countries. Isn't that, in this document, conceding that, even though we have gone to the trouble of full traceability, we actually do not expect countries, under the new plan, to have to have full traceability? They are saying, 'Not countries, just animals.' And we all know that there is no such thing as a live test. How are you supposed to come to terms with the logic there if you are not conceding that that is one of the things that we are going to insist on? And bear in mind that Japan was trying to go to a position where we had full cut traceability, not only animal traceability. Are you aware of that?

Mr Dorian—Yes.

Senator HEFFERNAN—They want to up the ante even further, and here we are with RMAC saying, 'We will not worry about a country status; we will just go to animal status.' What is the logic behind that? They are represented by you. Did you have any input into that?

Mr Dorian—When you say that they are represented by me, do you mean that RMAC is represented by me?

Senator HEFFERNAN—No. They represent you.

Mr Dorian—I think we are getting a bit off the track here, with all due respect.

Senator HEFFERNAN—I do not think we are.

Mr Dorian—I am not quite sure where this is leading. If you are asking whether we would prefer overseas countries to have a better system of ID than they currently have, the answer is yes. If you are asking whether we would prefer Australia to have a better system of ID than we currently have, the answer is yes.

Senator HEFFERNAN—Were you involved in the advice to RMAC?

Mr Dorian—AMIC does communicate with RMAC, yes.

Senator HEFFERNAN—Do you agree with what is in this submission to this inquiry—that we should do away with the status of countries and just focus on animal status?

Mr Dorian—Are you asking for my personal opinion? If you are then yes.

Senator HEFFERNAN—I am asking your mob—AMIC.

Mr Dorian—It is a question out in the ether which you have to bring back to reality. You have to bring it back to the real world. The issue is: this is not a disease which is contagious in the sense of a normal contagious disease.

Senator HEFFERNAN—This is not about the disease.

Mr Dorian—It is.

Senator HEFFERNAN—This is about the process. This is doing away with traceability.

Senator BACK—If I can reclaim the questions, this does take me to the point—and I will certainly ask the Red Meat Advisory Council about this since it is in their submission—that there are a number of countries listed as having negligible BSE risk, such as Argentina, Chile, Norway, Paraguay and Uruguay. Do we know the basis on which they are deemed to have a negligible BSE risk? I do not know. I just wondered whether Mr Burridge or Mr Martyn—

Mr Burridge—I would suggest that that particular question needs to be put to the department.

Senator BACK—I certainly will do that. Can I just ask you my final question, Mr Burridge. In the event that this does take place at the end of March—I understand 1 April is the date for the new conditions to apply and perhaps there is something ironic in that—and meat from these countries that currently are not allowed to import to Australia is on our shelves, will you be happy for product branding to state that some or all of the meat on the retail shelf that the consumer is about to select from comes from countries which at this moment are not in a position to be able to import to Australia?

Mr Burridge—AMIC has always had a very strong position of truth in labelling. Therefore, I see no problem with the proposition you are putting forward.

Senator BACK—I thank you for that. About two-thirds of our beef production at the moment is exported. We know that. That is broken down. Have AMIC undertaken a risk analysis of how that might affect Australia's beef exports in the event, however unlikely, there is one in 40 million or whatever? Has anyone done a risk analysis to indicate what the effect could be on our exports?

Mr Burridge—Are you referring to the risk of product coming into the country or to a BSE incident? I am not quite sure what you mean.

Senator BACK—What I am asking is: in the event that we actually ended up with a single or a number of BSE cases or, heaven forbid, even CJD cases, what would the impact be on Australian beef exports in that scenario?

Mr Burridge—I believe an amount of work was done a number of years ago. That would probably be best answered by others, but there was a significant amount of work done in the preparation of the NLIS system. One of the drivers for that was the ability to trace and convince our global trading partners that we were able to isolate and control a single incident and find cohort animals if we were to have a problem. That work was done seven or eight years ago. Others who will be before you today may be better to answer that question for you, but the damage was significant.

Senator BACK—I do not know whether this is a question or a summary: is this whole exercise a race to the bottom?

Mr Burridge—I do not think so. The reality is that we cannot hide behind a non-scientifically based argument as a trade constraint. We would object to it if any of our global trading partners introduced one; therefore, we cannot be hypocritical and allow one to exist in our jurisdiction.

Senator HEFFERNAN—Forget about OIE. They are a bunch of bureaucrats. Would you agree that it would be a reasonable position for Australia to take—and I agree with you that it has to be scientifically based. The reason we have kept apples out is that, under an import risk analysis, the scientists said we would bring in fire blight. Would you agree that the most fundamental thing that must occur before anyone can import meat into Australia is that they must have full traceability?

Mr Burridge—That is not for me to define. That is for the department to bring back—

Senator HEFFERNAN—But you are able to have a private view.

Mr Burridge—I can have whatever private view I like, but I am speaking to you as the chairman of AMIC. It is not for us to define the underpinning protocol and the appropriate science around it. We can challenge it, or have a view when it is tabled, but at this point we do not have the scientific information to either accept or reject the position. We can certainly question it when it is tabled.

Senator HEFFERNAN—Could you provide on notice the proportion of the kill from the operators you represent that are foreign owned.

Mr Burridge—I suppose we can do anything, but as to whether our members believe it is appropriate—

Senator HEFFERNAN—I am asking you for that, and that is why you are here.

Mr Burridge—At this point I am not prepared to do that, simply on the basis that I do not have a mandate to do such things.

Senator HEFFERNAN—Could you take that question on notice and respond to the committee.

Mr Burridge—What you are asking for is already available to government anyway.

Senator HEFFERNAN—We are at a hearing and you are a witness. Under the processes of the Senate I am asking you to provide that information on notice to the committee.

Mr Burridge—I will just take counsel. Steve, can tell me where we stand legitimately?

Senator HEFFERNAN—You can take it on notice. You do not have to have that discussion here. In due course you will respond to the committee with either the information or the reason why you have not provided it. If you do not, we will come after you.

Mr Burridge—That is fair enough.

Senator HEFFERNAN—Mr Martyn, do you want to have a crack at that?

Mr Martyn—No. I am happy to take it on notice and come back with our best effort.

Senator HEFFERNAN—Can I go to the fact that you are interested in truth in labelling. Until I sprung them, we imported cases of green prawns from Indonesia that proudly stated ‘made in Australia’. We are bringing Chinese water into Australia in Chinese bottles and the label says ‘proudly Australian’. This is a silly question, because I know the answer: do you think our labelling laws are anywhere near fair dinkum? We bring in prawns from Indonesia that say they are made in Australia because we value add to them 50 per cent. So what is to stop whatever it is that is coming in from the United States from being branded ‘made in Australia’ if we value add to it 50 per cent? Do you think I am that stupid that I would let you get away with that? Should our labelling laws require that if it is American meat it should say ‘proudly American’, not ‘proudly Australian’?

Mr Burridge—Control of that is vested within the powers of government.

Senator HEFFERNAN—Bear in mind that this is the government that, for the first time in history, locked you blokes down in confidentiality after you requested that it consult people such as the members of this committee—because we want to put these things under scrutiny to protect Australia’s clean, green and free image—and you conceded to it.

Senator STERLE—That is a comment, Deputy Chair. Some of the behaviour of the previous government in Senate estimates about locking people down was absolutely out of order.

Senator HEFFERNAN—We got up the previous government as much as we will get up this government!

Senator STERLE—What a disgrace that last government was at some of the estimates!

CHAIR—Mr Burrige, Mr Dorian and Mr Martyn, thank you for appearing before us today. We shall now break for morning tea for 15 minutes and come back with the Red Meat Advisory Council

Proceedings suspended from 10.00 am to 10.16 am

BARWELL, Mr Robert, Vice President, Cattle Council of Australia

BROWN, Mr Greg, Cattle Council of Australia, Director, Red Meat Advisory Council

BURRIDGE, Mr Gary, Chairman, Processor Council, Australian Meat Industry Council

CUDMORE, Mr Jim, President, Australian Lot Feeders Association, and Director, Red Meat Advisory Council

DORIAN, Mr John, Veterinary Counsel, Australian Meat Industry Council

GORDON, Mr Dougal, Executive Director, Australian Lot Feeders Association

MARTYN, Mr Stephen, National Director, Processor Council, Australian Meat Industry Council

McIVOR, Mr Ian, Chairman, Red Meat Advisory Council

PALMER, Mr David, Managing Director, Meat and Livestock Australia

TOOHEY, Mr John Justin, Secretary, Red Meat Advisory Council

Mr Burridge gave evidence via teleconference—

CHAIR—I welcome the representatives of the Red Meat Advisory Council. I understand that the representatives of the Australian Meat Industry Council will rejoin us, including Mr Burridge by teleconference when the link is re-established. You have lodged submission 5 with the committee. Do you wish to make any alterations or amendments to the submission?

Mr McIvor—No.

CHAIR—I will invite you to make a brief opening statement before we move to questions.

Mr McIvor—Thank you, Madam Chair. In order to fully understand the RMAC role, I will briefly explain the structure and workings of the Red Meat Advisory Council. The council was formed in 1998 as an outcome of the review of the meat and livestock industries convened by Primary Industries Minister Anderson. Its members are the five peak councils representing the meat and livestock industries. The roles, responsibilities and objectives of RMAC are set out in the memorandum of understanding drawn up between the five peak councils together with the three industry service provider corporations and the Commonwealth of Australia. Under this MOU, RMAC has four defined functions—namely, to coordinate the whole of industry policy, act as custodian for the MOU and the meat industry strategic plan, management of the meat industry research fund and, finally, to respond to the minister on issues the minister may raise.

We appear today at your request following the recent announcement of the change in government policy relating to the BSE and imported food safety policy issues. I trust that we can

be of assistance to your deliberations concerning these issues. May I ask your permission to have our secretary, Mr Toohey, speak briefly to our written submission. Following that I would then ask through you to invite any senators to ask any questions they may care to. Thank you.

CHAIR—Thank you, Mr McIvor.

Mr Toohey—In relation to our submission of 26 November 2009, I will just run through it very quickly as you have had it in front of you for some time and will have a chance to read it afterwards. The team before you is the Red Meat Advisory Council. As the chairman of RMAC just described, it includes Meat and Livestock Australia, which comprises 46,500 members. The group before you would pale into insignificance any other organisation that suggests that it represents the industry given the aggregate representation across the front of the table here.

In the submission we provide background of the differences between the negligible BSE risk, the control BSE risk and the undetermined BSE risk and list the countries that are within those categories. On the import policy, old and new, you have already referenced that in some of your earlier questioning. On New Zealand's position, we make the point that it modernised its beef import risk policy three years ago and there seems to have been no detrimental impact on New Zealand. I do not see any evidence of their being flooded with imported beef and, indeed, Australia continues to accept the integrity of the New Zealand BSE-free status.

I would like to read a couple of sentences on page 3 of the submission in relation to equivalency:

The new Australian policy is similar to OIE guidelines as adopted by other countries, including New Zealand, but with the added safeguard that Australia reserves the right for its authorities to inspect relevant export facilities and food safety systems to verify food safety system claims. Through RMAC and other avenues industry will be insisting that government authorities exercise this right and, further, require the exporting country's food safety systems to deliver equivalent outcomes to those systems applied in Australia. This is particularly relevant for cattle identification and traceability mechanisms.

We finish off that section there by supporting the risk based assessment approach.

We then move into responses by issue. These were drawn somewhat from a media alert that we put out at the time. The reason for the list here relates somewhat to the public statements that were made, so we felt it appropriate to list those public statements and put counterarguments under that in a dot point format. So we cover the pre-emptive SRM removal; the health status of imported beef and beef products; future import volumes; Australia's clean image and negligible BSE risk status and any impact the change in policy is going to have on that. Again, we reference New Zealand's situation; Australia's access to overseas beef markets; we touch briefly on consultation, which, undoubtedly, will get more time during questions; industry involvement in the decision, and we reference the letter that we wrote to the three ministers on 18 September; various influences from overseas in respect of this process; and, on page 6, and, the scientific justification, in which we reference John Mathews's report and the 101 references that he made in his bibliography, and that would surely be just a portion of the body of scientific evidence around the world. On page 6 we also cover the OIE reporting quite a dramatic reduction in BSE incidents around the world. There are four dot points there emphasising the dramatically reducing trend of BSE around the world. Also, in Professor John Mathews report, there is

reference to the variant CJD reductions. We also cover the long-term effects on Australia; pressure from multinational companies in Australia; and then there is a conclusion. I have nothing further to add.

CHAIR—Mr Toohey, in regard to the pressure from multinational companies in Australia, I understand that you have included these as they were matters referred to that you wanted to respond to. It does not actually indicate what particular matter you are responding to in relation to multinational companies in Australia. Could you clarify that?

Mr Toohey—It is anecdotal. It was a statement made quite publicly that AMIC's position is seriously determined and directed by multinational companies that really have no vested interest in the Australian economy. So we addressed it here as two simple dot points. The chair of the process council of AMIC said in the previous session by teleconference—and I think he addressed that very well—that it has been a policy of AMIC's and indeed other AMIC members for five-plus years. Multinationalism in the Australian agricultural sector has been around since the early 1900s, including in the producing sector, with Vestey suddenly owning half of the country at one stage, for goodness sake. It ebbs and flows. We just wanted to address that point.

CHAIR—Thank you; it just was not clear from the heading what you were actually addressing. Mr Toohey, in your opening remarks you referred to the paragraph on page 3 about the new Australian policy being similar to OIE guidelines et cetera. Obviously, one of the reasons that you have made very clear for your position is that you believe any of the arrangements in place should be done so on a scientific basis. In particular, these changes to the arrangements go from what you could term a zero risk to a very small risk, in your view, but some increased risk. It would then stand to reason that the arrangements for the quality control and assessment in other countries are going to have to be extremely rigorous to ensure that Australia is protected from any of that increased risk which I think is referred to in the paragraph that you were talking about. In relation to the phrase, 'Australia reserves the rights for authorities to inspect relevant export facilities,' how does Australia reserve its right to do that?

Mr Toohey—Clearly it is a question for the department; however, from our perspective—

CHAIR—I understand absolutely it is a question for the department, but I need to understand your perception of that.

Mr Toohey—I understand. To provide access to this country for overseas beef, clearly Australia must be satisfied with the system that is in place in the country that is sending the beef. In our view, that would require a visit by authorities to inspect the system specific to the applicant—that is, the company making the application. It would involve in-country inspection.

In the case of the US, where massive processing plants operate, they put out, in quantity terms, an enormous amount relative to some of our plants in this country. As an individual applicant, if they can secure a very good, tight system that can be inspected by us and can guarantee, to the extent possible, traceability forwards and backwards of all animals and their cohorts and a thorough system of SRM removal et cetera—the requirements that are being enunciated in this policy—then we would see that as the appropriate way forward.

CHAIR—When you say ‘visit by authorities’, which authorities do you mean and how often would you envisage they would need to visit for Australia to be absolutely 100 per cent sure that those arrangements were being carried out properly?

Mr Toohey—There would have to be a primary visit prior to any beef being moved. So upon application would be No. 1. The system would be as ironclad as we could expect—

CHAIR—What is ‘ironclad’?

Mr Toohey—I would say we already expect Australian import protocols to be satisfied for all agricultural product coming into this country, and there are various ways of identifying the levels of risk—

CHAIR—Just to be particular on this issue—

Mr Toohey—Sorry, Senator, there may be some each side of me who would give a definitive answer. I will not give a definitive answer on that. I will say that, from industry’s perspective, we would expect the government to be entirely satisfied with the system.

CHAIR—So you would trust the government to put in place the protocols to make sure that those arrangements are carried out to—

Mr Toohey—We would require the government to do that.

CHAIR—I think this is really important. You, as the representative part of the industry, are very keen for this to go forward. Obviously there is going to be some increase in risk. So surely you have some view now of what ‘ironclad’ is going to be given the substantial nature of the changes. Mr Palmer?

Mr Palmer—I think you should also have respect and trust in the United States authorities—

CHAIR—Why?

Mr Palmer—The US has had one case of BSE from an indigenous cow, out of a herd of 97 million. When that happened, in 2003, they tested 800,000 at risk old animals over four years. They are referred to as the 4Ds, which I can go into, if you like. I am told that they found two atypical incidences of BSE in those 800,000. In addition, Americans produce 250,000 tonnes of beef every week, of which over 95 per cent is consumed in America. There is not one recorded case of new variance CJD. I guess it is a combination of our own inspections and interrogations, but I think we cannot be silent or ignore what North America has done over the last six or seven years.

CHAIR—I take that point, and thank you for the information. I am asking more, though, about the process, determining that those arrangements are ironclad—that was the term you used, Mr Toohey. I understand, Mr Palmer, what you are saying about what has already taken place in terms of determining the level of risk and what has happened but, from our perspective, if we are going to change those arrangements then we have to be absolutely sure that, on a

continuing basis, those inspections are going to be ironclad. I am trying to determine from RMAC's perspective what would ensure that those processes are ironclad?

Mr Toohey—Our government would seek from the applicant routine checks that would enable the delivery of systems equivalent to ours. We have various levels of assurance within our quality assurance systems here in Australia, within Aus-Meat inspection and so on—a range of industry systems—and they are dependent on the degree to which the operator can give evidence of sticking with the guidelines.

CHAIR—So, theoretically, short of one of our Australian inspectors being there every single day, how can the Australian people have assurance that once somewhere has been inspected by a visit from the authorities that arrangements will not then change?

Mr Toohey—They will not.

CHAIR—They will not change? How can the Australian people be assured that if after a visit by the authorities, which you say takes place in another country, that in between routine checks, as you referred to, any of the arrangements put in place by another country will not, to some degree, change?

Mr Palmer—All trade out of Australia is conducted the same. It is based on a government-to-government protocol and if the status of the country changes at all then there is an absolute requirement—and Australia has a long history of this—

CHAIR—I need to interrupt there for a moment, because we were informed before that it will be the status of the animal, not the country, so why would the change of status to the country be relevant in this case?

Mr Palmer—Clearly, the United States's and Canada's first case of BSE was an animal related case that absolutely and fundamentally changed the status of the country. If you get a diseased animal you will change the status of the country.

CHAIR—I am probably not being very clear. I thought prior evidence given to us was that it would no longer be on the status of the country; it was going to be on the status of the animal.

Mr Toohey—There are two levels here. If a country experiences a BSE case it is then categorised by OIE into one of three categories, so the country becomes categorised. On that basis there are certain regulations that it has to follow. Then there is the import policy which comes down to an individual plant or animal or whatever. It does not say: 'Thou shalt test every single animal that is exported.' It says that the system, through which those animals come, is determined to be equivalent to ours and that it meets OIE requirements and our additional requirements.

CHAIR—Senator Heffernan might like to continue this line of questioning very shortly. I am just about finished.

Mr Toohey—I think we made it clear that we do require individual animal identification. We do require traceability, whole of life. We do require traceability to cohorts. We do not require

whole-of-country mandatory traceability, which is what the senator continues to ask about. Australia has put in a whole-of-country one. That is why we are ahead of the world. Can an island off British Columbia guarantee that it can trace every single animal and its cohorts? The answer is yes. Why would we knock it out because Canada had a BSE case in Toronto?

CHAIR—I will leave that to Senator Heffernan because I know he has further questions on that matter. Again, in your submission, in the same area, in the same paragraph, you say, ‘Through RMAC and other avenues, industry will be insisting that government authorities exercise this right.’ How do you insist that government do something? How does RMAC tell the government what to do?

Mr Toohey—How does industry ask government to do anything?

CHAIR—You are using this as one of your supportive factors—that this whole process will be so stringent, in your view—to say that industry will insist. I am just curious as to how you, from RMAC’s perspective, tell government what to do? And what do you do if government says no?

Mr Brown—I would like to ask you a question. Considering the pre-emptive action we have taken in this country with regard to the beef industry and establishing standards that are unequalled around the world, why would we put our industry here in Australia at risk by lowering standards for importation?

CHAIR—I understand that you would like to ask me a question but asking questions is our job today.

Mr Brown—I will instead make a statement then.

CHAIR—You do not need to make a statement at the moment. I would just like you to answer the question.

Mr Toohey—We would insist.

CHAIR—I know you would insist; what if the government says no?

Mr Toohey—What can we do?

CHAIR—That is my point. You can say to the committee that you will be insisting that the government do something so the process operates at the level that you perceive to be correct, but you have no real power if the government says, ‘No, we disagree with you, RMAC.’

Mr Toohey—That is quite correct. I think that is stating the obvious. But we would insist. That is all we can do.

CHAIR—One final question and then I will come to you, Senator Heffernan. Also, in this statement, you say that you will require exporting countries food safety systems to deliver equivalent outcomes to the systems that apply in Australia. How does RMAC require exporting countries to do that? That is what you are saying, isn’t it?

Mr Toohey—Industry will insist that government authorities exercise this right and require exporting countries—we are asking the government, not us, to require it.

CHAIR—So there is no power there to force the government to do anything, if they choose to approach it in another way?

Mr Toohey—Absolutely. How can I disagree with that? That is the nature of the world.

CHAIR—I will come to Senator Heffernan. Just to be absolutely clear, because it is important, you are saying that all of these things will happen and that will satisfy you that those arrangements are correct to enable the satisfactory progress of this change in arrangements. But, at the end of the day, it comes back to what the government does, doesn't it?

Mr Toohey—Yes.

Senator HEFFERNAN—This document that they just put on your table; is that a draft of what is proposed or is it an MLA document?

Mr Brown—It is an internal one.

Senator HEFFERNAN—It is an MLA document, is it?

Mr Toohey—No.

Senator HEFFERNAN—It is a government document?

Mr Toohey—No, it is a submission.

Senator HEFFERNAN—Let us start at the beginning. I appreciate the cooperation of everyone at the top table, but to give the committee an understanding of how your body represents the industry, 200,000 livestock growers pay a levy?

Mr Brown—That is as best we can determine through the—

Mr Palmer—So the livestock production insurance program—there are about 200,000—

Senator HEFFERNAN—Of those 200,000—and Senator Sterle might be interested in this—there are 154,000 who are nonmembers but pay the levy?

Mr Palmer—There are 200,000 property identification codes. We think that a number of those codes are held by the same enterprise. But, for the sake of the arithmetic, 46,000 have registered as levy payers.

Senator HEFFERNAN—Between Swifts, AA and Cargill they have about 1½ million votes?

Mr Palmer—I do not have that information.

Senator HEFFERNAN—You don't? I do. How come you don't? You are the boss.

Mr Palmer—It is not relevant to this inquiry.

Senator HEFFERNAN—It is relevant and I am going to tell you why it is relevant.

Mr Palmer—Madam Chair, I do not think it is relevant.

CHAIR—Senator Heffernan can ask the question.

Senator HEFFERNAN—We want to know the make-up of the—

Senator STERLE—You asked a question. At least give him a chance to answer.

Mr Palmer—I do not think it is relevant. If it was, I would have sought legal advice as to how much of the register I am able to divulge, and I would act on that legal advice. I have not had the legal advice because I did not think it was relevant to this inquiry.

CHAIR—That is quite an appropriate answer, but whether you think it is relevant is not the question. If you choose not to provide the information, that is perfectly fine, but it is not really appropriate to have a view on whether the question from Senator Heffernan is relevant or not.

Senator HEFFERNAN—You might take that on notice.

Mr Palmer—I can tell you this much. In terms of levy income, there are about 60 million votes in total if everybody chooses to exercise their entitlement. So, if you have got 1½ million, there is your percentage.

Senator HEFFERNAN—In the recent ballot to increase your pay, 55 per cent—

Mr Palmer—The ballot held the other day had nothing to do with my pay.

CHAIR—I think you can leave the pay structures out of it, Senator Heffernan.

Senator HEFFERNAN—In the ballot to increase the pay, 55 per cent of the votes are controlled by 39 bodies. Is that right?

Mr Palmer—I think 5½ thousand registered levy payers exercised their votes, and I think about 11 million votes were cast. If that is drastically wrong I am happy to correct it.

Senator HEFFERNAN—We are happy for you to have a crack at it. But just to put this into perspective: 55 per cent of the votes came from 39 individuals and there were 14 nonmember levy payers out of 154,000 who actually voted. That says to me that most cattle growers are bloody busy worrying about how they are going to feed their stock and not going to soirees in Darwin or somewhere.

Mr Palmer—They do not have to go to Darwin in order to conduct their vote.

Senator HEFFERNAN—That is just to put it into perspective. We accept that the government signed you blokes up—and, Mr Brown, we have had a private conversation which I will not disclose. There was some anguish about the fact that they did not keep their side of the bargain and come to people like us to test it out. You blokes had to cop that. Mr Palmer, you said, ‘It is up to the government and we will negotiate with the government.’ So how can the industry, especially the 154,000 levy payers who do not participate in the business except to grow cattle, have any confidence in you given that you and Mr Toohey were part of a business where you were sworn to secrecy and said: ‘We’ll keep that secret. It’ll be right. They don’t need to know’?

Mr Palmer—I think you are putting far too much emphasis on confidentiality. During a routine discussion with the secretary of the department at a board meeting of the company, where all the matters before the board are confidential anyway, a discussion was held around a whole range of issues. This issue came into play. I do not think anyone around the board table heard anything that they had not heard already. It has been a topic of some discussion around industry and government—on both sides of the House—since 2005, so there was nothing new or illuminating from our point of view.

Senator HEFFERNAN—We had better get into the detail.

Mr Palmer—I think that is important because the detail is overlooked.

Senator HEFFERNAN—That is good. In the recent inquiry I conducted into managed investment schemes and the cattle schemes of Great Southern, we had all the evidence in the world that it will turn out to be the greatest cattle scam in Australia’s history. We will never know how many cattle they really had because it is so dodgy it is unbelievable. Do you blokes accept that there is not full traceability of live cattle exports? There was evidence of this. I rang a bloke who was on the wharf in Darwin loading cattle.

Mr Palmer—I understand that Territory cattle—and maybe cattle in WA; I am not sure—are going directly from property of birth to ship side—

Senator HEFFERNAN—But there is absolutely no auditing of that.

Mr Palmer—I understand there is an exemption—

Senator HEFFERNAN—We will gather evidence. This will be interesting for you fellas because I have been a busy little beaver. If you can aggregate cattle from all over the place, even if there is a second drop of the MIS calves that do not belong to you, and put them on a property of origin that happens to not be the property they were bred on, how will you ever know?

Mr Palmer—First of all, I am not—

Senator HEFFERNAN—How do you audit—

Mr Palmer—Hang on. I am just trying to distil something out of this. I do not think this comment about MIS really adds to what we are trying to talk about. But if an electronic device

appears on a property from which it was not originally consigned then the database picks that up immediately, as soon as it is transferred to the next place.

Senator HEFFERNAN—I understand all of that. But a lot of cattle—

Mr Palmer—The database will pick up—

Senator HEFFERNAN—get loaded without a device because they say it is a waste of money putting the device there if they are going on a ship to Indonesia or somewhere.

Mr Palmer—But now we are talking about different cattle. These are cattle which are from the property of origin in the Territory, and maybe WA, which are going direct from property of origin—

Senator HEFFERNAN—Not WA.

Mr Palmer—to ship side.

Senator HEFFERNAN—That is right. But how do you determine—

Mr Palmer—Aggregated cattle are a different story.

Senator HEFFERNAN—Yes, but they are all likeable rogues we are dealing with here. It is like the trade across the border from Uruguay and Brazil into what is allegedly a foot-and-mouth-free zone. I have been and had a look. How can we—that is, the people who you do not represent, the 154,000 levy payers who are not part of the 46,000—have confidence that when you go to the government and, as Senator Nash said, have full confidence in the system that you will be anything like fair dinkum? How do we know? It appears to me, as Senator Back pointed out earlier, that we are lowering the barrier for trade purposes. Did I hear you say, Mr Toohey, a while ago that one of the protocols coming into the country with meat will be SRM removal?

Mr Toohey—I did not say that.

Senator HEFFERNAN—Someone said it. Did you say it, Mr Palmer?

Mr Palmer—No, I have not mentioned SRM.

Mr Toohey—I said within what we are calling category 2 and category 3 the OIE requirement is for the SRM removal.

Senator HEFFERNAN—Why, if that is the case, are we allowing our status to be interfered with by a lowering by the OIE of our market edge? Obviously this is about the market. We gained great market share when they got the reactors over there in Canada and the US, and what you are doing is now nullifying that share if it ever happens again. You are saying, 'No, she will be right, mate.' This is exactly the conversation I had with you fellas in 2005. This is not about Australia—

Mr Toohey—You did not convince us then, Senator, so I am at a bit of a loss as to where you are going with this.

Senator HEFFERNAN—What I am saying is that by doing away with—

Mr Toohey—Just let me finish, Senator.

CHAIR—Hang on, Mr Toohey. Senator Heffernan, could you actually just ask a question and then perhaps Mr Toohey—

Senator HEFFERNAN—I will. In order for us to have confidence in you fellas negotiating with the government, when you have a piece of paper that you think are the protocols between yourselves and the government will you bring it back to this committee so we can examine it before we implement it?

Mr Toohey—If you request us to, I suppose, yes.

Senator HEFFERNAN—But if the government says no, what do you do?

Mr Toohey—Sorry, you are involving me in government processes. I cannot answer that question. I presume you would be involved.

Senator HEFFERNAN—You asked the government to—

Mr Toohey—Our job is to negotiate and consult with our members, okay? We do that.

Senator HEFFERNAN—Yes, but the difficulty is that three-quarters of the levy payers in Australia are not members.

Mr Toohey—That is their choice. They can choose to be members of MLA if they wish. They do not have to go to AGMs—

Mr Palmer—Sorry, I just need to make a comment about this question of membership that keeps coming up. MLA has 46,500 registered levy payers. We do not make any distinction or differentiation between those who choose to register and those who choose not to. The industry, from an agripolitical point of view, will be represented through the Cattle Council, ALFA and various other organisations which make up RMAC. Meat and Livestock Australia is a service company funded by everybody and their interests are equal before the eyes of the company. This is to provide services—

Senator HEFFERNAN—I understand all of that.

Mr Palmer—in terms of marketing and research and development. I just do not want you to keep making this distinction—

Senator HEFFERNAN—Very good.

Mr Palmer—between the glorious 46,000 and the inglorious 150,000.

Senator HEFFERNAN—Forty bodies control a majority of the votes in MLA.

Mr Palmer—I do not agree with that.

Senator HEFFERNAN—Righto. I have got the figures. Fifty-five per cent were represented by 39 for the wages thing. Forget about that.

Mr Palmer—I cannot forget about it.

Senator HEFFERNAN—Can I go back to arrangements—

Mr Palmer—I am sorry, Senator. You keep throwing stuff up. I just know that you are not correct, and you keep making assertions—

Senator HEFFERNAN—I will stand to be corrected.

Mr Palmer—that 39 entities control the companies. It is not possible.

Senator HEFFERNAN—No, not the companies.

Mr Palmer—Well, the ballot.

Senator HEFFERNAN—Of the votes that participated in the round to make that decision, 39 bodies had 55 per cent—not in the overall thing; just in that particular vote. I will go to the new arrangements that in your submission will require beef and beef products to be derived from animals and not countries. I am sure Senator Back will take this up. I do not know when the last time was that you knocked any nuts out of a bull or did anything to do with beef—

Mr Toohey—More recently than you would know, Senator.

Senator HEFFERNAN—Sorry?

Mr Toohey—More recently that you would know—but carry on. I am a bureaucrat. You carry on.

Senator HEFFERNAN—Doesn't that say that you are de-recognising the need? Mr Toohey, you are the bloke who did not think that the ETSS had anything to do with the vision of beef. Doesn't the language that is in your document say that you are conceding to other countries that they do not have to have full traceability?

Mr Toohey—I said earlier that there is no requirement for a country entirely—

Senator HEFFERNAN—But shouldn't—

Mr Toohey—I am answering your question.

CHAIR—Let him finish, Senator Heffernan.

Mr Toohey—There is no requirement for the entire country to have traceability if the applicant who wants to send beef to this country can prove a robust system for full traceability for cohorts.

Senator HEFFERNAN—Mate, you are dealing with us.

Mr Toohey—You do not need a full country.

Senator HEFFERNAN—You are not dealing with a bunch of bureaucrats and the OIE.

Mr Toohey—I thought I was talking to somebody sensible.

Senator HEFFERNAN—Do you really think that the blokes out there at Coonamble are going to cop that sort of bullshit when we have gone to the trouble and the anguish, with the perennial pests down the back there fighting us all the way—g'day, John—of bringing in full traceability? We have gone to the trouble of doing that allegedly in our best interests for trade and market access and we then say to the rest of them, 'But you don't have to worry about it, mate.' Do you really think we are going to cop that? It is in your head, I can see that, that the government—

Mr Toohey—Let me run some scenarios.

Senator HEFFERNAN—If the government is not going to insist on full traceability—

Mr Toohey—I did not say that. They are going to insist on full traceability.

Senator HEFFERNAN—You just said there is no need to.

Mr Toohey—They are to insist on full traceability. I said that quite clearly.

Senator HEFFERNAN—By country, mate.

CHAIR—Senator Heffernan, let Mr Toohey respond.

Mr Toohey—That is the distinction. Let us look at the UK. The UK has in place a passport system which we all know quite well. It is hugely onerous. It requires a paper trail, hundreds of millions of pounds and 350 staff, or whatever the number is, to run it. That does not make them any better or worse than a company that exports a massive amount of beef in the US having a locked-up system and a quarantined population from which it draws its beef.

Senator HEFFERNAN—Mate, you are a perfect bureaucrat.

Mr Toohey—Thank you.

Senator HEFFERNAN—I am here defending our growers' edge in the market, and you want to take it away because you are a bureaucrat.

Mr Toohey—That is a trade issue, and you have been leaching out trade issues the whole time with science and disease related issues.

Senator HEFFERNAN—That is exactly right. I am with the science, but part of the science is full traceability and you have conceded that they are not going to have that.

Mr Toohey—I have not. I said full traceability.

Senator HEFFERNAN—You said in your submission that we are not going to do country full traceability.

Mr Toohey—Correct.

Senator HEFFERNAN—All right. So you go to Brazil, where there is illegal trade across the border.

Mr Toohey—So we do not let Brazilian meat in, okay?

Senator HEFFERNAN—You are dealing with a bunch of crooks, mate.

Mr Toohey—We do not let Brazilian beef in.

Senator HEFFERNAN—You are dealing with a bunch of crooks and you are going to cop that. You need full national traceability.

Mr Toohey—Traceability, correct—not national.

CHAIR—The question, Senator Heffernan.

Mr Palmer—Would anyone else like to contribute?

Mr Brown—There is no suggestion that Brazil would get beef into Australia.

Senator HEFFERNAN—No, and I am not suggesting there is. I am just giving you an example of the roguery that is in the industry. We know that Japan, the United States and Canada have already expressed interest in coming back our way. Now that we have gone to the trouble of having full national livestock traceability it is not what is good for the goose is good for the gander. If they cannot be bothered with that, you are saying, 'As long as the herd has got traceability, mate, it'll be all right.' Is that what you are saying?

Mr Toohey—I will not say it again. I said it quite clearly. Whatever beef comes into this country must be from cattle that can be proved to have full traceability for a whole of life and to its cohorts. Full stop.

Senator HEFFERNAN—How can you, Justin, have full traceability? You will not believe what we have discovered about full traceability in Australia when it comes to following Great Southern's cattle herd all around the place.

CHAIR—Senator, we are doing that in another inquiry.

Senator HEFFERNAN—But full traceability is pretty tricky if they have not got a tag in their ear.

Mr Toohey—Correct.

Senator HEFFERNAN—I have to say that that is not the case with what you are proposing. You do not even know what model. This is all supposed to happen in March, right? We do not even know what model you are talking about. You do not know. You have said you will leave that to the government—Mr Reid, probably, the bloke who goes over there and rats on us all the time. What is in your heads? You are the key people. Where is Mr McIvor?

Mr McIvor—I am here.

Senator HEFFERNAN—What is in your head? What do you think ought to happen on behalf of Australia's cattle growers? Do you think we should insist that they, like us, can trace right through the country if there is a drought down one end of Texas and it goes out to somewhere else?

Mr McIvor—You asked me my personal view. Yes, of course. I agree, as a cattle grower. You know I am a cattle grower.

Senator HEFFERNAN—Will you then insist that if we are going to allow this to happen they actually have full country traceability? It is stupid to think that they do not.

Mr Toohey—Why would you have to have full country traceability for that?

Senator HEFFERNAN—Why did we do it?

Mr Toohey—Because we chose to.

Senator HEFFERNAN—Go away.

Mr Brown—We did it because, Senator, it is an enormous marketing advantage we have given ourselves that no other country around the world has.

Senator HEFFERNAN—They were out to destroy the marketing advantage, and you know it, Mr Brown.

Mr Brown—No.

CHAIR—Thank you, Senator Heffernan. Senator Sterle, do you have any questions?

Senator STERLE—Thank you, Chair. I cannot believe, with Senator Heffernan's line of questioning, that we have industry representation out there that would jeopardise a \$15.8 billion industry. This is just ludicrous.

CHAIR—Is there a question, Senator Sterle?

Senator STERLE—Absolutely there is, scientifically based. There was a submission from the Australian Beef Association that suggested that it was not science; it was politically based. I want to ask each and every one of you your views on that. Can I start with you, Mr Barwell.

Mr Barwell—I think the ABA submission was incorrect. I am sure the decision was based on science.

Senator STERLE—You are sure or you are convinced?

Mr Barwell—I am convinced.

Senator STERLE—I am not trying to put words in your mouth. I am just trying to clear it up for the front of the table here. Mr Palmer, what is the MLA's point of view?

Mr Palmer—As I said earlier, I think that the evidence out of the United States and North America generally is pretty compelling, to the extent that they have made enormous inroads at eradicating BSE. There is some anecdotal evidence around now, not just in America but elsewhere, that BSE is a 1980s-1990s disease and it is probably in its twilight, which we all hope is the case. I gave evidence earlier about the 800,000 at risk cows that all tested negative and the fact that it is a quarter of a million tonnes a week and no-one has got sick to my knowledge. There is lots of evidence that points to the soundness of North America's status, and, of all the OECD countries in the world, Norway, Iceland and Turkey are now the only three countries left that have not given the ability for North America to ship into their markets. Aside from Australia, there seems to be an awful lot of other countries. You would not find two more sensitive markets than Korea and Japan. Both allow US beef to enter—under certain conditions, admittedly, but enter it does. The evidence that is before other countries is no different from the evidence before this country, and the decision has been taken by most others to allow the importation under certain conditions. I assume those conditions will be worked out sometime after March next year.

Senator STERLE—Just while I am with you, Mr Palmer, I am sure that with 46,500 members, which I think was the number mentioned, you would have a good handle on their views. Senator Heffernan snickers, but if you represent 46,500 members I think you would have a handle on their thoughts, wouldn't you, Mr Palmer?

Mr Palmer—Could I just say this. I think that the average grower in Australia would be pretty frightened at the prospect of a lot of beef from America or Canada coming in. There is no question. The seasons at the moment are catastrophic and the prices have collapsed, so I think there would be a great deal of nervousness about importation into this country. But that is a separate issue from the science around the rules of trade. The view of this government, the previous government and this industry is that the science is in support of the reintroduction of North American beef. The rules of trade are one thing. The commercial viability and the

consequences for Australia are quite another. I think the average farmer out there would be extremely nervous about the prospects of imports. But my understanding is that this inquiry is about the appropriateness of the decision, which has got nothing to do with future commerce. It has got everything to do with the rules of trade now.

Senator STERLE—Thank you, Mr Palmer. Mr Brown?

Mr Brown—The Cattle Council consists of beef producers—some are quite substantial beef producers. We are not scientists nor are we bureaucrats. But we do accept scientific advice, we accept this advice as being sound and we totally support it.

Mr Toohey—I have read a few of the scientific reports. We have Professor Matthews's report before us. I have read the consultants report from the New Zealand Food Safety Authority when they changed their policy three years ago. All point to overwhelming scientific evidence. The side issue is that, as I understand it, back in 2005 the coalition government in Australia supported this change. There is more scientific evidence now that supports this. So I would discount any claim that it is a political decision.

Senator STERLE—Thank you, Mr Toohey. Mr Burridge, I am not ignoring you but I have already asked you this question. Mr McIvor?

Mr McIvor—Senator, you are probably not aware but I am not a processor; I am actually a livestock exporter. May I say that, even in the livestock export industry, we are relying more on science all the time, particularly in things like heat stress on vessels—and Senator Back would be fully aware of that from his previous experience in that field. If it is good enough for us to do it there—and my colleagues here support the scientific approach so I would be pretty foolish to go against them—obviously I accept the scientific answer.

Senator STERLE—In your mind it is not a political decision.

Mr McIvor—No way.

Senator STERLE—Mr Cudmore?

Mr Cudmore—The Australian Lot Feeders Association represents all grain-fed levy payers and also a significant amount of accredited lot feeders through its membership. Since 2005 it has been quite a strong policy of ALFA to reject any proposal to remove beef from retail shelves if BSE is detected in Australia, and it implores the Australian government to amend any legislation requiring this approach. We have rigorously assessed the scientific basis for it. We are a participant in the Red Meat Advisory Council, which sets the policy for industry, and MLA implements that policy. We are very supportive of the science and the ability of the government to adapt its policy to the present day science. We have been trying to do so since 2005.

Senator STERLE—Thank you. Mr Gordon?

Mr Gordon—Just to add to Jim's comment, on behalf of the Australian Lot Feeders Association, since we formed our policy in 2005 the science has been even more unequivocal in

actually reinforcing the arguments that we have in terms of changing this policy. So absolutely, it is the science rather than the politics that has driven our decision.

Senator HEFFERNAN—Could I put on the record that I also accept the science, but this is not about science; it is about human failure.

CHAIR—You can, Senator Heffernan. Senator Back.

Senator BACK—Thank you, Chair. I will not necessarily go right down the panel, but perhaps one of you might be kind enough to answer. If it is the science, in the Department of Health and Ageing's submission their point 19 on blood supply, they make the statement:

The blood supply is protected through a decision by all Australian Health Ministers to defer blood donations from anyone who lived in the United Kingdom for a cumulative period of six months or more between 1980 and 1996 or who received a blood transfusion in the United Kingdom from 1980 onwards ...

We seem to have a complete divergence on the science, don't we? It is safe enough because of the advances we have had in science for us to completely review and change the limitations on meat coming in from these countries—for example, possibly from the UK—but, in a circumstance in which the supply of blood and blood factors is at a critically low level, we are not yet confident enough of the science to be able to remove or free up that limitation on the blood supply. Am I the only one who sees the irony of that? Would anyone care to comment on that? We really should just free up everything. Anyone who has lived in the UK between 1980 and 1996 should now be allowed to donate blood because of the updated scientific knowledge. Is that not correct?

Mr Palmer—On the issue about blood products out of the UK: I think the submission says that in 1992 there were 37,000 cases of BSE in one year alone in England—

Senator BACK—I was there at the time.

Mr Palmer—So they had a serious problem. Back in about 1988 or 1990, the model coming out of the UK was that something upwards of 150,000 people were going to die.

Senator BACK—That is right, but that was in 1992-93. We have all agreed that the science has moved on, haven't we?

Mr Palmer—That is right, but the policy did not. In large part, the policy never shifted. So we had these dire consequences all around the early nineties and not much has changed in the policy. Regrettably, somewhere between 190 and 200 people have contracted and died of new variant CJD out of Europe—I think mainly around the UK. But in North America, as I understand it, there is no recorded case of an indigenous North American contracting new variant CJD. I understand a person has died down in Florida, but they were from England. This may provoke a whole new onslaught of questions, but it is a risk management thing. If the risk assessment comes up with a conclusion then you put a protocol and a system around it. Senator Heffernan talks about human failure but, if we were to rely solely on the competency of all humans in the world to do stuff, we probably would not do anything. It would render business inoperable. So it is about a risk assessment and a risk management profile.

Senator HEFFERNAN—With respect, what I am referring to is like the citrus canker outbreak in Emerald. There was a science based import risk analysis that did not allow for human failure, which allowed the outbreak to occur. In other words, why take the risk? Sure this is about science, but it is also about protecting our herd status. You blokes have got to argue the politics of the WTO and all of that and my job is to protect the interests of our country, as we have done with the Philippines and all the things we have done. There is no question that, if you do not have full national livestock identification wherever you are going to bring the cattle from, you will never really know what is going on.

Mr Brown—The issue with the importation of bananas out of the Philippines relates very much to this case because the industry fought like blazers to stop them from coming in, and the industry here would do exactly the same.

Senator BACK—I just think all those haemophiliacs who got HIV would wish that there had of been a higher level of risk analysis, but I will come to risk analysis in a few minutes. The OIE countries that are regarded as having negligible risk include Argentina, Chile, Paraguay and Uruguay. On what basis are they regarded as being of negligible BSE risk?

Mr Palmer—It deals with their risk profile. I know they are much derided, but the OIE is the only act in town and they are the international umpires on this. They will send people into these countries and review it and take submissions et cetera, as they have done here. They are they umpire, whether you like it or not.

Mr Toohey—The rules are well set out in article 11.6.3 of the terrestrial code.

Senator HEFFERNAN—It worked well in Brazil with the beef.

Mr Toohey—That sets out exactly what requirements they need to meet to get that.

Senator BACK—My reading—and it is some time since I have read it, so correct me if I am wrong—was that it was based on desktop analysis. Is that correct?

Senator HEFFERNAN—True.

Mr Toohey—All I can say is that they have met the requirements of 11.6.3.

Senator HEFFERNAN—You are a perfect bureaucrat.

CHAIR—Senator Heffernan, Senator Back has the call.

Mr Toohey—I am actually flattered, thanks.

Senator BACK—Do you know, Mr Dorian? Has there been any requirement for anything other than desktop study?

Mr Dorian—I am not part of the import bureaucracy, so I cannot clearly answer that question. I do not have that knowledge. But I understand that Senator Back is correct.

Senator BACK—I just remember in the early seventies going to France to have a look at the possibility of swine vesicular disease at that time, which is a condition very similar to foot-and-mouth disease. I was told then by the French, ‘If you don’t look for something, you don’t find it. And if you don’t find it, you haven’t got it.’ I guess I am concerned that, if something is based only on a desktop analysis, it may be that you will find yourself in that circumstance. Can I come to New Zealand. On page 2 of your submission you have spoken about New Zealand exporting to Australia. Can anyone tell me what is the level of exports of beef from New Zealand to Australia? How important is New Zealand as an exporter of beef to this country?

Mr Palmer—That is a good question, and I do not have the ready answer on me. We can easily find out. It used to be tracked. I remember some tracking done on it. It is virtually negligible, but I can certainly get the numbers for you. It used to peak and flow a little bit.

Mr Toohey—It is about 4,500 tonnes in a year.

Senator BACK—I had seen the figure of 4,700 tonnes once, but then it was confusing as to whether that was all from New Zealand.

Mr Toohey—It is in a document somewhere through here, yes.

Senator BACK—I would appreciate that given on notice. At the same time, if you are unable to supply it now on notice, I would also appreciate some advice as to imports of beef into New Zealand. Of course the issue is, if New Zealand poses any risk at all, it would only be on the basis of imports into their country prior to exporting beef from New Zealand to Australia. I am very interested to know just what, if any, are the levels of imports of beef or beef products into New Zealand by other countries now, and then exports. The reason I ask is that New Zealand has been put up as one of the countries that has relaxed its rules and guidelines, and along the lines that we should do the same thing. So I would appreciate you giving that information, if you can.

You did raise the question of risk management mechanisms. My recollection of the Australian/New Zealand Standard for Risk Management is that on one X axis you look at the likelihood of something happening and on the Y axis you look at the impact if it does. Then you develop your risk analyses based around impact and likelihood of an event occurring, whatever that event is. The event in this case would be loss of our protected status. Can I ask you what mechanisms your group applied in considering this question of relaxing importation of beef from category 2 countries?

Mr Toohey—There is a simple answer. It is something we will be discussing with the government and the departments. We had three days official notice of the announcement, and everyone has been running around a bit since then. I think the really serious nature of this comes down to what import risk analysis we put in place. We have not yet, as an industry, determined the exact detail of that, but we will be doing so with the department and the government.

Mr Palmer—There was some work done years and years ago about the impacts on Australia if we had a case of foot-and-mouth disease. That is a crippling number. It is something like \$13 billion over a protracted period. Then of course it was one of the precursors that got us thinking about NLIS, electronic ear tags et cetera. Whilst that is not going to stop an exotic disease, it was intended to, hopefully, shorten its duration. So the numbers on FMD were quite horrific and

certainly went into the thinking about the beginnings of NLIS. On BSE, to my knowledge, there is no evidence that says that BSE can be transmitted through a cut of meat. It is carried by animal material to animal ingestion, as I understand, and there is no evidence that eating meat will transfer it. Humans eating meat will not get it to the Australian herd. That is as I understand it. There is no recorded capacity for that. It is an animal to animal transmission through ingestion of ruminant material.

Senator BACK—Of meat and meal products, which causes me to go back to the desktop analysis and wonder whether or not that desktop analysis would have been able to confirm 100 per cent that no beef producers in Argentina, Chile, Paraguay or Uruguay are using meat meal to increase the protein level of their supplements. But of course we will just have to take that on face value because, as you said, they are the only act in town.

Can I move on to timing. Mr Toohey, I think you made the comment that you will consult with government in terms of risk analysis. I just want to address the question of timing. You said you had only had the three days. I think on page 5 of your submission you made the comment that on 18 September you wrote to government with regard to industry involvement. Your second point says: 'In response to government requesting industry's policy, RMAC wrote to Ministers Burke, Crean and Roxon on 18 September.' Can you tell me what stimulated that communication to the ministers and when?

Mr Toohey—Do you want to go prior to the government's request to us? Is that what you are asking?

Senator BACK—What I want to go to is the question of this risk assessment. You were saying that you only had three or four days to address that question, and I am interested in now knowing just what the chronological basis of all this is. I know that on 18 September you wrote back to government, and presumably that was in response to some request from government. Then on 16 October you were informed, four days prior to the announcement, which was on 20 October. So I am going backwards from 18 September. Presumably the government must have written to you earlier, asking your advice.

Mr Toohey—I will allow others to fill in the potholes, but my understanding is that it was raised officially at RedMMAC, which is an industry-government consultative group chaired by the Meat Industry Council. Steve or John can tell you the date of that. The next point, as I understand it, was a teleconference chaired by the then head of AQIS, Rob Delane. That was on 14 September and it involved a mixture of industry and government folk. During that teleconference, industry was asked for its current policy on this. We then went back to our members and sought from them their policy statements. In most cases their policies, as we have said before, came from 2005. So we were able to cobble together a letter quite quickly to the three ministers stating our policies.

Senator BACK—And those were the ones where you appended—

Mr Toohey—Correct.

Senator BACK—the formal policy positions of the Cattle Council, the red meat council and Australian lot feeders. So government raised this through the Red Meat Market Access Committee. Was that where it had its origin this time around?

Mr Toohey—I believe so, with industry, yes. Discussed at that meeting were recent meetings that the ministers had overseas, or perhaps that Minister Crean had overseas. I should also say, just as a side issue, that a number of RMAC's members do participate in international meetings with their counterparts—I think at the Cattle Council's Five Nations Beef Conference, for example. AMIC travels overseas, to MICA in the US and other places. At a number of points around the globe this has been raised with industry as well. They are not official advances by those countries, but the official line came through RedMMAC and then via the teleconference.

Mr Cudmore—If I could just add a bit of value to Senator Back's question, this was also discussed at the Safe Meat level, and Safe Meat is an amalgamation of industry and government officials. It was also discussed there in June as well.

Senator BACK—So, presumably, these august bodies—the Cattle Council, the Meat Industry Council, the Lot Feeders Association, Safe Meat—must, in the first place, have been undertaking some form of risk evaluation over time for you to have come to the position you came to. I am interested in knowing what those risk analyses were and, more to the point, as part of any risk analysis process you are looking at, what might fail and when, apart from what impact it might have. I think we have all agreed—and I think the point was made by you, Mr Palmer—that an at-risk animal, having been identified, places the country at risk. In terms of that risk analysis, where is the log jam? Where is the weakness, where could we fail if we go down this path? What can go wrong that is going to take us from being most favoured to being in the ruck with everybody else?

Mr Palmer—I think the answer to that question will not be in the importation of muscle cuts for human consumption. The area where, as we said before, our transmission occurs is through the live animal. The importation of live animals from BSE at-risk countries changes the risk profile enormously.

Senator BACK—But we are not contemplating the importation of live animals from those countries.

Mr Palmer—That is as I understand it.

Mr Brown—We would oppose that quite vigorously.

Senator BACK—I certainly hope you would; I would be there leading it. Having got rid of that one, because the impact would be high but the likelihood of that is nil, I come back to the question: where is the risk? Where will it fail? If it fails in three or four years time, which are the most likely areas where that collapse will take place?

Mr Toohey—As I understand it, spontaneous cases are known to have happened around the world for no apparent reason, and I believe Professor Mathews covers off on spontaneous occurrences and corrective action that would follow. To me, I suppose that is a potential reality. What is really important is that we have in place corrective actions; hence comes NLIS, hence

comes traceability, hence comes a dramatic effort to trace within 24 hours all cohorts up and down the stream, whole-of-life traceability and that is why we work so hard on, apart from other things, NLIS.

Senator BACK—We look at the US case—and, as you say, there was one—but we know it was not an indigenous animal. We know that that animal was imported into the USA.

Mr Palmer—The first one was a visitor and then the next one down in Texas was indigenous.

Senator BACK—That is right. The first one was non-indigenous; it was imported. So, hopefully, we have removed that risk, unless one of the many boats coming to our north-west shores happens to have a ruminant on board, but we can deal with that in another forum. I come to the point—and you made it yourself—that you are relying on government officers to do the inspections, the desktop analyses or the in-country examinations/inspections. Is that not the case?

Mr Palmer—Yes, it is. We rely on this protocol for everything we do. It does not matter what the trade is between countries, but back to beef we have trade protocols with Japan where we just have to rely on both countries to stay science based. We have had catastrophic trade issues with North Asia in the last 15 years but, through a process of corrective action here and government-to-government protocol development subsequent to that, we now have trade restored. But it absolutely relies on protocols.

Senator BACK—That is in relation to exporting of products from Australia to these other countries. I do not want to diminish or demean those other countries. We are talking about the import of products into our country, aren't we?

Mr Palmer—I understand. I am not being trite, but it is a reverse of what I just said a moment ago. When we are trying to ship somewhere then there is a degree of trust and protocol development, which allows the business to continue, which is the same but in reverse if someone is exporting to Australia.

Senator BACK—Can I make the suggestion—and would you like to disagree with me—that that is where the greatest risk does lie, in the actual process undertaken by our government officials in terms of being able to protect Australia from these various restrictions of other countries? Do you agree with me that that is the highest risk—as you say, it is not primal cuts?

Mr Palmer—The risk of failure probably lies if there is a breakdown in the procedures in North America. If they suddenly and unexpectedly got a spate of new cases of BSE then I think that will warrant a significant investigation of the protocols currently running. The risk, first of all, lies in the host country, North America, and then it is a case of how we might respond if there is a breakdown in their procedures.

Senator BACK—With respect, because we are an island state we could act fairly quickly in terms of stemming supply.

Mr Palmer—That has been the case previously.

Senator BACK—As part of the process of negotiation, which started on 28 July, with the Red Meat Market Access Committee, has the Department of Agriculture, Fisheries and Forestry convinced you that it now has extra budget to allocate people. I will ask about the people next. Where is the extra budget coming from DAFF to be able to satisfy you and your producers and others that they have sufficient financial resources to be able to undertake these inspections in country?

Mr Toohey—You obviously raise a very real issue. The outcome from the Beale review has highlighted the need for additional funds across a wide band of AQIS activities, not least of all this.

Senator BACK—Which actually was not around when the Beale review was being undertaken, was it?

Mr Toohey—No.

Senator BACK—This issue was not around when Roger Beale and his group did the study?

Mr Toohey—No. It is a very real concern of ours. We have had a very good working relationship with the department over decades, going back to the nineties, but it has been increasingly put under strain financially. I think Beale recognised that and put forward recommendations for additional funds. Because of the GFC and other matters, that has not happened. So our concern has not gone away. Does that mean we then give carte blanche to the government to tick a box and say: ‘Yes, we’ve done that and not put any resources into it?’ No, it does not.

Senator BACK—Yet, you have already given your approval to this whole process, even though they have not—

Mr Toohey—We have given acceptance to the science. We are not saying, ‘Therefore, from 1 March let’s get flooded with imported beef.’ We are saying that, from 1 March, the policy changes—we acknowledge that, based on science—therefore we are internationally recognised as consistent. The government has to satisfy itself and we believe has to satisfy us that any tick of approval to trade has met very stringent guidelines.

Senator BACK—But the industry was the driver of this process, was it not?

Mr Toohey—Sure.

Senator BACK—Does anyone disagree with that?

Mr Toohey—We have had a policy in place for five years. Are we driving it? I think it is a shoulder-to-shoulder—

Senator BACK—Dr O’Connell said to me in Senate estimates exactly that.

Senator HEFFERNAN—Mr Brown, did you just shake your head instead of nod?

Mr Brown—No, I nodded. We were; we were out there. There are no secrets here as far as we are concerned—absolutely none whatsoever

Senator HEFFERNAN—The only secrecy was with us.

Mr Brown—That was not our job.

Senator BACK—Can I stay on the theme that we were discussing. The impetus actually came from industry and everybody agrees with that. Certainly Dr O’Connell made that point to me. Having been the drivers of this, am I correct in understanding that at the moment you have given government a tick, to use your term, and yet we know there is no budget, we do not yet know who the personnel are, given the fact there will be redundancies in the department? Do we know what the protocols will be? This is uncharted waters for us all. Let us hope we are not relying on the OIE, which do desktop analyses. Am I building up a case here where we really are not in control, that you do not have that level of satisfaction you would require in terms of a well-founded risk analysis?

Mr Toohey—The chair made a comment earlier that the government makes a decision, regardless of what industry really wants. But we would require the strictest of protocols—

Senator BACK—And if you do not get it?

Mr Toohey—We withdraw—

Senator HEFFERNAN—How do you know what the strictest of protocols are?

CHAIR—Hang on, Senator Heffernan.

Mr Toohey—This policy change has our support because it is supported by science. The application of it is another matter. The application of it requires the support of government—you guys—for the bureaucrats, or the authorities, to go and do the checking. It is not industry’s function to say to government, ‘You must give them another \$50 million to enable it to happen.’ We can say that, but it is your decision.

CHAIR—Can I just re-ask Senator Back’s question. If it gets to the point where the protocols are not suitable in your view, will you withdraw support for the policy position?

Mr Toohey—This is going to sound like a very bureaucratic answer, but the policy position is based on the science and the policy itself, the change in the policy, is not so much the issue. What you are talking about now is the implementation of that policy—a totally different thing.

CHAIR—That is right, and you have said you will require the government to have a set of arrangements—

Mr Toohey—So we will not withdraw our—

CHAIR—So if they do not come up with the level that you see as necessary to appropriately implement this program, it will not matter—you will not then say, ‘Actually, that won’t be done

to the level we expect so we will withdraw our support.' You will just let it go on regardless. The support will continue.

Mr Toohey—No, that is extrapolating a little more than necessary. We will not withdraw our support for the policy but we will oppose the implementation of it until it is right. That is the difference.

Senator HEFFERNAN—So will you agree as an industry—

Mr Toohey—Sorry, Senator, if I could just finish—just because 1 March is the opening date of the policy change does not mean meat is going to start trading on 1 March.

CHAIR—I understand and appreciate what you are saying, absolutely. If, at that point, the government says to AMIC, 'Too bad; we think these are appropriate protocols even if you don't and we're going to ahead with this,' what position would that put you in? If you had a certain set of views that you took to government and said, 'These are the appropriate protocols,' or you worked with government to develop those and then they did not do it to your satisfaction, what would AMIC then do—if we were actually going into a change of arrangements that are going to be substandard because those protocols will not be there to the level you expect?

Mr Palmer—If I can just add a point here, I think this is a sort of incremental decision-making process. What the industry has adopted and endorsed is a revisit of a government decision taken back in 2005 to relax on North America, and the industry was supportive then, as it is now—nothing has changed. But it is incremental. So the rules, if you like, for engagement have been agreed: yes, we should engage with the North Americans and develop a protocol for importation. That is going to occur post-March and I am sure the policymakers of this industry will be there front and centre to work with government around these protocols to their satisfaction, but I do not think we can put the minutiae of detail around the rules up at the same time as the principle of reintroducing or re-allowing North America.

CHAIR—No, I understand all that, but it would be fair to say, if the government chose to proceed with a set of protocols that AMIC were not happy with, the government could do so regardless.

Mr Brown—In direct conflict with the industry.

CHAIR—Yes, we have no ability—

Mr Brown—And we would be doing our darnedest to make sure that they did take notice.

CHAIR—But you have no ability to stop the government going forward with this, if the protocol—

Senator STERLE—It is the same question you have asked—

CHAIR—Just hang on, Senator Sterle; I have been very quiet today. I just want to be absolutely clear. It is not the first time things have been asked twice in any of our committees, Senator Sterle, and you well know that. I just wanted to be absolutely clear that AMIC has no

ability to change the government's decision if the government chooses to go forward with a set of protocols that AMIC do not agree with. I just wanted to get that clear for *Hansard*.

Mr Toohey—Absolutely.

Senator Heffernan interjecting—

Mr Cudmore—Madam Chair, AMIC deals with government on all sorts of policies and we have to lever and counter-lever and negotiate our way through that, and this is no different. But we cannot develop the set of rules on day one until we work through a process that AQIS and the government have to be involved in.

CHAIR—I completely understand that.

Senator HEFFERNAN—Can we get an agreement today, Madam Chair, that the representative bodies that are here will scrutinise, in this committee, the protocols when they come to you before they are implemented—which is what we have done with bananas, apples and God knows how many other things?

Mr Toohey—We would certainly insist on that being the case.

CHAIR—Thank you.

Senator BACK—I have a couple of questions left; I appreciate your indulgence. I wonder if you could also take on notice the situation with Canada in terms of its exportation of beef and beef products—to whom it currently exports and the sorts of volumes. I ask that question because Canada seems, along with the US and others, to have some sway or push in this whole process. I will finish up coming back, if I may, to this question of risk and the driver. It seems to me that at the moment we enjoy a very enviable status in the sense that we are in the most protected category under OIE rulings and we are the only country in the world to have somewhere close to a compulsory national livestock identification scheme. We are willing to put this status at risk with this move. We are willing to put it at risk. It is the case.

Mr Gordon—No, I do not agree. I do not agree with that comment at all. I agree with the fact that, yes, we have a clean and green image, which we are endeavouring to protect. We do not believe that this policy decision will risk that. As we said before, we believe that the risk is so negligible that our—

Senator BACK—But there is one.

Mr Gordon—Absolutely. With any trade there is a risk—

Senator BACK—Mathews said so, Professor Jim Bishop, the Chief Medical Officer, said so, and the human medical people with blood transfusions have not moved on it. They are not freeing up. I accept the comments being made, but there is a risk, isn't there? It is negligible; it is a risk. Do you agree?

Mr Gordon—Absolutely there is a risk, and we all accept that; that is the business of trade. But there is an appropriate level of protection. It is not a zero risk but we are moving towards OIE standards in terms of risk.

Senator BACK—Let's not be confused though—the whole exercise is trade driven, is it not? Do we agree with that?

Mr Toohey—It is science driven.

Senator BACK—No, it is trade driven.

Mr Toohey—Well, it is a combination of trade and science. It is trade based on science, so I do not think you can separate them.

Senator BACK—But it might be based on science. Whatever the reasons are, it is trade driven. In Senate estimates—

Senator HEFFERNAN—This came out of—

Senator BACK—I asked the Department of Health and Ageing whether they drove it, and they said no. I asked the Department of Agriculture, Fisheries and Forestry whether they drove it, and it was like a hot potato—they said no, they did not drive it either. I then asked about the extent to which the US government had an involvement in it—that raised a few eyebrows. I then said: 'What about Department of the Prime Minister and Cabinet? Was anyone from Prime Minister and Cabinet in any of your meetings, incidentally?' They were in several of them. The DAFF people confirmed that. The Department of the Prime Minister and Cabinet also attended some of the meetings. It was an inter-agency process. They actually said to me it was driven by DFAT, the Department of Foreign Affairs and Trade. So I do not think anyone of us ought to be under any illusion that the whole issue has been trade driven; it has not been science driven. Nobody rejects that. Science may or may not be an element but, David, it has been driven by the trade side, hasn't it?

Mr Palmer—I think you have to put it in order here. It is a science based debate which has a direct implication for trade. So if the science supports the trade then the trade should be able to recommence. But if the science does not support it—and there are numerous examples around the world on a whole lot of stuff, not just BSE, where the science is either incomplete, contrary or whatever—then the business will not be transacted. So science drives what is ultimately trade—absolutely—but in this case there was no one, single secret meeting where everybody denied their presence—

Senator BACK—No-one suggests that—

Mr Palmer—There has been a multitude of discussions. In all my travels around the world in the past three years, I do not think I have had one conversation with a trade official or a commercial party who has not questioned Australia's somewhat conservative approach.

Senator BACK—Do you think they have done that for purely esoteric purposes, just by way of having a conversation in the airport lounge, whiling away the time?

Mr Palmer—I think that our trade, for want of a better word, purity creates rancour in people in some parts of the world.

Senator HEFFERNAN—Do you have Mr Reid with you when you go on those trips?

Mr Palmer—No.

Senator BACK—There are winners and losers. In summary, your understanding is that the science has improved to the extent that the trade can actually be resumed and the linchpin in the whole thing at the end of the day is the capacity of our inspectorate, Food Standards, AQIS and others. We have agreed here that we do not have the budget, the personnel or the protocols. We did not have Roger Beale dealing with it and, in any event, as Roger Beale himself said, his review did not look at the economic impact of the recommendations. Do not forget that. That was Roger's own statement—that his review did not look at the economic impact of his recommendations. I say to you: you are in waters that I just hope we get through calmly, Chair. Thank you.

CHAIR—Thank you, Senator.

Senator HEFFERNAN—Could I—

CHAIR—Just a second, Senator Heffernan, I have a couple of questions.

Mr Palmer—I think we would absolutely echo the closing remarks of Senator Back. The industry has taken some leadership decisions in partnership with government and I think the industry—and forget about MLA—policymakers should take a bit of a bow. They have taken a really hard decision—and they have done it in concert with government—that, based on the science, based on all the evidence out of North America, we should relax the trade on imported goods out of that country. Ever every other OECD country, with the exception of Iceland, Norway and Turkey, has come to the same decision. I reckon the industry, because of the commercial issues that Senator Heffernan refers to, has taken an enormously hard and tough decision in concert with government to look at the protocols. All the comments about lack of budget and lack of inspectors and all the rest are very genuine and very real and I am very certain that this industry will police every inch of the way from here on.

Senator BACK—If I may conclude, it is a shame we did not have openness across the board, but I am not going back to an early series of questions.

Senator HEFFERNAN—Could I ask the lot feeders, in a typical lot feed—in Queensland, for instance; Beef City or somewhere—where do the cattle come from?

Mr Cudmore—They come from all parts of the country.

Senator HEFFERNAN—The Northern Territory?

Mr Cudmore—I am not aware that too many—

Senator HEFFERNAN—Could be. Victoria—could be. So they could be. In the *Land* newspaper the minister says we are mad not to.

This means there is no scientific reason to ban cattle located across the other side of a country, even if there is an outbreak in one region.

Right? RMAC's submission says:

New arrangements will be based on animals, not countries.

You are in the feedlot industry. How the hell, if you are a feedlotter, are you going to know where the cattle come from if there is not full traceability?

Mr Cudmore—All cattle coming into a feedlot under the National Feedlot Accreditation Scheme must have—

Senator HEFFERNAN—I understand what Australia's position is. But if you are in another country and the cattle come from the other side of the country and you have no traceability—which is the case, and which the minister says is okay—how the hell would you know where they come from?

Mr Cudmore—The risk assessment is done on that particular country. It is done on a country-by-country basis.

Senator HEFFERNAN—That is bullshit.

Mr Toohey—Chair, let us make the point once more. Our position on this is: if the government is not satisfied that every single animal that is going to have beef from it sent here cannot be traced, then it is not to be brought in here. It is as simple as that.

Senator HEFFERNAN—Instead of bureaucratic blather why don't you—

Mr Toohey—Senator Heffernan is taking the worst-case scenario—

Senator HEFFERNAN—Why wouldn't you?

Mr Toohey—and saying, 'Because we do not know exactly from a particular feedlot, beef is going to come into Australia that is potentially infected.' We are saying: if every single animal in that feedlot that goes through to that processor that comes to Australia cannot be traced, and its cohorts traced, we are not interested.

Senator HEFFERNAN—Why don't you have enough guts just simply to say on behalf of the 140,000-odd people that you do not represent, but who grow cattle—

Mr Cudmore—No, no, let us make a clarification: that is MLA.

Senator HEFFERNAN—You are a different mob. Do you want me to start carving into your lot? I know about your mob, too, mate! Why don't you simply say, because I can assure you that is what the industry wants. If it is good enough for us to have full traceability so that if you do buy a cow or a steer or whatever from the back of Shepparton or somewhere and send it to a feedlot somewhere else at least you know where it came from and how it got there and how many people handled it. Under what you have ticked off in your submission, you will never know.

Mr Toohey—Rubbish!

Senator HEFFERNAN—'Rubbish'? How would you know if there is not full traceability, I beg your pardon?

Mr Toohey—We have said there will be full traceability.

Senator HEFFERNAN—But you have said only on a herd basis.

Mr Toohey—I gave an example—

Senator HEFFERNAN—On an individual animal. Mate, you have spent too much time in Canberra.

CHAIR—Senator Heffernan, just let Mr Toohey finish.

Mr Toohey—I don't live here anymore.

Senator HEFFERNAN—I didn't say you did.

Mr Toohey—I gave an example of an island off British Columbia. That is fairly typical of what you would expect.

Senator HEFFERNAN—Use Tasmania.

Mr Toohey—Let us use Tasmania. If BSE broke out on the Australian mainland and we did not have a traceability system on the mainland and yet Tasmania did have a full traceability system and could prove no BSE and could prove no MBM and could meet all their requirements of OIE and ours, why would we, because it is Australia, lock Tasmania out of supplying another country? That is the difference.

Senator HEFFERNAN—Because if they cross onto the mainland and there is no traceability—

Mr Toohey—I have just ruled that out. I have said—

Senator HEFFERNAN—you don't know that they have.

CHAIR—Senator Heffernan, let Mr Toohey finish! Just let him finish and then you can ask another question.

Mr Toohey—It is a closed population in Tasmania. That is the extreme example.

Senator HEFFERNAN—But the US is a large country, much larger than Australia, and cattle can move 2,000 kilometres to a feedlot somewhere and they do not have herd traceability—

Mr Toohey—Don't let them in.

Senator HEFFERNAN—You are saying today that we won't let cattle in from America because they do not have herd traceability.

Mr Toohey—Let us to take an absurd example, Senator. One company in Texas has a closed herd, has bred them from day one, has vertically integrated right through to the feedlot, happens to have a processor down the corner, processes them, has no MBM, can trace every single animal and cohort, but America does not have a traceability system as a nation—

Senator HEFFERNAN—I understand what you are saying—

Mr Toohey—why would we say no to that company?

Senator HEFFERNAN—but who is going to inspect the boundary fence—you?

Mr Toohey—Come on! Now you are talking—

Senator HEFFERNAN—No, I am not talking that. Have a go at the Northern Territory, where you have got a couple of million head. You know how it works, mate. It is hard to get a clean muster. There might be a mountain range or a waterhole that divides you from the next joint up the bloomin' territory.

CHAIR—Senator Heffernan, I think Mr Toohey has answered your questions.

Senator HEFFERNAN—I just want to put it on the record: these fellows today are telling Australia's beef growers that they are going to accept a lesser standard than they have imposed on Australia, with full traceability—

Mr Toohey—You are telling them that.

Senator HEFFERNAN—on countries that are going to import. That is what they are saying.

Senator STERLE—They have not.

Senator HEFFERNAN—They are going to let countries that don't have full traceability import cattle into Australia. You tick it off. You have agreed to that, haven't you?

Mr Toohey—No.

Mr Palmer—Senator Heffernan, you keep referring to importing cattle. As I understand this discussion—

Senator HEFFERNAN—Not cattle, beef.

Mr Palmer—Well, it is a very—

Senator HEFFERNAN—You have agreed to—

CHAIR—Senator Heffernan!

Mr Palmer—It is a very important distinction to make, because places outside of this room will interpret it as they see fit. If you keep mentioning cattle, you are misleading—

Senator HEFFERNAN—Beef, sorry—beef cut up into boxes.

Mr Gordon—From the feedlot industry's perspective, there would not be an issue—in terms of traceability, going back to your question. We are talking about imported beef, and that is different.

Senator HEFFERNAN—So you do not think we should impose on countries that are going to come in here with boxed beef competing against our guys full traceability?

Mr Gordon—We have answered that question.

Senator HEFFERNAN—But that is the answer, though, isn't it?

CHAIR—Senator Heffernan!

Mr Palmer—The submission clearly argues for equivalency.

Senator HEFFERNAN—Your submission says you are not going to worry about the protocols in the country, only the herd.

Mr Palmer—Others can argue, but the submission clearly states the expectation, and is asking for, equivalency of goods sold here. So if beef turns up in Australia from the United States or Canada it will need to be produced, if the RMAC submission is adhered to, they will need to adhere to a regime of production equivalent to that of Australia. Ninety-five or 97 per cent of the American—

Senator HEFFERNAN—So why would we bother with full traceability in Australia? Why have we got that?

Mr Palmer—We bother for a very good reason, because 70 per cent of our production goes to 106 markets around the world—

Senator HEFFERNAN—That is right, so why wouldn't we insist on other countries having the same? You blow me away!

Mr Palmer—It was born out of trying to protect the European market. That is what we have done and we have now spread it internationally. It is turning out and will prove to be the greatest investment this country has made.

Senator HEFFERNAN—Why wouldn't we insist on other countries having the same?

CHAIR—We have asked that question, Senator Heffernan.

Mr Palmer—And the submission, clearly says so. Every attempt is being made by you to claim that equivalency is not being sought. The submission clearly states equivalency.

Senator HEFFERNAN—But your submission says:

The new arrangements will require that beef and beef products will be derived from animals, not countries, free of BSE.

CHAIR—That is right.

Senator HEFFERNAN—That is a complete backdown. How can you equate that to supporting our position?

Mr Palmer—It is very similar to how Australia back in the mid-90s went about protecting our access to the European market. We created a closed herd system—I forget how many millions of cattle came under it—to satisfy the 7,000 tonne quota into Europe. It was a closed-shop arrangement where cattle had to have the whole-of-life traceability, but it did not mean that all the cattle outside of that system had to adhere. We have now subsequently made that occur.

Senator HEFFERNAN—In the case of BSE—

Mr Palmer—But, I mean—

CHAIR—Hang on, Mr Palmer.

Senator HEFFERNAN—I understand where you are going. In the case of BSE, where there is no live test, do you anticipate that they will test every beast as they kill it so they can say it did not have BSE?

Mr Palmer—No, I doubt that very much. I do not think anyone—

Senator HEFFERNAN—Well, there you go.

Mr Palmer—There are two things. First up, testing of an animal for BSE will not necessarily tell you if they have already got a lethal dose and it just has not arrived at the brain. That is the first thing. Secondly, at post mortem, brains will be inspected as they are—

Senator HEFFERNAN—So how do you—

Mr Palmer—But testing is quite a different thing from a typical inspection.

Senator HEFFERNAN—How do you expect to derive that an animal is BSE free if you do not test it?

Mr Palmer—Because it is, as I said earlier—

Senator HEFFERNAN—You are pulling my—

CHAIR—Hang on, Senator.

Mr Palmer—As I said earlier, in the risk assessment they tested 800,000 at-risk cows. I referred to the four Ds, which are dead, dying, diseased and downer. Downers are the seriously ill animals. BSE in the four Ds is way more prevalent than it would be in the normal, healthy standing herd.

Senator HEFFERNAN—But you will accept that unless you test it you will not really know.

Mr Palmer—I think you do, because there is the risk assessment I keep talking to you about.

CHAIR—Okay, we are going around in circles, Senator Heffernan.

Mr Palmer—If these 800,000—

Senator HEFFERNAN—I am sure they gave you a pay rise.

Mr Palmer—If these 800,000 at-risk cattle are proving to be negative, what is the point of looking at the other 37 million?

CHAIR—Mr Palmer, your colleague did want to make a comment.

Mr Brown—I would just like to say that some of the argument today has been quite irrational.

CHAIR—That is your opinion, Mr Brown. We are entitled to put arguments from this side of the desk.

Mr Brown—When we are putting these import assessment protocols together, I would sincerely hope that, if they are not to our liking, we would get support from around this table—particularly from you, Senator Heffernan.

Senator HEFFERNAN—You can be sure of that.

Senator BACK—Can I suggest as a final note that it would have been wise to have had all this information at your fingertips before you made a final decision.

Mr Brown—We did not call the inquiry.

Senator HEFFERNAN—No, but he is saying that you should have had these answers before you agreed to sign up to it.

CHAIR—Absolutely. I have a couple of final questions—

Mr Palmer—I understand the protocols for importation will not commence to be constructed until post-March.

CHAIR—With great enthusiasm we will look forward to that. Can I just take you to your submission. I just want to make sure I am reading it correctly. Under ‘future import volumes’—and I think Senator Back raised this before—it says that from 1990 to 2004 there was a maximum of 4,700 tonnes and that ‘there is no reason to believe the policy change will dramatically affect these import levels’. So are you saying that your expectation is that imports of beef into this country will remain around that 4,700 tonnes level?

Mr Toohey—No, not necessarily.

CHAIR—Then that is not very clear. Can you explain then what you—

Mr Toohey—Mr Burridge might like to address that issue.

Mr Burridge—Could you please just repeat the question.

CHAIR—In your submission, Mr Burridge, I am just trying to make sure we are very clear on what you are saying. It says: ‘In the years 1990 to 2004, imports by Australia from all countries reached a maximum in any one year of 4,700 tonnes, mostly from New Zealand. There is no reason to believe this policy change will dramatically affect these import levels.’ That reads as the submission is saying that the imports into this country of beef will remain around 4,700 tonnes. Is that correct?

Mr Burridge—For your benefit and everyone else’s benefit, Australia competes against every other beef-producing nation in the world for market share every day of the week and we compete against them with additional freight costs associated with shipping our product to the various global marketplaces. We see no reason that we will still not to be able to compete subsequent to the change in this policy.

CHAIR—No, I understand that. But your submission specifically talks about the levels of import. It specifically refers to that tonnage.

Mr Burridge—At this point in time, we see no logical reason for that to change. Mr Martyn has recently been in the US. Steve, do you want to make any comments on that?

Mr Martyn—Yes, I do. I have been in the States for the last week. Two things I do not comment on myself personally are price and specification, because only those people in the business can really make a value judgment on them. I have been talking to people in the US on this matter. They do not see that this will greatly change things, other than that there were small

shipments out of the US in past years that were allowed in. New Zealand, of course, have shipped into this country. That has mainly been rumps coming in around the Christmas-New Year period when there is a huge demand for rumps. A lot of our rumps used to go to Japan. It is a supply-demand issue.

CHAIR—So the levels are not going to drastically change. There was a reference made by an earlier witness to some interest that has been shown by other countries since the potential changes were announced in importing into this country. Is that correct?

Mr Toohey—Probably.

CHAIR—Are you aware of any particular countries or expressions of interest?

Mr Toohey—No.

Mr Palmer—I am not personally aware of any.

CHAIR—Obviously it is a matter of great concern that the WTO arrangements are scientifically based, as you have been at pains to point out. Indeed, in your submission you point out that recent indications of possible WTO action have brought the matter to a head. Is it safe to assume that another country will initiate action in the WTO because they believe that there are trade barriers in place that are non-scientific and because they want to gain access to a market?

Mr Toohey—Yes, it is safe to assume that.

CHAIR—Thank you. I just wanted to get that absolutely clear. If there is expression of interest from other countries about taking us to the WTO, surely it would stand to reason that they have an interest in then exporting to Australia where they have not previously been able to.

Mr Toohey—Yes.

CHAIR—If indeed the whole basic essence of the WTO argument is based on other countries wanting to gain access to our market, is that at odds with your view that you do not see the importation levels changing?

Mr Toohey—Let us take the US as an example. The US used to send beef here for boutique exercises before we put the blanket ban in—for example, for a boutique hotel chain or—

Senator HEFFERNAN—High market cuts.

Mr Toohey—Yes, they would send high market cuts for a particular function or that sort of thing—promoting the US flag. In the past, our experience has been that it is ridiculously overpriced at retail. It would go through some shop chains here at the high-quality food end. They were talking about an average of 34 tonnes a year. So they may wish, just for the sake of scientific purity, to take us to the WTO. I am not saying that they would on that basis, but they may wish to take us to the WTO on that because they cannot do that anymore. Does that mean that, if the WTO finds in their favour, they will flood us with beef? I do not think so because it

then comes down to basic trade fundamentals—who can afford to send and who can compete with whom—and Gary has covered that issue.

CHAIR—I am very interested in this issue. In the past, given the very comprehensive and complicated nature of taking another country to the WTO over perceived restrictions of trade, do you seriously believe that a country would do it over 34 tonnes and how often has it occurred in the past?

Mr Toohey—The department can certainly take that on notice, but it has happened in the past. There are two reasons: it is a matter of principle and, if they do win the case—and my understanding is that this has happened in the past, but I stand to be corrected—they can get compensation if the trade continues to be restricted. They can be compensated through other means, not through that particular product but through additional tariffs on totally unrelated products. So there are a number of incentives to go ahead with this, quite aside from the scientific purity aspect.

CHAIR—In your submission you talk about the recent indications of possible WTO actions. What are those recent indications?

Mr Toohey—It is second hand for me but, through the RedMMAC process, the ministers visit overseas and they have had conversations to which I earlier referred. They were the indications. As I understand it, there was no formal written threat, but it has been gradually increasing in dialogue.

CHAIR—At what point does a conversation become inevitable action along the recent indications line? There is a big difference between having a conversation with another country saying, ‘This is really giving us the pip,’ and actually moving towards taking Australia to the WTO. It is a long line.

Mr Toohey—Yes, and it is a question to which I could only give a subjective answer.

CHAIR—I am only asking because you have referred to the recent indications being a reason. Those recent indications would certainly have to be substantive to raise this matter to the level of one of the reasons for change that you are putting forward.

Mr Toohey—They are substantive enough, in our mind, to put it in the submission. You will notice that it is quite far down in the rank. It is not one of the primary objectives, but it is a consideration on our part.

CHAIR—All right. I am happy for you to take this question on notice, if you cannot answer it now: could you provide to the committee what the substantive nature of those concerns around the recent indications of possible WTO action actually are? At this stage the committee has no clear evidence before it of the detail of those recent indications. Given that it is such a pivotal point to your argument of changing the arrangements, it would be very useful for the committee to have that information.

Mr Toohey—Can I just say that it is a point, but it is not pivotal. Our pivotal point is based on science and—

CHAIR—No, I understand that. But the two points are very—

Mr Toohey—It is not a pivotal point, but we will take that on notice and give you an answer.

CHAIR—I understand that, Mr Toohey, but you have also made very clear those two key points about potential removal of meat from the shelves and potential WTO action. So, on that basis, if you could provide a response. Are there any very quick questions, because we are out of time?

Senator HEFFERNAN—Yes, I have three. On the estimate that the chairman points out on the amount of meat that may be brought in, did you have a certain dollar figure in mind there—the currency equivalent? Because, obviously, if we go to parity, it is going to make a hell of a difference in what happens with our trade in beef. Given that at the present time cattle are well below the cost of production for the farmer, and they are still as expensive as you wouldn't know what in some of the supermarkets, and given that in the US it is the complete opposite—they get twice as much at the farm gate for a lot of their beef. I have been there, and I didn't believe it when they told me that at the start; and it is a lot cheaper in the supermarkets—were you saying it does not matter what level the currency is? Back when we brought in that meat before, at one stage we were down to 46c. We are now double that.

Mr Palmer—On price parity, I did some figures a while ago. There is a leading US supermarket that has now opened one store in Australia, and is soon to open more. They have brought in—

Senator HEFFERNAN—Who is that—Costco?

Mr Palmer—Yes. They have brought the same business model to Australia that they operate in the United States. They had 100-day fed beef in the store in Melbourne, which is roughly similar to what is in the states. The prices, converted to Australian dollars—admittedly, using an 83c dollar, so it is a little bit old—were identical. On the last bit, about what happens at 93c, I do not know the answer.

Senator HEFFERNAN—We will find out.

Mr Palmer—The US is now a net importer. So they import more than they export. And the market that might be attractive out here would be the loin market. Americans cannot get enough loins of their own.

Senator HEFFERNAN—On the question of the small amount of importation, I have talked to one of the potential foreign importers-processors. They say that they will definitely be bringing some in so that they can square the equation for equivalence in case they get a reactor into Japan with their market protection. It is what we call a 'lost leader', and they intend to participate in that. The is exactly why they are going to bring it in—not because of commerciality; because of lost leader. That is why I make the point that this is all about lowering our trade edge, and it certainly is.

Could I just raise one other question. Tell me about E. coli and what has happened recently.

Mr Toohey—I cannot answer that. I will have to take that on notice, unless Steve can answer.

Mr Martyn—E. coli has been a major food safety issue specifically in the United States. We have had ongoing negotiations between government and industry and with industry in and the government of the United States over the import testing protocol for E. coli.

Senator HEFFERNAN—Are they trying to do us in?

Mr Martyn—It is not so much doing us in. It is a constantly moving feast. Anyone who has read the media would understand the sensitivity that this issue carries with it in the United States. It also shows that, whatever science may well dictate, politics in that market and consumer concern has overridden it. Some government policy may well be reflecting consumer concerns rather than what the science would suggest is the way forward.

Senator HEFFERNAN—I hope that the committee is listening very carefully to this, because this is what is front of us.

Mr Martyn—That is just part and parcel of all international trade. We as a major exporter are always very cognisant of these sensitivities. That requires us to ensure that we have the very best networks in all of these markets, both from a political point of view as well as a trade point of view to ensure that we can measure the process.

Senator HEFFERNAN—Thanks very much. Mr Toohey, you might care to get your head around that some time. Thanks.

CHAIR—There being no further questions, thank you very much for giving us your time and appearing here today.

[12.07 pm]

STEEL, Dr Robert John, Private capacity

CHAIR—I now welcome Dr Robert Steel. I invite you to make an opening statement.

Dr Steel—I appear mainly as a farmer, but also as a veterinary surgeon who does a lot of reading and has done for many years and is concerned about the present situation, because it separates the BSE restrictions from the foot and mouth restrictions that came into place on 4 May 1993. We as farmers depend on information supplied to us. One of the most important articles that I have read for a long time came from the Hon. Tony Burke. It was published in the *Land*. I read that carefully and found that I had a few problems accepting some of the statements made. For example, he said that our policy no longer matched the science and that we were facing the likelihood of international legal action or retaliatory bans. If I may, I would like to refer you to the Senate hearing of 14 February 2005, page 53, at which the chief veterinary surgeon at Biosecurity Australia stated:

... we would be expecting, and indeed demanding, that our trading partners accept OIE definitions of zones within Australia.

When Senator Kerry O'Brien asked him, 'Can we force them?' and followed up with, 'What can we demand?' Dr Banks had to admit that there was no legal obligation and that we could do nothing to demand anything. It was just a question of international trading accord. Nothing has changed, according to my reading of it, in the present situation with the BSE. There is no legal obligation—

Senator HEFFERNAN—Listen to this.

Dr Steel—Pardon?

Senator HEFFERNAN—I am just telling the bloke at the back he should listen to this.

Dr Steel—There is no legal obligation; there is no demand—and I point that out as an important confection in this letter. Nothing has changed. The Office International des Epizooties is not a medium of control; it is a medium for agreements. It is a voluntary organisation. To take that issue further, I have given the senators a letter that was published in the director's circular of the Postgraduate Foundation in Veterinary Science. Unfortunately, DAFF has an enormous influence on the veterinary profession, so it can inhibit expression within the profession. I have retired, so I can speak more freely, but those who work in DAFF cannot. They have to support government policy, and some of those policies I question very much and have done since 1999-2000 in the *Australian Veterinary Journal*, where I took issue with information which I say was confected—and I am being very kind there—and which I feel was mainly responsible for the escape of the EIA virus from the Eastern Creek quarantine station in 2007.

Getting to the issue of this postgraduate statement, if anyone was unlucky enough to review these Senate committee hearings of 15 February or 12 August 2005, they would be devastated.

One example is that the former Chief Veterinary Officer of Australia, Dr Gardner Murray, who at the time was also the official Australian representative on the OIE, stated at the 15 February hearing that there is an obligation for a country to report a change in status and—this is what is important—it goes straight to the country of origin. That is the process of granting a status to the country and is reviewed effectively every year, and, I add, the alarm bells should be rung. This advice given to committee members was totally incorrect and suggests that the office had a ground inspection rule, which it does not have and never has had. The OIE does not go to countries at all—it did once many, many years ago—when an outbreak of foot-and-mouth disease occurs in a country or in a zone of a country. The country should report to the OIE, but it may decide not to. This is incredible; it may decide not to do this. There is no legal obligation on the country. The OIE is a voluntary agreement organisation.

I am now talking about foot-and-mouth disease and I am going back to the 2005 Brazilian beef scandal. What happens is that each country must put in an annual report on its disease status to the OIE. The OIE decides annually, in May, on the basis of a self-assessed dossier—they make it up themselves—provided by the country to recommend a disease status to the country of origin for, say, foot-and-mouth disease. The dossier is accepted on the basic code of practice, the standards of which are accepted as minimal standards for the application of rules of trade, and this is where trade comes in. It is really vital that this organisation exists as a trading organisation so that you have respect for other countries, but there is no legal obligation. You do not necessarily have to report an outbreak of a disease if you do not want to. Dr Gardner Murray went on to say that you hear a lot on the grapevine and so forth, but the fact that there have been no court proceedings to follow the Brazilian beef scandal has been noted by some as alarming. This untruth is terrible.

The third page is dealing with science, and this is where I would like to start if I may. This is a seminal article by Lisa Waddell. I know that Professor Mathews is a great mathematician, and he is in the royal society. He is a very respected member, but so is Lisa Waddell. She has looked at it, and I have given you a little histogram to demonstrate the credibility of some of the reviews. With a rating out of 13, the majority are four or five out of 13, and one gets to eight out of 13. That is appalling. So our science review methods are under severe criticism. That is not for diseases generally; that is for transmissible spongiform encephalopathies as dangers to human health. That is incredible. So how do we look at the new science? We look at it with all the uncertainty that is shown in that document.

If I may, just to go further, I would like to reply to the minister's letter, because it is the main vehicle that I have—except for veterinary journals and Senate hearings—to get information. I found it difficult to cope when he said that all Australian beef should be banned from the shelves immediately. Without trace-back mechanisms in place such as the National Livestock Identification System, surely this ban would be very brief because of the efficiency of our schemes and the security of each state's approvals for abattoirs. I asked him to explain the 'all off the shelves' rule. Surely this is absolutely fictitious, or at the very least poor spin on a very important national issue.

In September 2009 the OIE, which sets the international standards for BSE in the Terrestrial Animal Code, assessed Australia and 10 other countries as being of negligible risk. This is a terrific asset that we have, having had no cases of BSE. More importantly—and this is where my problems start—the OIE also declared a new category of 32 countries as 'controlled risk

assessment', and these are the countries that we are going to trade with. This is very serious, because they include Colombia, and I am sure the only border controls in Colombia are ruled by the bandits.

As far as Brazil goes, we know from the Brazilian beef scandal exactly what happened. Did we do an assessment? Did we go? Not likely! We did not even send a team until a month after. Actually, it came in on 24 November, and we sent a team in December, a month later. Dr Banks said that this was a preliminary examination. I cannot believe it: a preliminary examination a month after! It defies any care that they should exercise. If this is the degree of responsibility and accountability then how can we trust them in a group of diseases that I would now like to go to?

A lot of emerging disease is in Canada, and also in 14 states of the USA. It is spreading. I think it has got to Texas; that is the report that I got recently, but that is unofficial. Fourteen states are involved, as well as two provinces in Canada. This is very important. It has been shown, in in vitro cell-free tests, that you can get this conversion of this human prion protein by this particular chronic-wasting-disease-associated prion. It has been demonstrated, so it is possible. Talking about blood products, I am sure that you are aware that BSE can infect sheep when blood products are given orally. In fact, it is the basis of a blood test to protect humans at the moment. It can cross from sheep. It is just amazing to say that our science is safe.

The Canadian government has spent \$50 million—that is the figure that I remember—and the United States has also been spending a huge amount to try and eradicate TSE. Let us look at BSE per se. Where did it come from? No-one is quite sure. You do not have to be a magician to think about scrapie up in the northern part of Scotland. It has been there for hundreds of years. The changes in genetic resilience, the mutations that occur, certainly suggest that BSE comes from scrapie, but there is no proof. There is now more danger from BSE with cosmetics—there is this percutaneous absorption—than oral. We have collared the oral position but leather goods and cosmetics represent danger—not a very big one but they do represent danger. I have taken enough time, I am sorry.

CHAIR—No. I was just about to invite you to extend your opening statement, because this is very interesting to have on the record.

Dr Steel—Thank you. The Canadian government has spent a figure of \$50 million so far and has failed completely to eradicate TSE. This emerging chronic wasting disease affects three main species of deer—mule deer, white-tailed deer and elk. There is also moose but, at the moment, the disease is restricted to deer. We have on our farm, in the back 800-acre forest—which is a beautiful forest; it is even hard to see where you are going sometimes—wild deer, wild pigs and goats. My concern is coming from the foot and mouth risk which this new policy will expose us to if we trade with the 32 countries which have a conditional risk analysis. Why would we possibly trade with Brazil? We might get everything right, do the inspections and be sure of the materials that are coming from the zone. The policy that allows Brazil to supply us with meat was developed in 1999 and there was no trace-back mechanism at all then. DAFF did not inspect any of the facilities, let alone send out teams, until after the trial cartons arrived. Did you know that permits were issued by DAFF-AQIS on the strength of Biosecurity Australia in 2003 and 2004 for unlimited amounts of beef to come into the country? It is just unbelievable. Thank goodness it was stopped at Wagga. We should particularly note that, even if we bury BSE—let

us say there is some BSE in that beef—it can still be alive in three years. It is incredibly resistant.

We are dealing with an emerging group of diseases. It is considered that this chronic wasting disease, which is causing a lot of problems in the Americas, Canada and the American states has come from scrapie because of grazing of wild deer and sheep on the frontal ranges of the Rocky Mountains in 1200. As I see it, there is an incredible risk of losing our fantastic clean image. We and New Zealand are the only countries in the world who are free of scrapie. There are no others. Every year in England 5,000 to 10,000 new cases of scrapie are reported, despite all the money that they are spending on the scrapie flock systems. It is an incredible danger.

It is true that scrapie has never been detected in the muscles, so the trade would say, ‘We can send out steaks and things like that.’ It occurs only in sheep and goats; it does not occur in cattle. If you send a leg of lamb, possibly scrapie will be in the bone marrow. So this is a hell of a risk that is obvious to everyone. I think that brings me to the end, but I would like some questions.

Senator BACK—Dr Steel, it is good to see you. Given that the intention now is to accept applications from these category 2 countries, the ones you have referred to, can you tell us from your experience what safeguards you believe the government should put into place through AQIS and the Department of Agriculture, Fisheries and Forestry? What safeguards should they put in place to ensure that our category 1 status is not put at risk?

Dr Steel—The inspections and the livestock identification trace-back mechanisms should be in place. In 1999, when the policy was promulgated, they did not even have any identification systems in Brazil, for example. I do not know about Columbia. Unless you have a really efficient team in DAFF who are inspecting everything, unless you are sure that the trace-back mechanisms are absolutely 100 per cent as good as ours are, then we are absolutely stuffed. The one that I am concerned about is foot-and-mouth disease. We were just so lucky last time, in 2005. That is why I am here today: the extreme risks that foot-and-mouth disease presents. We need good personnel and we need an absolute and complete trace-back mechanism. Those are the two things.

Senator BACK—Are you aware of anything that can be done, once meat arrives in Australia, to satisfy authorities that it is not carrying any of these prions? Are you aware of any testing of a consignment that can be undertaken once it has arrived in Australia?

Dr Steel—No, absolutely not at all. So you are at risk.

Senator BACK—Thank you.

Senator O’BRIEN—Dr Steel, you just told the hearing that you were here today because of the extreme risks that foot-and-mouth disease presents.

Dr Steel—Will present under the new policy, exactly.

Senator O’BRIEN—So your concern about this policy is the spread of foot-and-mouth disease.

Dr Steel—Yes.

Senator O'BRIEN—I thought you were talking about BSE.

Dr Steel—Yes.

Senator O'BRIEN—So this policy will create an opening for the introduction of foot-and-mouth disease?

Dr Steel—This is the policy in which foot-and-mouth disease and BSE are wedded together, and the restrictions were placed on trading because of these two. What we are doing now is separating BSE and saying, 'Because of our great success in control of the oral disease'—mad cow disease and variant Creutzfeldt-Jakob disease—'we don't have to worry about that.' But that leaves us exposed, as we were in 2005, to extreme risk.

Senator, may I just mention some of the other problems that present. We very efficiently infected the New Caledonian dairy herds with our tick fever, which, as every farmer in Queensland knows, we live with. My wife comes from that area. We have ticks. The mother gives some passive immunity to the calf, and then the ticks provide the active immunity. The conditions are such—it is called endemic stability—that usually everything goes well and you can sell your cattle and milk your cows. But Biosecurity Australia made a policy, and AQIS implemented the policy and issued permits for export of cattle to New Caledonia. They vaccinated them and also got rid of the ticks, but—

Senator O'BRIEN—With respect, Mr Steel, that is about exporting live animals. You are relating a case about exporting live animals. This is not a policy about live exporting or importing live animals from any other countries. It is about importing beef. So I am taking you back to your comment—

Dr Steel—I cannot hear you. I am sorry.

Senator O'BRIEN—I do not think I can speak much louder.

Senator HEFFERNAN—You can, mate!

Senator O'BRIEN—This is a policy about importing beef, not cattle—

Dr Steel—Yes, I know—

Senator O'BRIEN—and you are relating an experience.

Dr Steel—but I am talking about responsibility and accountability by the people who are in charge of our quarantine, not only of importing but also of exporting.

Senator O'BRIEN—So how will this policy in relation to the importation of beef increase the risk of introducing foot-and-mouth disease?

Dr Steel—Because of the border dangers, the lack of control in some countries—for example, Brazil. We have seen it. I am not sure whether there has been much improvement. I would be very concerned about Colombia. I think these 32 countries of conditional risk assessment represent an increased danger to us of importing foot-and-mouth disease.

Senator O'BRIEN—In terms of the foot-and-mouth disease risk, do you interpret this policy as negating any other measures we can put in place to resist the imports from an identified foot-and-mouth disease country?

Dr Steel—Could you repeat that, please?

Senator O'BRIEN—You see these new procedures and protocols that are being put in place as removing Australia's ability to decline to accept product?

Dr Steel—No. It depends on the efficiency and accountability of the people who are inspecting, and they have shown in the past that they are not up to it. I would be very concerned that there is not an efficient accountability system or responsible people in DAFF.

Senator O'BRIEN—So if the people were better you would be happy with the system?

Dr Steel—No. I am very much against the new policy, on historical grounds. Human nature does not change. Lethargy at the wrong end—that is the important end—is ever present.

Senator HEFFERNAN—Dr Steel, even though you heard earlier that the people who represent the entire cattle industry have no idea what they think the protocols should be and they will leave it up to the government, and they are not even sure that they can do anything about the government's view—once the government has a view—wouldn't it be elementary at the very least that any country we are going to import cattle from had full traceability?

Dr Steel—Exactly. That is my point and I hope I have got it through to the committee.

Senator HEFFERNAN—Why wouldn't these deadheads who were here a while ago know that? You do not have to be a genius to work that out.

Dr Steel—Going back to the letter that the Hon. Tony Burke gave, he said that we would have a problem with other countries. They would take us on because of legal—

Senator HEFFERNAN—WTO?

Dr Steel—I have gone on to that before, but that is wrong—absolutely wrong. The beef industry is incredibly competitive. They have an agenda which unfortunately may suggest that they do not really understand the risks of the evolving transmissible spongiform encephalopathies. The range of animals that are affected is incredible. Even raccoons and predators of deer get involved, and you can educate it in them.

Senator HEFFERNAN—So what you are saying is that this could, by way of precedent, lower the barrier for other diseases at the same time?

Dr Steel—Exactly.

Senator HEFFERNAN—Something they have not thought about.

Dr Steel—Exactly—rickettsial diseases particularly, and of course the other associated transmissible spongiform encephalopathies.

Senator HEFFERNAN—We can only hope that the minister is listening and that the people of Australia are listening, because in my view the cattle industry—the 154,000 people who pay levies who are not signed up as members—have been betrayed by their leadership.

CHAIR—Dr Steel, thank you very much for giving us your time today. We appreciate it very much.

Dr Steel—Thank you.

Proceedings suspended from 12.35 pm to 1.46 pm

BISHOP, Professor James Frank, Chief Medical Officer, Department of Health and Ageing

CLEGG, Ms Narelle, General Manager, Residues and Food Safety Branch, Department of Agriculture, Fisheries and Forestry

CARROLL, Dr Andy, Chief Veterinary Officer, Department of Agriculture, Fisheries and Forestry

JONASSON, Ms Kylie, Assistant Secretary, Research, Regulation and Food Branch, Department of Health and Ageing

McCARTHY, Ms Caroline Ann, Director, Food Trade and Quarantine Section, Office of Trade Negotiations, Department of Foreign Affairs and Trade

McCUTCHEON, Mr Steve, Chief Executive Officer, Food Standards Australia New Zealand

MATHEWS, Professor John, Consultant, Department of Health and Ageing

MORRIS, Mr Paul Charles, Trade and Market Access Division, Department of Agriculture, Fisheries and Forestry

YEEND, Mr Timothy John, First Assistant Secretary, Office of Trade Negotiations, Department of Foreign Affairs and Trade

Evidence from Professor Mathews was taken via teleconference—

CHAIR—Good afternoon, everyone. I welcome officers from the Department of Agriculture, Fisheries and Forestry, the Department of Foreign Affairs and Trade and the Department of Health and Ageing, including Food Standards Australia New Zealand. I assume all the departments have indicated a couple of people who may want to come to the table, and then we will access information from others as required. We also have Professor John Mathews on the phone.

Prof. Mathews—I am a professorial fellow at the University of Melbourne but in my capacity as a public health consultant I have provided advice to the Department of Health and Ageing on the scientific issues around BSE and varying CJD.

CHAIR—I remind senators that the Senate has resolved that an officer of the Department of the Commonwealth or of a state should not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

Officers of the department are also reminded that any claim that it would be contrary to the public interest to answer a question must be made by a minister and should be accompanied by a statement setting out the basis for the claim. You have lodged three separate submissions with the committee. Did you want to make any amendments or alterations to any of those submissions? No. I would invite you to make a brief opening statement, and then the committee will ask questions.

Mr Morris—I think our submission really speaks for itself. Assuming the committee has had an opportunity to read it, or will have an opportunity to read it, we are happy to stay with that for the moment.

Mr Yeend—We feel much the same as my colleague from DAFF. We put in our submission and I think it sets out the issues from our perspective. We are happy to answer questions.

Ms Jonasson—I would like to take the opportunity to make a brief opening statement, if I may.

CHAIR—Please do.

Ms Jonasson—Firstly, we would like to thank you for inviting us to attend today's hearing. Essentially, we would just like to give you a brief statement to set the scene a little bit from our perspective. In response to the bovine spongiform encephalopathy, or BSE, epidemic in the UK in the 1980s Australia put in place measures to protect the Australian population from bovine spongiform encephalopathy contamination in 2001. This included a ban on beef imports from countries reporting any BSE cases and those countries exposed to high-risk factors. The department have been following the science in this area since 2001 and have undertaken, as we indicated in our submission, a number of reviews of the science. We sponsored reviews of the science in 2005 and 2006, and most recently as part of the current government's review of the policy Professor Matthews was engaged to conduct the 2009 scientific review. Professor Matthews's report has confirmed that, provided we have rigorous risk mitigation strategies in place, the risks to human health can be safely managed. I am happy to say that Professor Matthews is available via teleconference today and he would be very happy to talk about the findings of his report and any other questions you may have in that area.

The department also continues to work closely with other Australian government departments and agencies, such as Food Standards Australia New Zealand and the Therapeutic Goods Administration, to minimise the potential risk to humans from BSE through contamination of food supplies, blood supplies, medicines and therapeutic devices. The change to the imported food policy allows for countries that have reported cases of BSE to apply to the appropriate Australian authority, which is FSANZ, and undergo an assessment to determine whether allowing them to export their beef to Australia would represent a risk to the health of Australian consumers. Any country that does not meet the assessment requirements will not be able to export their products to Australia. Mr Steve McCutcheon is also here from FSANZ, and he can expand on any details on the risk assessment process.

Senator HEFFERNAN—Is it a good idea that Australia has national livestock identification?

Dr Carroll—Yes, it is a good idea that we have a National Livestock Identification System.

Senator HEFFERNAN—Why?

Dr Carroll—For a wide range of reasons. Being primarily an exporting country, we increasingly come under pressure from both an animal health perspective and a human health perspective for traceability in some importing markets, particularly in Europe, where we have to demonstrate that we meet their requirements where animals have, in some cases, whole-of-life traceability. They have to be sure for pesticide residues, for HGPs and a whole range of other issues, as well as animal health systems. But that is only one segment of it. The other very important part of having an NLIS is for rapid response in the case of an emergency animal disease. If we were to get a case of an emergency animal disease, it is imperative that we can trace it back to source very quickly. The more rapidly we can get on to a disease outbreak and know exactly where it has come from, the more effective our response will be.

Senator HEFFERNAN—So if you have not got full traceability and you get an outbreak, what does that mean?

Dr Carroll—It can allow the disease to spread, unless you know exactly where it has come from.

Senator HEFFERNAN—All right, that is good enough. I do not need long, bureaucratic answers. In the case of a country that does not have full traceability—and according to those geniuses from RMAC, they have agreed in clandestine meetings with you fellas without referring themselves to the industry; you blokes took the wise decision, in your view, to keep it clandestine—how in God's name then do you have an arrangement where you have a recommendation that beef and beef products are to be derived from animals and not countries? If you have not got traceability, how in the name of God do you know where the animal comes from?

Dr Carroll—BSE is—

Senator HEFFERNAN—No, I am not referring to BSE. I am talking generally. You see, there is a link here to other diseases, which we will get to. If we are going to have beef coming in from countries with a lower BSE status than us, I want to know what we are going to do about other diseases that we agreed to at the same time. Could you explain to me the bureaucratic logic of, for all the good reasons you say, imposing full traceability—even know though there is a serious hole in that in the Northern Territory—at the same time as saying to other countries that it does not matter. Obviously you have surrendered. These blokes agree with the government and the government agrees with these blokes that we are not going to worry about the status of a country and only the herd. Do you agree with that?

Dr Carroll—The requirements as they are set out are dependent upon an assessment of the country or a region within the country or a compartment. The conditions are predicated upon that.

Senator HEFFERNAN—I understand that. The difficulty is that when we had our foot-and-mouth trial, if you recall that, it broke down in the first 36 hours because we ran out of resources and because out here in the Brindabellas you cannot actually control what the feral pigs are doing. You cannot control in other countries what the feral animals are doing and nor can you

control what the animal smugglers are doing. If you do not have full border control—which fortunately we do have because we have an ocean surrounding us—how the hell do you control it? The mob who were here before could not tell us. I would be interested to know if you could.

Dr Carroll—Sorry, Senator—

Senator HEFFERNAN—How do you determine, if there is no traceability, that an animal is from a BSE-free herd?

Dr Carroll—The requirement is not that the animal comes from a BSE-free herd; the requirement is that the animal comes from a country of either category 1 or category 2—

Senator HEFFERNAN—The recommendation is that products are to be derived from animals not countries free of BSE. We all know you kill the beast to find out if it has BSE, but they tell us they are not going to test them anyhow because the risk is so low. This sets a precedent and an issue for either diseases which Dr Steel referred us to earlier and it does set in place the difficult position we in Australia find ourselves in with being told to shove it on E. coli. You are aware of that, I guess, are you? Or is it too sensitive to talk about?

Dr Carroll—I am aware of the E. coli issue.

Senator HEFFERNAN—Is it too sensitive to talk about?

Dr Carroll—My part in that is quite small. I am aware of the E. coli issue.

Senator HEFFERNAN—Righto. We have to get past step one. The industry, who represent 46,000 out of 200,000 levy payers, say, 'There is no need to worry about national status or country status; we will just worry about animal status.' Where does that leave some bloke out at Coonamble? Why the hell have we got an NLIS if we are saying to other countries, 'It does not matter if you haven't got one; we will take your animals even though you cannot trace the meat'?

Dr Carroll—As I explained, there are a wide range of reasons why we have an NLIS—

Senator HEFFERNAN—But why aren't we insisting that other countries do before they get their meat here?

Dr Carroll—Looking at BSE specifically, the conditions are done up in such a way as to prevent BSE posing a threat to—

Senator HEFFERNAN—I understand that, but there is a lot more to this than BSE. If we are going to agree to beef from countries that have BSE with no traceability and that can come 2,000 kilometres across the country to a feedlot somewhere, there will be other diseases, as I am sure Senator Back will get to in a minute. I am not interested in the science or the health, because it is a very low-grade thing. This is all about trade. It is driven out of Crean's department. That has been confirmed by the government to me. Some of your guys are not very happy with it. They do not want to talk on the record. When we are slacking, as it were, on BSE because of the science, how do we satisfy ourselves that we are not inviting something else in as well?

Dr Carroll—There are two elements to that. Firstly, this particular BSE policy was actually developed with science. The other diseases of concern are dealt with in the same way. We look at the diseases that would pose a risk and then Biosecurity Australia will do up conditions relating to those diseases. BSE was not used as a gatekeeper, for want of a better word; it was not the way we kept beef out for other disease risks. The BSE policy was done to address the BSE risk quite specifically. The other diseases have their own policy and their own work-up for that. The change in the BSE policy does not change the policy with regard to other diseases; they are dealt with on their merits.

Senator HEFFERNAN—Given that this is all supposed to start to happen on 1 March, does the department have something it can table for the committee by way of a possible list of protocols that would be required?

Dr Carroll—For BSE or for other diseases?

Senator HEFFERNAN—It is going to have to be for other diseases as well; you can see that.

Dr Carroll—The position for other diseases will be handled separately from BSE. That is the way the science has to work.

Senator HEFFERNAN—How long do you think this process will take—a couple of years?

Dr Carroll—I would only be guessing. FSANZ will do the assessment of countries for BSE risk—they will be category 1, category 2 or not categorised. With regard to other diseases, we currently have import protocols for New Zealand and Vanuatu. Prior to BSE we had import conditions for Canada and the US. Technically, they might be able to revive those conditions for the non-BSE diseases. Other countries would have to go through the same process that we would go through for any commodity access request for BA to do an assessment. There is a committee within the department, headed up by the corporate policy division, that looks at prioritisation of those requests.

Senator HEFFERNAN—You showed woeful judgment on foot and mouth out of Brazil. You blokes ticked that off, didn't you?

Dr Carroll—The department did, yes.

Senator HEFFERNAN—And it was seriously wrong, wasn't it? Just say yes—because it was.

Dr Carroll—I cannot comment on that; I was not close enough to it.

Senator HEFFERNAN—Who is here that can?

Dr Carroll—I do not think anybody was there at the time.

Senator HEFFERNAN—So we have done an Alan Bond, have we—we have either forgotten or gone away? That was an OIE certified process, which is what is going to be relied upon here. As we know, there is no obligation under OIE of 'involuntary to report'.

Dr Carroll—I was a bit outside of the Brazilian beef assessment, but my recollection is that it was based on accepting the OIE categorisation. This system does not rely on OIE categorising. It is an assessment done by FSANZ, which is quite different.

Senator HEFFERNAN—But OIE has categorised the countries—they have said this country is plus or minus—but that is based on involuntary reporting; there is nothing obligatory about it. Do you think that is stupid, or just—

Dr Carroll—This system does not take the OIE categorisation and then apply it.

Senator HEFFERNAN—I realise that, but it allows countries into the category where you can give consideration to them.

Dr Carroll—Yes.

Senator HEFFERNAN—But it does not allow for all the cross-border pinching and thieving and pilfering.

Dr Carroll—Those sorts of things would be addressed by FSANZ. As I said, the system that is proposed does not rely on the OIE submitting the risk. Therefore, we—

Senator HEFFERNAN—All right. Under the system that is proposed, it is going to be based on animals—righto. So suppose I am in the United States of America and I have a feedlot in wherever—Texas. I am drawing cattle from 2,000 or 3,000 kilometres away, depending on the season and where they move to. There is no traceability. They might be bred in Texas and brought up God knows where. How do we reassure Australia's cattle producers, who are presently being paid the lowest price for cattle in real terms for 50 years? Three Thursdays ago a bloke I know went home, sat in the armchair and blew his brains out in front of his family. How do we assure these people that you blokes are not going to stuff this up as you did the foot and mouth thing? You are agreeing to do away with the marketing edge, and this is what this is all about: trade share. I have talked to one of the exporters that is going to bring in, as a loss leader, some beef under this protocol just so that it can argue to Korea and Japan, where the majority of its beef goes: 'Mate, you've still got to take it; Australia's taking it even if we get a reactor.'

How can you assure this committee—given that there was no reference to the industry at large and no meetings of the New South Wales farmers to give consideration to what has been imposed with three days notice by the government and that what you come up with may be well scientifically based but seriously flawed, as was the citrus canker in Emerald, which I dealt with—that there is not a serious human flaw in it? Are you going to bring it back to us so we can pull you to bits if there is something to pull to bits, or are you just going to sneak off and do it without reference?

Dr Carroll—I think the policy is extremely soundly based.

Senator HEFFERNAN—But that is what you said about foot and mouth.

Dr Carroll—I did not.

Senator HEFFERNAN—The government did.

Dr Carroll—The government said it.

Senator HEFFERNAN—It was not this government, by the way.

Dr Carroll—The policy is extremely soundly based. The science behind it has been looked at by people that are arguably the lead scientists in their field and extremely sound.

Senator HEFFERNAN—I am not interested in the science either. I am interested in the practicality in the paddock—things like traceability. You are not interested in traceability?

Dr Carroll—It will depend on the circumstance. If it comes from a negligible-risk country and the country has applied for the whole country to come in then knowing that the animal came from Texas and was slaughtered in Utah is not necessarily relevant.

Senator HEFFERNAN—But, you see, with regard to a whole range of other diseases, how do we know, if you have not got traceability, that they have not got that either? If you do not know where they come from, how can you kill them and say they have a certain status?

Dr Carroll—This policy is only to address BSE.

Senator HEFFERNAN—I am sorry; animals have other diseases.

Dr Carroll—Yes, precisely, and the conditions under which animals would be able to come in for the other diseases would be addressed by Biosecurity Australia?

Senator HEFFERNAN—When are you going to let us know? You deliberately took a decision—and you were probably part of it—to exclude us from knowing about this. The industry having asked you to include us, you said, ‘No, we won’t tell those buggers.’

Senator STERLE—Sorry—who is ‘us’?

Senator HEFFERNAN—This committee.

Senator STERLE—Is it the opposition or this committee?

Senator HEFFERNAN—This committee or any of us—anyone. You decided, ‘No, we don’t want to tell anyone else.’

Senator STERLE—I do not know when the government started telling committees—

Senator HEFFERNAN—I have to tell you that some of these people, like the New South Wales Farmers Association’s Cattle Committee, who are represented on that cattle body, were—I had better not swear—unhappy about the fact that they were not told even though they are on the body. This was just between a group of bureaucrats in the beef industry that closed ranks and asked you to include us all in it, because this is a healthy thing that we are doing here today.

Obviously I think you have got it wrong in traceability, and obviously we are going to prosecute that case till you get it right, but you decided to exclude us. How do we know that you are not going to continue to exclude us?

Dr Carroll—The policy has been made public, and opportunities such as this present themselves. Any other decision that is made public will also be—

Senator HEFFERNAN—Yes, but after the event. You see, we would like to have a crack at this—as we have done with bananas, apples, prawns and God knows what else—before the decision, because science is one thing and implementing the science in a practical sense without human failure is another. I can take you through chapter and verse with umpteen examples of that, none better than citrus canker. So when are you going to tell us? The industry does not know; the industry told us this morning, ‘We’re relying on the government.’ Who in the government knows what the protocols might be? Who is the person?

Mr Morris—I think I can have a go at that one. It depends what you mean by protocols. The actual policy document talks about protocols that would be applied to category 1 and category 2 countries. If you are talking about those sort of protocols then the policy already talks about that. If you are talking about the protocols in terms of methodology for assessment then the process for going through that is really a matter for FSANZ to talk about rather than this department.

Senator HEFFERNAN—Are they here today?

Mr Morris—Yes. Rather than asking Dr Carroll to respond to that question, perhaps it might be better for FSANZ to talk about it.

Mr McCutcheon—I guess the term ‘protocols’ can be interpreted in several different ways. Certainly from a FSANZ—

Senator HEFFERNAN—Can I just sharpen you up on what I mean. When we did the foot-and-mouth disease thing, you fellas accepted there were foot-and-mouth-free zones in Brazil according to the desktop study, which follows the voluntary reporting by the country to the OIE. The foot-and-mouth-free zones did not exist; the cattle just moved from one area to another. That is the sort of protocol I am talking about. How are you going to test what you think, not only with the country you are talking about, but with us who are more practical? It is fair enough; we are in the paddock and you are in the office. How do we know there will be a meaningful set of protocols that will give us confidence not only that we will not have BSE, which is a low risk, but also that we will have a market edge. When we signed Kyoto we did not know that we were disadvantaging farmers, but if you have a fire or a drought then you get a bill. How do we know that is not going to happen again? Are you going to show us the protocols months before so we can go through them forensically and test them?

Mr McCutcheon—I will just step back a bit. The work that FSANZ will be doing will be the food safety assessments. We will be looking at the assessments of the safety of beef from whatever country makes an application to be categorised purely from a food safety perspective, not from an animal disease perspective. To do that work, we will be developing a set of methodologies. We are going to use the OIE methodologies for doing BSE risk assessments as the basis for ours, but having said that—

Senator HEFFERNAN—Which is voluntary reporting.

Mr McCutcheon—Having said that, the actual assessment process that we conduct using those OIE methodologies will be our own risk assessment process. The end result of that will be a report that, when it is finalised, will be provided to the Biosecurity Services Group in the Department of Agriculture, Fisheries and Forestry. They in turn then look at that report and look at various other factors in terms a country's access.

Senator HEFFERNAN—Thanks very much for that. That is human health, right?

Mr McCutcheon—I am talking about food safety.

Senator HEFFERNAN—I am really talking about the animal industry and the untoward events. You can only go on past history with this stuff. Who should I talk to about the protocols that set up the animal health side of it?

Dr Carroll—Me.

Senator HEFFERNAN—It is back to you. You dodged the bullet.

Dr Carroll—With beef, there are two sets of requirements. There are the human health requirements on BSE, which FSANZ is managing and the department will be implementing at the border. With regard to other diseases, it would go through exactly the same process that BA goes through with any risk assessment. My understanding is that we have existing conditions for Vanuatu and New Zealand and we have existing conditions for the NAFTA countries, or Canada and the US. Anyone else—

Senator HEFFERNAN—With great respect, Dr Carroll, since all that other kafuffle, we have actually gone to the trouble nationally—and for some people there was a lot of anguish, even though there are still holes in it—to have full traceability. As you know, the Japs wanted us to have full cut traceability for God's sake. Thank God we have not got there yet. Since the other protocols that you are alluding to were set by precedent, we have come to a higher standard of assessing ourselves in Australia for our own export benefit. Is it not reasonable that the rest of the world does the same?

Dr Carroll—As I said, the requirements that we have are to do with export and a whole range of things other than animal disease. They are also very importantly to do with our ability to respond to an exotic disease, both to maintain our status and also to control the cost.

Senator HEFFERNAN—But you are not answering the question.

Dr Carroll—It would be more important to be assured of the border integrity of the country concerned if they wanted to go for regional compartmentalisation in traceability of diseases such as foot-and-mouth disease.

Senator HEFFERNAN—With great respect, I am in the business and I declare an interest.

Senator STERLE—Finally. It has only taken about six hours.

Senator HEFFERNAN—Excuse me; everyone knows what I do; it was in the paper this morning. I can knock the nuts out of a bull; you cannot.

Senator STERLE—If you get me the phone number of someone who can do you, I would much appreciate it.

Senator HEFFERNAN—Thanks very much for that, but with great respect, Madam Chair, you know I always declare an ongoing interest. Everyone in the department knows; I do not have to do it individually every day.

Senator STERLE—I just get confused when you say ‘us’ all the time. I do not know if you are talking about the opposition.

Senator HEFFERNAN—I am talking about the committee. So, where are we to lay down the marker in traceability? What do you think is a fair thing for traceability?

Dr Carroll—When we determine our traceability needs it will be based on, as I said, two elements. One will be what we need to do to best insure our market access for the countries we trade to, and some of the more stringent ones are for Europe; Japan also has stringent ones. In instances where that degree of precision is not required, then we will have fewer requirements, but our traceability, from my perspective of my responsibility, is one of the main things—to be able to trace where we have disease—

Senator HEFFERNAN—But I am talking about meat coming in now, because we have not had to deal with this before, other than from New Zealand and Vanuatu.

Dr Carroll—For meat coming in, we will require the degree of traceability that is required for the diseases concerned in the conditions we put, where those—

Senator HEFFERNAN—We are counting on someone buried in an office somewhere—Mr Read, or whatever his name is—to come up with something. One of his earlier propositions got us into serious trouble, and we cannot get at him. We are relying on you to assess, at a lower standard, what you expect of us for other countries to bring in here.

Dr Carroll—The standard that we have agreed for traceability within Australia is agreed with industry; it is not dictated by us.

Senator HEFFERNAN—All right; so we agree that there is nothing to talk about there, but at the same time you are saying to us, ‘We’re not going to worry about that for meat coming in here, old mate; we’re only worried about meat going out.’ Well, I am worried about meat coming in.

Dr Carroll—For traceability within Australia and Australian requirements, it is agreed—

Senator HEFFERNAN—There is no need to repeat it; you have said it ten times now. What about meat coming in and why is there not a traceability requirement that we insist on?

Dr Carroll—Sorry, Senator; that is what I was getting to. The standard that is set has been set in consultation with the industry on a risk-management basis of how much risk they want to take with regard to exports and, given the importance of exports to us, they want to maintain a very high level of control, including a very good traceability system. One of the reasons for traceability is that in some markets, if they detect a residue of some type, if we have a high level of traceability, we will be able to say, instead of knocking all of Australia out, we can trace that back to a farm of origin and knock a farm out.

Senator HEFFERNAN—Yes; I understand that.

Dr Carroll—So if we were to have a disease like FMD, then they are not going to say, ‘Oh, we can trace that back to the farm of origin—

Senator HEFFERNAN—Let me take you up on that. One of the soft entry points for Australia is the Gulf of Carpentaria. You can actually canoe from there across to the islands. It consists of 17.5 million hectares, 14,000 people off the coast, 12,000 Indigenous. The largest annual wildfire they have had is 11,000 hectares and the average is 5,000 hectares. It is virtually unoccupied. There are 14 or 18 pastoral stations; the rest is either national park or black fella lock-up country. It is Indigenous freehold. There are 800,000 feral pigs and 20,000 feral cattle, and they are not tagged. In the live export business, if you say that that is what ours is all about, if I am an entrepreneur—you know, Sterling Buntine or someone—and I am gathering up cattle for live export, and I get them from all over the place and put them onto my place because none of them have tags, and we send them over to Indonesia or somewhere and we send them foot-and-mouth disease, or whatever, how the hell are we going to know where they come from?

Dr Carroll—As I said, it is tailored to individual markets, and in some instances—

Senator HEFFERNAN—These are live export cattle that do not have to be tagged, so once we box them up on a ship with 15,000 other cattle, we do not really know where in God’s name they came from, even if they came legitimately from the property of origin.

Dr Carroll—I think if they turned up foot-and-mouth disease in Indonesia from our cattle they would not care which particular property it came from—

Senator HEFFERNAN—I am sorry, they might not care, old buddy, but we would. We would want to know where they came from and we would not know. Isn’t that a flaw in the system?

Dr Carroll—I do not know enough of the detail about that. Certainly—

Senator HEFFERNAN—My God, you are supposed to be in charge!

Dr Carroll—I do not know what other systems they have in place for tracking animals for live export—

Senator HEFFERNAN—They don’t, mate—and you are in charge.

Dr Carroll—Within the live animal export system, the importing country will certainly require different properties—

Senator HEFFERNAN—I am not worried about the importing country. We have no way of knowing, once they mingle in the mob, if they allegedly come from six or eight properties of origin, because they do not need a tag. What the hell is going on? Would you agree with that?

Dr Carroll—There are various mechanisms I would have to look into around how they have the traceability for live animal export.

Senator HEFFERNAN—But you are the Chief Veterinary Officer.

Dr Carroll—I am.

Senator HEFFERNAN—Aren't you are supposed to know this stuff?

Dr Carroll—Not everything in that sort of detail, no.

Senator HEFFERNAN—Well, luckily I do.

Dr Carroll—The requirements for live animal export and property of origin are stipulated by the importing country. Certainly if we get a disease outbreak, NLIS is exceedingly useful. We do not have the equivalent of—

Senator HEFFERNAN—Forget about the export. Just remember that we have tens of thousands of cattle up there that do not have to be tagged because they are allegedly destined for live export. But if something goes wrong we have no way of tracing them, under the system that you have put in place.

Dr Carroll—As I said, the NLIS system and the traceability systems are put in place in consultation with the industry looking at the risks and the profile of risk. We continue to urge industry, including industries other than the cattle industry, to implement better traceability systems because it allows a more rapid identification of where disease might be so we can respond to it better. Industries weigh up the risk and decide the level of traceability they require.

Senator HEFFERNAN—I surrender, mate—you do not have the answer. It is a waste of time talking about it. Just say you don't know the answer. That is the domestic side. That is how big a mess we could potentially get in here. Bear in mind that a lot of that country there is virtually unmustered—virtually unoccupied—and that is here, where we have full traceability. Then you say to us, 'We'll go into another country that is in category whatever it is.' They do not have to have our standards, which obviously have a big hole in them, and we will just take their word on it. If they are OIE ticked off, which is voluntary reporting, we will take their meat.

Dr Carroll—No, that is not correct.

Senator HEFFERNAN—What is not correct?

Dr Carroll—The requirement is not that if they are OIE categorised we will just accept the—

Senator HEFFERNAN—But that is what got them into—

CHAIR—Hang on, Senator Heffernan. Just let Dr Carroll finish.

Dr Carroll—The requirement under this policy is not that we accept the OIE categorisation per se for BSE. This requirement is that FSANZ conduct a risk assessment of the country.

Senator HEFFERNAN—And you do not know what that assessment is going to be. You have no idea. We are pleading with you to give us the protocols.

Dr Carroll—The BSE assessment of countries will be carried out by FSANZ, not by this department.

Senator HEFFERNAN—Why not the animal health side as well?

Dr Carroll—Because they are two entirely different disciplines.

Senator HEFFERNAN—No, but there is a double discipline here: there is animal health and human health. Why don't you link them together? You are dodging the bullet.

Dr Carroll—Sorry, I am just trying to—

Senator HEFFERNAN—You flicked to him a minute ago. I am worried. Sure, we are all worried about human health, and Mr McCutcheon does a fantastic job. He puts up with estimates every year and all the rest of it, but at the same time and on the same page I am also worried about animal health, because things go wrong. Some of the catastrophes we have had—for example the 980 mandarin trees having to be pulled out of the ground—were human failure on protocols that allegedly were scientifically sound. You are saying to us that you are not really interested in the full traceability in other countries, and I am saying to you, 'Why not?'

Dr Carroll—The extent to which traceability is required will be determined by FSANZ when they do their risk assessment of individual countries.

Senator HEFFERNAN—But you say that they are only interested in human health. I am interested in you because you are supposed to be interested in animal health.

Dr Carroll—From an animal health perspective, BA have determined that for meat products the human health BSE requirements are sufficient.

Senator HEFFERNAN—But that is a fundamental flaw, like this stupid Northern Territory thing. They give you a tick based on a lower risk to human health, but that does not do away with the higher risk of not only BSE coming in but other diseases coming in, as Dr Steel has talked about. And you have not thought about that yet.

Dr Carroll—Yes, we have.

Senator HEFFERNAN—Well, give us the answer. What is the protocol going to be? Do not say, 'It's FSANZ's baby.'

Dr Carroll—I will try to clarify, Senator. For BSE, for human health and for categorisation of countries—just for that and for no other reason—FSANZ does the risk assessment of the countries, consistent with this protocol. For the animal diseases that purely affect animals, Biosecurity Australia goes through the normal process that they have for import protocols. So there are two separate processes.

Senator HEFFERNAN—So is Biosecurity Australia here today?

Dr Carroll—No, they are not.

Senator HEFFERNAN—Why not?

Senator STERLE—Why are you asking him? That is for them to answer. We did not invite them.

Dr Carroll—We understood that the questions would be more focused on the BSE policy.

Senator HEFFERNAN—Who led you to believe that? It is one and the other, mate. You cannot get out of it that easily. There is a whole range of other issues associated with the importation of anything. You cannot just confine to human health and say that animal health is a separate basket, because that is where you obviously have a flaw.

Dr Carroll—If you have questions on other diseases, I will certainly endeavour to answer them for you, Senator.

Senator HEFFERNAN—We have not got past the first hurdle. All of Australia's cattle producers were expecting something else. I went to the MLA drinks out here in the courtyard with the Prime Minister and that night they all said, 'We'll be insisting that what's good for the goose is good for the gander: they'll have to be full traceability.' We turn up here today and it has been chucked in the garbage bin.

Dr Carroll—As I said, this policy was developed on the science and the science will dictate, when FSANZ does their assessment, the degree of traceability that is required. We cannot say that we have based this on science—

Senator HEFFERNAN—Jesus Christ. How many times do I have to say it?

Dr Carroll—and then say, 'In addition to the science, what's good for the goose is good for the gander,' when it is not.

Senator HEFFERNAN—But when is Biosecurity Australia going to come in? Mate, you are not going to get away with that. Sure, it is a FSANZ issue, but it is also an animal health issue.

Dr Carroll—I will endeavour to—

Senator HEFFERNAN—There are a range of other issues. You are not endeavouring too well, mate. What are some of the associated diseases from the category countries that you have

nominated as being eligible to apply to send meat in? Could you give us a range of their diseases?

Dr Carroll—Which particular countries?

Senator HEFFERNAN—Where is the list? There is umpteen of them. How many of them are there, Chair?

CHAIR—32.

Senator HEFFERNAN—There are 32 countries.

Dr Carroll—Expect for New Zealand, Vanuatu, Canada and the US, each of those countries would have to undergo a full risk assessment by Biosecurity Australia.

Senator HEFFERNAN—Why wouldn't the US have to undergo a full risk assessment?

Dr Carroll—My understanding is that we had conditions for importing beef from Canada and the United States. Those conditions became non-operating because the BSE requirement put a stop to imports from those countries when they had a case.

Senator HEFFERNAN—You may not have heard the evidence from Dr Steel earlier about a new disease, a wasting disease, that is spreading in Canada and the US in their cattle herds. Do you know about that disease?

Dr Carroll—The chronic wasting disease of deer, yes.

Senator HEFFERNAN—How are we going to prevent that from coming in?

CHAIR—Why wouldn't there be a review, then, on that basis? It is a very good point. If there are developing diseases, why wouldn't at the very least the US, Canada, New Zealand and wherever else you said have the requirements that were in place prior to the shutdown reviewed at least?

Dr Carroll—The conditions will not just be switched on automatically. We would have to assess as to whether there has been in change in status in those countries or changes to the border or veterinary controls et cetera. BA is certainly aware of the chronic wasting disease issue.

CHAIR—Have they indicated to you at all what steps they will take to make sure that that is considered in the development—

Dr Carroll—No, they have not.

CHAIR—Is there any reason why they would not have, given how important that it is potentially going to be?

Dr Carroll—The change in the BSE policy is the first step. As I said, after that the other diseases will be dealt with independently of the change in BSE policy.

Senator HEFFERNAN—I apologise for being so bloody cranky and for your having to put up with it, but what really gets to me is that we have got to go through this rotten process to discover all these things—that you could not have had an open process and said, ‘Next year we’re thinking about opening the gates’ in the way you are proposing, ‘So what have you got to say for yourselves?’ We could have been doing this without having been ambushed, as the industry said this morning, with three days notice.

Senator STERLE—This has been going for five years.

Senator HEFFERNAN—Excuse me, there was three days notice driven out of the trade department.

Senator STERLE—This is from the previous government. This is not something that has just fallen out of the sky in the last week!

CHAIR—Senator Sterle, Senator Heffernan has the call.

Senator STERLE—You know that Chair—for five years this has been going on.

Senator HEFFERNAN—There has been no consultation.

Senator STERLE—This is alarmist, extremist.

Senator HEFFERNAN—It is not alarmist, because the game has changed. And that disease has turned up since in the last five years.

Senator STERLE—Five years!

Senator HEFFERNAN—I am sorry, mate.

Dr Carroll—Chronic wasting disease of deer has been around for an extremely long time.

Senator HEFFERNAN—It is spreading now, and they have not got a lead on it, nor have they got a hold on it. I do not know what else is out there. It is like plotting the human genome and gene patenting. So what is the process? You do not know and you keep flicking to this fellow here what the protocols might be, because you say they are not in your purview, but they are.

Dr Carroll—As I have tried to explain, Senator, the human health protocols and the BSE and only the BSE requirement with regard to human health are under the FSANZ process. The process for all other diseases rests under the normal BA systems.

Senator HEFFERNAN—But what is going to be the system to get it all into the one basket? It could well be—I do not doubt for a minute it will be—that it will get a tick on the human health thing, except that I would not actually know whether, down the back of Uruguay or some

of those 32 countries, as Senator Back said early this morning, they are feeding them blood and meal or whatever they are feeding them. How will we ever know? Given that they got their categorisation, despite what you say, they got into that 32 group on a desktop study which is voluntarily reporting to OIE. We do not know, because it is all voluntary reporting to achieve that category.

Dr Carroll—That allows them to be assessed; it does not provide them with the category. The countries that were categorised by the OIE have had to demonstrate they at least have enough information on a desk audit to get—

Senator HEFFERNAN—But it is voluntary; it is not compulsory.

Dr Carroll—Those are the countries. In relation to a country which has not been assessed at all or has not been able to present any information to the OIE, it is highly unlikely they would have been able to present information—

Senator HEFFERNAN—But the OIE just takes the word of them—they do not go and visit them. They just take their word to say: ‘Yes, that is right. That is a tick.’

Dr Carroll—They do, and that allows them to get on the list that allows them to get categorised. It does not provide them with categorisation. For any country that could not present to the OIE sufficient information to even get categorised, I believe it would not be worth FSANZ’s efforts to try to assess them. There is nothing to start with. For a country that has been assessed by the OIE, there is a dossier of information that at least shows they have the ability to put together a dossier of information. I would view it more in the negative than the positive that you would not allow a country which was not capable of presenting a case to the OIE to apply, because the chances of them being able to put something meaningful up is negligible to nothing. Those countries that are capable of putting together a submission to the OIE at least have the chance of being able to put together something that is worth considering. So it does not give them access; it lets them join the queue to be assessed and then maybe have access if that is successful. So the OIE—

Senator HEFFERNAN—But we have got roughly 28 million cattle in Australia, right?

Dr Carroll—Around that.

Senator HEFFERNAN—How many million are not tagged?

Dr Carroll—I would not know.

Senator HEFFERNAN—Have a guess.

Dr Carroll—I would not know.

Senator HEFFERNAN—Several million. I will give you the precise answer. Under what you are proposing, to clear the BSE human health aspect you could actually bypass the animal health aspect if you go for animals and not country certification, couldn’t you?

Dr Carroll—The requirement will be for country certification under the new policy. You have to come from a country which is categorised as either 1 or 2.

Senator HEFFERNAN—At present, your document says that they are going to have animal certification, not country certification.

Dr Carroll—The carcasses which come over will be certified on the basis of the animals in the country but, for the BSE requirement, you have to come from either a category 1 or a category 2 country.

Senator HEFFERNAN—Which is meaningless. Fair dinkum, it is meaningless, because the OIE do not visit you, they do not inspect you—

Dr Carroll—No, it is not an OIE categorisation—

Senator HEFFERNAN—But to get the status—

CHAIR—Hang on, Senator Heffernan; let him finish. Go on: 'It is not an OIE categorisation.'

Dr Carroll—It is not an OIE categorisation; it is a FSANZ categorisation.

Senator HEFFERNAN—But to be eligible for FSANZ, you have to get to the category and to get to the category it is voluntary. You could have the greatest bunch of rogues who get to the category.

Dr Carroll—But all that allows you to do is to ask to be assessed.

Senator HEFFERNAN—We do not have enough vets. We have just had this huge argument in the processing and beef export industry about doing away with the 40 per cent subsidy, because the government said they could not afford to do it. It was an 'over my dead body' issue for the minister and, with some of this in mind, he changed his mind. We could not afford to fund our vets here. No-one knows how we are going to supervise what goes on in the back of some bloody jungle down a back road overseas. What expectations should Australia's cattle growers have, when you cannot fund what goes on here? I do not know what the exact figure is of cattle in Australia which are not tagged. It is several million; it is a huge figure. We cannot even get it right here. How the hell are you going to rely on some other bunch of shonks to do it for you?

Dr Carroll—There is no reliance on anyone else to do it for us.

Senator BACK—Can I just start on the industry side. We learnt from industry representatives this morning that, in their opinion, there will be very little increase in the imports of beef into Australia with this changed policy. Is that something with which you would agree?

Dr Carroll—My personal opinion is probably not but, in the contribution that I have that is processed, that was not a determiner.

CHAIR—Can I just clarify what you said. That would probably not be correct or that it would—

Dr Carroll—My belief is based on what happens in overseas markets and what happened prior to the BSE. I would not be expecting a mass increase in beef coming in. But, with respect to the part that I played in this process, that was not a consideration. It was based purely on science rather than on looking at volumes.

Mr Morris—It was probably unfair to get Andy to answer that. I should have jumped in a bit earlier. We might have covered that in our submission, but our view is based on the imports that occurred in the past when, prior to these countries not being allowed to export to Australia because of BSE, as well as Australia's very strong competitive position in overseas markets, the likelihood of other countries being able to compete effectively with large volumes of product in Australia was likely to be very limited. In other words, we do not expect to see large volumes of imports coming into Australia.

Senator BACK—At the moment we enjoy a favoured status with the countries to whom we export, and we enjoy that because of the fact that we have the most favoured OIE status. We do not have indigenous BSE and there would be no reason to assume we are likely to get it as things currently are.

Dr Carroll—If I could just comment. Other countries also carry out assessments of our BSE status, particularly key trading partners such as Japan, the US and the European Union.

Senator BACK—And presumably, you, or anyone else, have had no occasion to be informed that they are anything other than pleased with our status?

Dr Carroll—We have passed every time we have been assessed.

Senator BACK—Where I am having difficulty is, if the industry, supported by you, Mr Morris, believes there is not likely to be an increase in imports of beef into Australia and if our current status gives us a very favoured position with those countries to whom we now export, where is the imperative or the motivation for this change of policy?

Mr Morris—I will just correct one thing. We said there would not be a large increase in imports, not that there would not be an increase in imports. Obviously if countries can access our market there will be some increase in imports, but in our view it will not be very large. I just wanted to clarify that. The imperative was from a number of factors. We do not review our import policies without some trigger for it. In most cases the normal trigger is that a country would like to export product to Australia. It was very much the same in this case. There were a number of countries that were interested in sending product to Australia, including the US, Canada, Japan and the EU. That was a very important trigger.

The other important trigger was that there had been a number of assessments over at least the last five years that had reviewed the science of the existing policy. That suggested that we could actually modify the policy without any increase in risk to Australian consumers and, for that matter, to animal health as well. Therefore, there was no scientific basis on which we could

sustain the existing policy, given that a managed risk approach could be taken. So, in my view, those were two very critical reasons for the change.

Senator BACK—I think on the final page of your submission you make the observation that the national economic impact of a BSE case in Australia could be larger than that seen in the US, Canada or Japan because of the Australian beef industry's reliance on exports to a relatively small number of markets that are very sensitive to food safety matters. You say that the experiences of Japan, Canada and the US have shown that there are long and costly delays in renegotiating access to overseas markets when an indigenous BSE case is reported. Aren't you actually arguing against the implementation of this policy? Aren't you saying we would be better off preserving the status that we currently enjoy? Given that it seems there is not an overwhelming demand—we were told earlier today that the United States had imported 32 tonnes of beef prior to having their indigenous BSE problem—aren't you actually arguing for a continuation of the status that we currently enjoy rather than relaxing it?

Mr Morris—In the context of that particular part of the submission I think we were arguing that if we had maintained the existing policy then there was a serious concern that, if we had been forced to remove beef from the shelves in Australia, it would present a very strong case for other countries who likewise do not wish to import our beef. So it was really in the context of the risk that we were facing with the continuation of the existing policy. The new policy puts us on a sound footing which is more consistent with the policy applied to major importing partners, including Japan, Korea, the US and Taiwan—four of the largest importers of beef from Australia. We are now on a footing which is more consistent with international standards and the policies of those countries. By doing so, if we were to have a spontaneous case of BSE in Australia at some point in the future, we could then argue strongly that, as Australia has an internationally consistent policy and they have an internationally consistent policy, we should maintain access to those countries.

Senator BACK—I will go to that now. I was going to go to DFAT's role, but I will come back to that. There have been various submissions—and it has been worded quite differently by industry and by government groups—in relation to taking beef off the shelves. It has been said that if an indigenous BSE case occurred in Hobart all the beef would go off the retail shelves in Western Australia. The submissions I have seen say that it could happen, might happen, will happen, definitely will happen or that the world is going to stop tomorrow. When is this nonsense going to stop? Can anybody here tell me which agriculture minister would take beef off the shelves in Western Australia, the Territory or anywhere else if there was a case of BSE in Tasmania? Does anyone genuinely believe that will happen? They say it would mean 330,000 jobs and \$5 billion. Is this just being fed to us? Does anyone believe it? Is there any evidence for it?

Mr Morris—I think our position has been reasonably clear on that—that is, we have said that under the old policy, which basically banned any country which had had a single case of BSE from exporting to Australia, if Australia had a single case of BSE anywhere then international consistency and national treatment under the WTO would require us to remove beef from the shelves. Whether that in reality did or did not happen would be a matter for individual states to determine. So, rather, the point of concern has been the consistency with that international policy.

Senator BACK—Sure. But the situation Australia enjoys, does it not, is that in that event, however unlikely, we would probably be positioned better than any other country because we have the National Livestock Identification System and we could actually prove to an international panel, be it the WTO, the OEI or anybody else, that we could with far more accuracy and speed be able to identify that case back to the property and the animal of origin and other countries are not able to do so?

Dr Carroll—It would depend very much on what had caused the disease—whether it was an idiopathic, spontaneous occurrence. We would need to establish why we had a case.

Senator BACK—But do you agree with me that we would be far better positioned than other countries which do not have compulsory animal property identification and stand a far better chance of being able to limit it at least back to the property, if not to the animal of origin?

Dr Carroll—The import requirements for countries are broadly similar to these. If we had a case of BSE we would likely end up having to go through a process dependent upon whether it was idiopathic or whether it was from other risk factors which we had not addressed adequately. If it was from other risk factors that we had not addressed adequately, we could find ourselves very quickly with an uncontrolled risk. That would be the worst case scenario.

Senator BACK—Are you suggesting that with this change of policy after 1 March other countries will treat us any differently? Let us imagine that, regrettably, on 1 April we have such an outbreak. Do you think that other countries to whom we currently export will treat us differently in April than they would have in December?

Dr Carroll—In the argy-bargy of negotiations, I think it puts us in a far stronger position to argue that under our own requirements we are consistent.

Senator BACK—How does the risk to them go down in April in contrast to tomorrow?

Dr Carroll—It does not.

Senator HEFFERNAN—Senator Back, that makes the point that this is based on trade and not on science.

Senator BACK—No, the conditions are based on the fact that it is sound science that there is sufficient risk control in these measures to prevent the BSE risk in Australia.

CHAIR—How do you know there is sufficient risk control if you have no idea about the protocols yet?

Dr Carroll—This policy allows for sufficient risk control where measures are put in place to categorise countries—having ‘negligible risk’ countries and allowing beef to come in and having ‘controlled risk’ countries where they may have had one idiopathic case of BSE or they may have had a couple of cases of BSE but they have controlled their risk factors. BSE is different from any other disease, and that is evidenced by the fact that the OIE does not categorise us as ‘free’. There is no ‘free’ country for BSE. There is ‘negligible risk’, ‘controlled risk’ and ‘uncontrolled risk’. They can categorise other diseases as ‘free’, ‘provisionally free’ or

‘infected’, or variants within those. This is not a disease that passes from animal to animal or uses vectors. A whole series of risk factors can contribute towards controlling BSE, such as not allowing the feeding of ruminant material and, where you have the disease present, removing SRMs. There are a whole bunch of measures that you can undertake within a country to limit the BSE risk. There are also measures, such as under these rules, where we would be importing from controlled risk countries only muscle meat and when that came into Australia it would not allowed to be used for feeding to ruminants, because we do not allow any ruminant feeding to ruminants.

So this is a disease that you manage more by risk than by the normal veterinary methods if you are dealing with something like foot-and-mouth disease, et cetera. There is no such thing as ‘negligible risk’; either you have it or you have not. This disease is much more difficult because you can get idiopathic cases of it. It is a totally different disease but New Zealand recently got an idiopathic scrapie, an atypical scrapie case. They do not have scrapie but they have a disease that looks a lot like scrapie and it came up spontaneously. In the case of spongiform encephalopathies, unfortunately, as is the case in humans with normal CJD, you can get these idiopathies. That is why it is particularly important to have the ruminant feed bans in place, because ruminants, unfortunately, can get spongiform encephalopathies. So the feeding of ruminant material to ruminants is quite a dangerous practice.

Senator BACK—So you do agree with me that, post 1 March, it is highly likely that any country to which we export would immediately put a ban on our beef if we were, regrettably, to get a case of BSE and that the best we can argue is that, after this policy comes into existence, we would stand a better chance of being able to get back in there more quickly? Is that the summary of what you are saying?

Dr Carroll—I think the implementation of the current policy would make the negotiation process easier.

Senator BACK—But they would adopt the same risk strategy that we would adopt in return—that is, they would look at all of the factors and make their decisions based partially on trade and partially on science. I want to come to the drivers for this. I think the DFAT submission, on page 35, noted the timing of the specific requests, in which advised of ‘the recent stepping up of pressure from trading partners for a review of Australia’s BSE policy’. Can you tell me which trading partners put the pressure on and by what mechanism?

Mr Yeend—That is quite correct. There have been representations from a number of trading partners. In the last two years, and certainly this year, the level of those representations has been increasing.

CHAIR—Can you just clarify, please? When you say that the level has been increasing, is it the number of specific entities coming to you or the level of demand?

Mr Yeend—In looking across our files from various trading partners, we find that there have been at least 30 high-level representations from key trading partners. When I say ‘high-level representations’, that can mean they have been raised at ministerial level and senior official level, and some of them have been raised at WTO committees in Geneva and some by embassies here or at our embassies overseas. We have calculated that there have been at least 30. These

representations have come from a number of countries, including the US, Canada, Japan, New Zealand and the European Union. So it is not just one country but a series of countries that have been raising the issue with us.

Senator BACK—So basically it has been a ‘four-department activity’, from what I can gather: Department of the Prime Minister and Cabinet, Department of Foreign Affairs and Trade, Department of Health and Ageing and Department of Agriculture, Fisheries and Forestry. I think I asked this in estimates as I in fact asked the Department of Health and Ageing, and it seems as though it is really being driven out of Foreign Affairs and Trade. Is that correct?

Mr Yeend—I think as we made clear at our own estimates hearings, we certainly played a role in coordinating across the agencies, but it has been very much a joint effort by the agencies that you mentioned, particularly DAFF, DoHA and related agencies.

Senator BACK—I want to come to some timings, if I may. Dr Matthews, I just wonder, we have learnt from almost every submission that you were asked to have an input and that the Chief Medical Officer, Dr Bishop, had been ‘consulted’—I think that was the term I seem to keep finding. Could you tell me during this process when was it that you had an approach and from whom to provide advice?

Prof. Matthews—I was approached by the department I believe in the last weeks of August. There were discussions for about a week to settle the arrangements. I think it was the first week of September that I started work on the review.

Senator BACK—When was it that your review was actually presented to the ministers?

Prof. Matthews—The first draft went to the TSE advisory committee of NHMRC for comment. I do not have the exact date of that before me. After some feedback from them I made some revisions, which included putting some quantitative estimates on the theoretical risk that there might be to Australian health. I revised that report in the first week of October.

Senator BACK—We have been told this morning that it has been a change in the science that seems to have accelerated the prospect of being able to change or relax the policy. We have obviously heard that trade is involved, and I accept that. I do not know whether you, Dr Matthews, or Dr Bishop, would care to comment. How has the science changed? Obviously we have had the efflux of time. We have not had the increasing incidence of mortalities of CJD in the UK et cetera. But how has the actual science changed, given I think in your submission you have made mention of the fact that it is possible that a new generation of laboratory assays will soon be able to detect prions with high sensitivity and specificity. So obviously that has not yet changed. You have made mention of prion clearances et cetera with regard to sterilisation. I am just intrigued to know how has the science changed that now allows us to make this move?

Prof. Matthews—I think the main part of the science that has changed is our understanding of the link between the BSE epidemic in cattle and the variant CJD epidemic in humans. You will understand that my principal focus was on the human health aspect, as that was obviously the major concern for the Department of Health and Ageing. The very important matter that changed over the last few years was that the epidemic of variant CJD in the United Kingdom has declined. It does look as if the rather pessimistic projections that were made 10 years or even

four or five years ago are not supported by the recent behaviour of the variant CJD epidemic in the United Kingdom. From my point of view, that is really the principal driver of the changing understanding of the human health risk.

Senator BACK—Professor Bishop, do you would wish to add to that?

Prof. Bishop—I would agree with that. I think what has happened really is a clearer understanding of the epidemiology and the natural history of the epidemic based on the new observations that have occurred.

Senator BACK—Thank you. I come then to point 19 in the Department of Health and Ageing's submission, which I think is on page 4. It refers to blood supply and the fact that:

The blood supply is protected through a decision by all Australian Health Ministers to defer blood donations from anyone who lived in the United Kingdom for a cumulative period of six months or more between 1980 and 1996 ...

Would it be your recommendation, Professor Mathews or Professor Bishop, that that now be relaxed also in light of this new science and the risk being much lower? Are we now in a position where we can remove that restriction from those who resided in the UK during those periods so that they can now once again give blood here in Australia?

Prof. Mathews—I think it is a value judgment, but my personal view is that at the present time the blood service is managing, albeit with difficulty. It is a matter of maintaining public confidence as well as wanting to have the best precautions in place. My personal view, which is not strongly supported by new scientific evidence, is that for the time being leaving the situation at the status quo is probably a good thing. If the new tests do become available over the next few years and the experience in the UK is supportive that might be the trigger for a review of the situation subsequently.

Prof. Bishop—Can I answer that also?

Senator BACK—Please.

Prof. Bishop—Professor Mathews' report puts the risk of variant CJD in Australia as being more related to someone who had an infection in the UK particularly at the time when that population was less protected than it is today. He puts that risk higher than any risk from change of this policy. That would be a reason for not changing our approach for blood or medicines. I think the risk though is really quite historic in the sense that the risk in the UK now is about 0.1 per cent, according to Dr Mathews, of what it was at its height. Nevertheless, because the blood protection aspect goes back through that period of time when there was a risk, it would be prudent to maintain the product not because of the import change but rather because of the risk of disease from people who resided in the UK at that time.

Senator BACK—I will just come back, if I may, Professor Bishop, to a statement made by the Red Meat Advisory Council under the heading 'scientific justification'. You may or may not have seen it but it does refer to you. It says, 'Australia's chief medical officer, Jim Bishop, has stated publicly'—and they are quoting you—'better testing would allow beef to be traded safely. This policy change now brings Australia into line with countries such as the US, Canada and

New Zealand to assess each country on a case-by-case basis.’ Are you familiar with the statement that has been attributed to you?

Prof. Bishop—I think I was asked the question around the issue of animal health, and I really was not in a position to say that. Certainly in terms of better testing the situation refers, I think, to the protocols that we would anticipate being in place for cattle. On the issue around better testing for humans, first of all, we know a lot more about this disease. Obviously there is in the diagnosis a variant CJD. There is the opportunity both to test and to look for the protein in cerebrospinal fluid of people who might have this diagnosis. There is also the issue of biopsy of the tonsils, which can test for the material. Obviously the other part of testing is the understanding of what the MRI or imaging would look like.

So I guess I could say I was misquoted, but it was a broad statement which related to the whole testing regimen both for the purposes of protecting the population through an appropriate animal husbandry arrangement and for the testing with respect to understanding those tests, which are the ones that I have mentioned. So I think that was a fair statement based on that.

Senator BACK—But you were in fact referring to testing, presumably of the animal product, when you said better testing would allow beef to be traded safely. When you mention tonsil and other testing, are you now speaking about the beef carcass?

Prof. Bishop—No, I am talking about humans.

Senator BACK—So better testing of humans would allow beef to be traded more safely?

Prof. Bishop—I was saying that there is a testing regime and the testing regime is both animal and human. I guess that was a broad statement which took that into account.

Senator BACK—Thank you, Professor Bishop. Professor Mathews, it then brings me back, if I may, to DAFF with regard to the whole question of risk analysis. We understand—from the minister, I think—that the department has undertaken a risk analysis assessment. Is that correct?

Dr Carroll—This being a human health issue?

Senator BACK—No, I am now back on the whole question of the BSE itself. I am led to understand that there has been a risk assessment undertaken by DAFF of the whole exercise. I am wondering, first of all, whether that is the case and, second, whether it is available to the committee to study.

Dr Carroll—Sorry; we are just trying to get a grip on the question. It is more complex than it sounds. With regard to animal health aspects, the assessment has been that addressing the human health aspects, given the very conservative basis used for that, is more conservative than was required for the animal health aspects. So addressing the human health aspects of BSE—that is, the risk of the disease going from meat from a category 1 or category 2 country treated in accordance with this—was viewed as sufficient to address the animal health risks. I think I have said that right.

Senator BACK—Is that risk analysis available to the committee for our scrutiny and study?

Dr Carroll—This is just for meat, not for live animals, which are quite separate.

Senator BACK—It is not for live animals, no. We have all agreed that there is no importation of live animals—live ruminants. Now that we have learned about scrapie in New Zealand, it certainly remains the case for sheep coming in; thank you for your advice on that.

Dr Carroll—I would have to take that one on notice. Sorry, Senator. I would have to see what paperwork BA have attached to that.

Senator BACK—My question then becomes: as, presumably, there has been a risk analysis undertaken, where did you see the need for treatment of risk in this whole process? In other words, from the viewpoint of the integrity of our beef industry, what did you identify as the most likely areas where we could fall down and that therefore would need addressing or treatment?

Dr Carroll—The biggest risk would be importing of SRMs—specified risk materials—and having them fed to cattle. That would be the pathway that you would establish. So, if you imported SRMs from countries where BSE was present and then subsequently fed those to cattle, that would be the greatest risk for spreading BSE.

Senator BACK—Where, then, in your protocols will you be able to satisfy government—and, at the end of the day, the consumer—that you have adequate protection in place to ensure that that does not happen?

Dr Carroll—There are a series of measures to help control that risk. One is that, for countries that have BSE or risk factors, the best they can hope for is category 2. SRMs are not allowed to be imported from category 2 countries. In addition to that, we have measures within Australia as well, such as the ruminant feed ban, which is there to address the risk of BSE. So, completing the circuit so as to speak of the material getting to Australia, it is not allowed in and, if it were here or arose from a spontaneous case or in any other way, the ruminant feed bans are meant to address that. That is part of the basis on which we maintain to other countries that we are of negligible risk: we have an effective ruminant feed ban in place.

Senator STERLE—Does the feed ban address the risk?

Dr Carroll—The feed bans are meant to address the risk of BSE circulating within cattle in Australia, whatever the source of the prion might be. That is one of the things that we are required to do, and any country that wishes to maintain a negligible risk status would have to have a ruminant feed ban as part of their—

Senator BACK—So we would presumably rely on the importing country—its meat inspectors or its processors or its producers—actually being honest and telling us that meat meal is not used at all in the lot feeding or the final preparation of animals for slaughter.

Dr Carroll—That would be based on the assessments that we have had to undergo for overseas countries. I would surmise that that would be a key element of FSANZ's risk assessment because we have to go through a relatively rigorous process identifying how we make sure that ruminant material is not fed to ruminants.

Senator HEFFERNAN—You are pulling my leg.

Senator BACK—At the point of which the carcass meat, whether broken down or whatever, arrives in Australia, do you know of any testing? Do your protocols require that there be testing of the meat to ensure that there are no remnants of SRMs, eyes, spinal cord or skull material? What do we have in place now that allows us to satisfy the consumer that we have maintained that integrity? Is there anything?

Dr Carroll—At this particular moment, because we only import beef—

Senator BACK—But we could be after 1 March, couldn't we?

Dr Carroll—Under the new one, I hand over to my colleague, Dr Clegg.

Ms Clegg—The requirements in the new policy for certification are that the beef and the beef food product is derived from animals that have been born, raised and slaughtered in a category 1 or category 2 country; that they have passed antemortem and post-mortem inspection under official veterinary supervision; that they were not subjected to a stunning process prior to slaughter with a device injecting compressed air or gas into the cranial cavity, or to a pithing process; and that they were produced and handled in a manner under official veterinary supervision which ensures that they do not contain and are not contaminated with BSE risk materials. The policy gives you a summary, on page 4, of what BSE risk materials are:

BSE 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.

Also, it is a requirement that mechanically separated meat from the skull and vertebral column from cattle over 30 months of age are not included in the product. Official veterinary certification is required.

Senator HEFFERNAN—Could you table that.

Ms Clegg—It is the policy; absolutely.

Senator BACK—It is on the net. Could you advise me of what systems or processes we will have in place that Australian veterinarians from the department will actually do in the way of in-country inspections to confirm the validity of those requirements?

Ms Clegg—I assume that this will be managed in the FSANZ process, because DAFF is contributing an animal health person to assist the FSANZ assessment committee with its work where there is the animal health expert, I guess, and, as part of the assessment process, that will be part of the information that we look at from these other countries. If an in-country assessment is required because we do not know a lot about the meat inspection process of another country—and it is a country with BSE—then we would verify that this is the process under which this country is producing meat for its own population, not just for us, so there is a high motivation, I think, for such countries to get that inspection process right and that the beef is suitable. At the border, the information we will have is a certificate, which will be the official government certificate, and that is how we manage beef imports now.

Senator BACK—Can you tell me what budget has been allocated to this process after 1 March? Presumably it will not just be robbing from existing AQIS, Biosecurity and other FSANZ budgets. Has thought been given to what it is actually going to cost—or, indeed, is it incumbent on the importing country or the importing company to meet these costs?

Mr McCutcheon—Additional money has certainly been allocated to FSANZ to undertake the risk assessments and in-country inspections if they are necessary.

CHAIR—Can I just ask how much additional money?

Mr McCutcheon—Those figures, if they are not already tabled, will be in the Senate additional estimates. I am not sure whether they have been tabled as yet.

CHAIR—They are identified.

Mr McCutcheon—They are identified? Okay, the figure is an additional \$3.122 million over five years for FSANZ.

CHAIR—How was that figure arrived at?

Mr McCutcheon—It is on the basis of our estimates of what it would cost us to establish a team of suitably qualified people to conduct the risk assessments. It also includes costs associated with the development of the actual methodology, including getting appropriate input from the OIE and getting other independent experts to have a look at it. It also has provisions for overseas travel for any in-country inspections that may be required. So there was a reasonably thorough process for estimating those costs.

CHAIR—How many people?

Mr McCutcheon—At this stage we are envisaging a dedicated team of about four people within FSANZ, but there will be—as I think Ms Clegg has referred to—a committee established. That will include FSANZ people plus at least one person from DAFF with animal health skills.

CHAIR—You did say four, didn't you?

Mr McCutcheon—Four people; that is correct.

Senator BACK—That is the BSE advisory committee that you are referring to?

Mr McCutcheon—It is the team that will be established within FSANZ to undertake the risk assessment process, yes.

Senator BACK—I just have one more question, if I may, before I pass to my colleagues. Can you tell me how many inquiries there have been and from whom they have come—what countries—since the announcement on 20 October from the ministers?

Mr Morris—Yes. We have had a formal request submitted from Japan to look at its animal health status. Sorry, maybe I should separate the issues here, because some countries, as Dr

Carroll has indicated, will require a BSE assessment and some countries will require both a BSE assessment and an animal health assessment, depending on whether they already have a protocol established. So I am talking on the animal health side, and Japan is the only one that has formally requested at this stage to be assessed on the animal health side. On the BSE side, I am aware that there are a number of countries that are interested but I do not think we have received anything formally at this stage. FSANZ has indicated in any case that it will not be commencing the formal assessments until 1 March.

Mr McCutcheon—That is correct. In fact, we are encouraging any inquirers to put off putting in applications until after that, because otherwise they run the risk of putting in incomplete applications.

Senator BACK—I wonder if you could comment on a question I asked Mr Burridge this morning. He seemed fully supportive. I asked him: would he support the notion that at the retail point of sale the consumer would have the opportunity to know the country of origin of any and all beef product that is on retail shelves in Australia? In other words, if there were meat in a retail package that had come from—let us call them—level 2 countries, is there a policy position that supports the retail customer knowing the country of origin of that meat?

Mr McCutcheon—Certainly in the context of the government's announcement on BSE there was no decision made around country-of-origin labelling. However, if there were a requirement or a suggestion to go down that path, FSANZ would be required to amend the existing country-of-origin standard to incorporate beef and beef products. In the course of that, we would be required to undertake a regulatory impact assessment—so, basically work out the costs and benefits of this particular measure, because it would be a regulatory measure—bearing in mind that, under our country-of-origin standard, once you apply, country of origin applies to both product produced overseas and product produced in Australia—

Senator BACK—Yes, of course.

Mr McCutcheon—so those sorts of costs would be looked at. Subject to that, the FSANZ board would then be required to make a decision on whether country-of-origin labelling should be extended to beef or beef products.

Senator BACK—Is that something to which this BSE advisory committee would be likely to address itself?

Mr McCutcheon—No, not at this stage. The BSE committee is looking at the scientific risks around the assessment.

Senator BACK—Okay. Thank you, Chair.

Senator STERLE—This inquiry has been wide ranging for the last couple of hours; we have heard foot and mouth mentioned and our live trade market got a touch as well. Could I just get a very clear yes or no: this policy change is only in relation to BSE and imported food safety?

Dr Carroll—Yes.

Senator STERLE—Thank you. Great. What are our WT obligations in terms of beef off the shelf?

Mr Yeend—The beef off the shelf obligation relates to what is called national treatment under WTO rules, so it simply requires that whatever you do yourselves, you would expect the same treatment. A trading partner would expect the same treatment. In an instance where we faced a situation of an outbreak, to be consistent with our national treatment obligations we would have been required to remove all beef from the shelf.

Senator STERLE—That clears that up. What would be the consequences if we did not change our policy?

Mr Yeend—The moment that we or a trading partner is confident that we are not living up to our international trade obligations in the WTO it becomes a possibility that they could take WTO legal action, and certainly that is one aspect of the concerns that we have had. Similarly, in relation to the current policy on BSE and this question of whether or not it is based on the science, clearly a key WTO requirement under the WTO SPS agreement is that any measure that is in place needs to be able to be justified by the science. The representations that countries have made on this issue certainly have drawn attention to the fact that they think the measure in place is not based on science, and the consequence of that would be the potential for dispute settlement action. In the discussions we have had when we have spoken to industry, given the huge reliance they have on maintaining export markets et cetera, the prospect of some kind of action by a trading partner to challenge Australia and the consequences of that for our industry, both domestically and in terms of its export markets, were a major concern. Certainly as they came to government this was registered very clearly and was one of the key considerations in the government deciding to look at the policy again.

Senator STERLE—Thank you, Mr Yeend. Professor Mathews, we had a submission this morning from the Australian Beef Association, who stated that the minister's claims that the decision was science based were incorrect. The Australian Beef Association have said that it is political science but not medical or economic science. As the main professor out there—I think you are speaking for the AMA, if I am not mistaken; is that right, Professor?

Prof. Mathews—No, I am not speaking for the AMA.

Senator STERLE—I will rephrase that question. The AMA were happy for you to do the work?

Prof. Mathews—I think I did hear a comment to that effect.

Senator STERLE—What would you say to the claim that the science or the decision is just political?

Prof. Mathews—I have done an honest job interpreting the science. I think that we are often faced with difficulties at the scientific and political interface, but I was very fortunate here. I was not asked to comment on the policy or the politics but just to talk about what the science implied with regard most particularly to the risk to human health. So I have been as careful as I could

with that. I was not asked to make any recommendations about policy, and I am grateful for that, but I think the science is fairly clear.

Senator STERLE—If I could ask the officials at the table: is there any new risk that you see from letting in beef from another country?

Dr Carroll—None that I am aware of.

Senator STERLE—Professor?

Prof. Bishop—No, I think the risk is negligible and I think we have taken Professor Mathews's view on that. We think as time goes on it becomes more and more negligible, if that is possible, but it has been quantified as a very low order a risk. Therefore, we think that the negligible risk assessment is the correct one.

Senator STERLE—Chair, if I can comment before I go, Senator Back was asking which agencies which were driving this change in policy, but if I am not mistaken I have taken from this hearing that it has been driven very solidly from industry. I got that this morning.

CHAIR—I would like to ask briefly about the possible WTO action, just out of interest. How many cases of that nature are currently before the WTO?

Mr Yeend—There is currently a case specifically around this set of issues that Canada has taken against Korea.

CHAIR—Against Korea?

Mr Yeend—There are a number of WTO disputes—

CHAIR—I am sorry—I should have been more specific. Are there any disputes based around concerns that the science is not being utilised as the appropriate measure for the country's arrangements?

Mr Yeend—Certainly there is the case that I referred to that Canada has taken against Korea—

CHAIR—I am not just talking about BSE.

Mr Yeend—Yes. There are other disputes. These are all under the SPS agreement, and there is the case that New Zealand has taken against Australia over apples. That is another one. I think they are the main ones. There are some other longstanding disputes between the EU and the US on hormones and whether or not the measures that have been put in place by the Europeans are justified on the science. So there are a few other disputes out there.

Senator HEFFERNAN—Tell us about *E. coli*.

CHAIR—Hang on just one second, Senator Heffernan. I am happy for you to take this on notice, but perhaps you could provide more detail for the committee about exactly how many cases there are and the nature of those.

Mr Yeend—Yes, we certainly can. These disputes are all on the public record, so we are happy to do that.

CHAIR—That would be good. I think you said there were 30 high-level representations from the key trading partners that are concerned about the issue. How many countries, if any, are there at the moment where we have similar concerns on a scientific basis? It is the reverse, if you like, of those countries currently coming to us that you said there have been 30 high-level representations from. In reverse, what concerns would Australia have with other countries where we believe their trading arrangements are not based on science?

Mr Yeend—This goes more to an area of what we call the technical market access issues, which perhaps DAFF is better placed to answer.

Mr Morris—This folder would probably not contain all of them, because internationally we have a lot of issues and, to be frank, a lot of countries have issues with our policies as well. I think New Zealand apples were mentioned a moment ago. There are many bilateral issues in both directions in terms of concerns about policies. I suppose it goes to interpretations of legitimacy of quarantine measures in particular cases. We always think that other countries' quarantine measures are beyond what is necessary and they believe that they are reasonable, and many countries believe that our quarantine measures are beyond what is reasonable as well, so it is very much a two-way thing. So there are many issues in both directions.

Senator HEFFERNAN—It sounds like it is a big deal.

Mr Morris—No, I am not saying it is not a big deal. It is a big deal. There are large numbers and we attempt to take a science based approach to resolving those issues. In order to present that position internationally, we expect other countries to adhere to the sanitary and phytosanitary agreement and the WTO. We also need to take a science based approach with our policies so that we can make the argument.

CHAIR—Could you take on notice and provide the number to the committee of those in that folder. Do I take it from that that it would be fair to assume that there are a number of concerns raised from trading partners with Australia, or from right around the world, that the country that the concerns are regarding takes no action to change their trading arrangements?

Mr Morris—They do take action and we argue with them to change their policies. We have had many successes in that.

CHAIR—So out of that folder full of concerns that Australia has at the moment, how many of those would you expect will end up with countries that have concerns over their trading arrangements?

Mr Morris—We would hope most of them. There are many examples where countries have changed their arrangements and given us better access as a result of it. A number of horticultural

producers, for example, have much better access in Japan in the last year or so. We have dairy products back into India, which was the result of some significant changes to their policies. We have live animal protocols recently negotiated with Sudan, Vietnam and several other countries which enable our live animals to go to those countries. We do have a history of many successes in this area.

CHAIR—I am sure you do an extremely good job. Perhaps you could provide for the committee where there has been a concern over recent times where the country in question has not responded to Australia's satisfaction. I am happy for you to take that on notice because we are running out of time. I do take on board that, obviously, there are these successful instances but I would also be interested if the committee could be provided with information about where we have not been as successful in those areas.

Mr Morris—Because there are a quite a number of these, just to make sure the question is specified in a way that we can answer it to be of most benefit to the committee, could we give you a list of what their highest priority technical market access requests are with other countries? That is quite a long list as well—perhaps not as long as this folder—but those are the ones we are actively pursuing.

CHAIR—Absolutely. Again, in reverse, those who say in the past, even if we take the last couple of decades, where those same high-level priorities have been pursued, not with a successful outcome. If you could take that on notice.

Mr Morris—Over two decades is a difficult period, but perhaps over the last five years, if that is possible. Sorry to negotiate with you—

CHAIR—Certainly, I will be happy with the last five years but I think, historically, it will be interesting to note whether there have been particular cases where there has not been a successful outcome. I am sure a lot of you have a degree of longevity within the department and some of those very specific instances would come to mind quite readily. Finally, on those high-level representations you were talking about, Mr Yeend, what level of detail are you able to provide the committee with about those representations? You can take this on notice of course. To what extent can you provide the committee with further information on the detail of those?

Mr Yeend—I can give you a bit of a sense of that now.

CHAIR—No, it is a time issue. I am happy for you to take that on notice.

Mr Yeend—I think we can provide some further information on the kinds of representations that have been made.

CHAIR—That would be very useful. Thank you.

Senator O'BRIEN—If this policy is implemented next year where will we stand, compared to other countries which trade beef, in particular those which have a similar animal health status?

Mr Morris—I will start and then others can leap in. To start with New Zealand, New Zealand is a country which has a similar animal health status to ours. I think it is fair to characterise their

BSE policy as more lenient than ours because they essentially just adopt the OIE classifications as they are, without doing their own country-by-country assessment. We are going quite a few steps further than New Zealand because we are doing our own country assessments as well as an in-country audit. That would probably be the most comparable example. The other examples I can think of off the top of my head are generally of countries which have had cases of BSE, but another example is Korea, which has not had a case of BSE. Again, they have been reforming their policies over time and currently do their own assessments of countries, so it is a bit similar to our policy in that regard, and they do allow beef in, certainly from the US, a country affected by BSE. Taiwan has also been reforming its policies over time and I do not believe it has had any cases of BSE. So, again, it has a similar status to our and again allows beef in from BSE affected countries.

Senator O'BRIEN—I think it would be worth, if you would not mind, taking this on notice and giving us a table which makes that comparison so that we have a firm idea of where Australia will end up with regard to similarly placed nations in terms of animal health status. If I understand the proposed new system correctly, some protocols will be developed for those two classes by March next year, so we are effectively going to the stage of preparing two standard protocols upon which importation will be based.

Mr Morris—I will start off and others might jump in. The actual protocols are specified on page 5 of the policy document, which is publicly available, and I think it has been tabled. That specifies the protocols that will apply to category 1 countries and the protocols that will apply to category 2 countries.

Senator O'BRIEN—What happens then—do countries then make an application to import product into Australia?

Mr Morris—A country will apply to FSANZ, or to the Australian government and it will then be passed to FSANZ, who will undertake an assessment to determine which particular category that country belongs to. It is developing a methodology for doing that assessment, and countries will become eligible to undergo that assessment from 1 March.

Senator O'BRIEN—And then will it come back to Biosecurity Australia to make an in-country assessment or undertake further investigation?

Mr Morris—Within the policy there is the possibility of doing an in-country audit. I believe a team would undertake that audit, which would include relevant representatives of animal health as well as food safety. It is highly likely there would be somebody from DAFF on each of those delegations as well as representatives from FSANZ. Perhaps I should be getting FSANZ to answer these questions—I am sorry, Steve.

Senator O'BRIEN—I am happy for the appropriate person to answer the questions.

Mr McCutcheon—The in-country inspections are really the second part of the assessment process and they will not apply to all of the applications. Once FSANZ has done its risk assessment based on the desktop information, so to speak: the package that comes from countries seeking to have their category assessed. Then, for example, if we have concerns about incomplete information or data, if they have had a BSE case reported in the last two years or if

the type of product to be exported is riskier than others, those sorts of factors may well lead us to think that we may need to do an in-country inspection here to supplement the desktop assessment that we have done. All of that is part of the assessment process.

Senator O'BRIEN—Industry are saying that they want traceability as a key feature of the system. How is that going to work?

Mr McCutcheon—The risk assessment will certainly evaluate cattle identification systems as one component of the measures that are required to manage the disease risk. So that will be a factor in our risk assessment process.

Senator O'BRIEN—Will it therefore be a factor in your in-country—

Mr McCutcheon—In our final report, yes. If we did an-country inspection, certainly traceability systems is something I would have thought the delegation would want to have a look at.

Senator O'BRIEN—So there are a number of steps before there would actually be importation. When is it envisaged that the first potential imports, if any, might take place?

Mr McCutcheon—That will be very much dependent on the assessment process that FSANZ conducts. That is starting on 1 March. If we got the perfect application in and we assessed it within the 20 weeks, which we have estimated as the period of time we think would be needed for the perfect application, then we would finalise that report and forward that to the biosecurity group of DAFF. Then I guess the next step would be for DAFF to consider the report in the context of the country's overall request, if they have made a request, for access.

Senator O'BRIEN—Just to be absolutely clear, if there is an application from a country for imports, there will be two stages of the assessment: the BSE component and the assessment of other risks. How will those things work together?

Dr Carroll—They are actually two completely separate processes. The BSE assessment is carried out independently from the assessment of the other diseases. Theoretically, a country could come up with as category 1 for BSE but fail to get in for other disease purposes.

Senator O'BRIEN—That is important because some are suggesting that this test will be of way of skipping through the system and introducing other risks that are known about that we have been resisting. So absolutely, categorically you are telling us that there is a separate, distinct, unconnected assessment of other risks, such as foot-and-mouth disease?

Dr Carroll—That is correct.

Senator O'BRIEN—Even though there might be a pass on the BSE protocol, there could easily be a failure on some other biosecurity test?

Dr Carroll—Particularly for fresh meat, because the biosecurity risks are obviously higher. For canned meat, other than BSE, the vast bulk of biosecurity risks are fairly well attended to,

provided it is a proper canning process, because the heat requirement would inactivate things like foot-and-mouth disease.

Senator O'BRIEN—Do we import much canned meat now?

Dr Carroll—We import a bit.

Ms Clegg—Spam and corned beef seem to be the biggest things we see on the imported food list. You need an Australian importer willing to import the beef. They make an application for a permit to import because at present you need a permit to import and you import under the Quarantine Act. To be assessed, Biosecurity Australia needs to have a policy that says that you can import from that country for which we have risk management measures. There are a lot of countries for which we do not have risk management measures, especially for fresh meat. If you manage to get over that hurdle and you have your import permit then you can come in and import beef.

AQIS manages that process in two steps. The first step on clearance and on presentation is to assess whether you have met all of the quarantine requirements. If you have met all of the quarantine requirements, you are then passed on to the imported food officer. That officer assesses whether you have met the human health requirements for the beef product. So you need to pass both steps, but the first step is to pass the quarantine requirement. If you do not meet that, there is no point troubling you with an imported food assessment.

Senator O'BRIEN—So after we have dealt with those first two steps, all those steps you just mentioned have to be dealt with. In other words, after the country has made the application an importer has to make an application to go through the next steps as well?

Ms Clegg—That is right, yes.

CHAIR—Thank you very much. That concludes today's hearing. Thank you to all witnesses who have appeared. You have taken a number of questions on notice, so if you would not mind getting those back to us through the secretariat by 22 January that would be appreciated.

Committee adjourned at 3.45 pm