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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE

Reference: Import restrictions on beef

MONDAY, 22 FEBRUARY 2010

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SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT

REFERENCES COMMITTEE

Monday, 22 February 2010

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, Minchin, Moore, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Back, Colbeck, Heffernan, McGauran, Nash, Sterle and Williams

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 8.32 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 the committee's inquiry into the impact and consequences of the government's decision to relax import restrictions on beef. 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 this inquiry.

[8.33 am]

DUNLOP, Dr Roger John Massie, Private capacity

Evidence was taken via teleconference—

CHAIR—Welcome. Are you with us, Dr Dunlop?

Dr Dunlop—I am with you, yes.

CHAIR—Thank you very much. Do you have any comments to make on the capacity in which you appear?

Dr Dunlop—I am a retired medical practitioner after 63 years. I have had extensive farming interests, and that is my capacity.

CHAIR—Would you like to make an opening statement before we move to questions?

Dr Dunlop—Yes, most definitely. Madam Chair—I take it I am talking to—

CHAIR—Yes.

Dr Dunlop—and assembled senators, thank you for giving me the opportunity to speak to you. Prion diseases is a very complicated area, and you may forgive me if I should make some errors here and there—hopefully, I will not.

I propose to give you evidence about these diseases which is taken from the *Oxford textbook of medicine*, which is a most prestigious medical textbook. I also have a statement from the Centre for Disease Control and Prevention in Atlanta, Georgia, which has been available online since 14 July 2008. It gives a very comprehensive analysis of the difficulties associated with the animal and human infection of these prion disorders.

In considering the prion diseases I have consulted the chapter thereon in the Oxford textbook, which indicates that it is neither a viral nor a bacterial infection; it is a proteinaceous infectious particle, a glycoprotein which causes all the manifestations of a dreadful disease transmissible in human and animals. I will enumerate various features of this infection. Creutzfeldt-Jakob disease is familial, which means it automatically passes from generation to generation. It may also pass from humans to animals and vice versa. These biologically unique diseases have a very complicated method of transmission, which I will not bother you with since it would probably take me half the morning to describe it to you. The human forms of the disease are listed: Creutzfeldt-Jakob, Gerstmann-Straussler-Scheinker syndrome, amyotrophic lateral sclerosis involving the spinal cord and various types of dementia, fatal familial insomnia and kuru, the disease which is endemic in New Guinea. I will refer to one of these diseases, fatal familial insomnia, because to my mind it is one of the most horrible things that could happen to humankind. This prion substance attacks the mid-brain and one is thereafter unable to sleep—one cannot sleep at all. Thankfully, exhaustion quickly kills you. All forms of this disease are

characterised by severe dementia, ataxia and various forms of paralysis. The disease is always rapidly and fatally progressive—100 per cent fatally. These human variants occur among animals as bovine spongiform encephalopathy. The animals affected are sheep and cattle; mules, deer and elk; felines; and various zoo species, and the feature of the disease is in BSE, scrapie and the chronic wasting disease. BSE may not produce human epidemics but may produce a considerable number of cases. To what degree is not known at this stage—there is a long incubation period of up to 40 to 60 years, which makes the disease incredibly difficult to cope with.

The statement from the Atlanta Centre for Disease Control and Prevention, Georgia, is in the *Encyclopedia of Virology*, pages 186 to 193. It has been available online since 14 July 2008. I will read it to you; it is fairly short and gives you an excellent background to these diseases:

Prion diseases are invariably fatal neurodegenerative diseases of humans and animals which attracted increased worldwide attention after detection of a bovine spongiform encephalopathy (BSE) outbreak and its transmission to humans causing variant Creutzfeldt-Jakob disease. Prion diseases are unique among other infectious diseases because of the unconventional characteristics of the etiologic agent and the biochemical mechanism for its propagation, and because of the sporadic, genetic, and transmissible nature of some of these diseases. The agent causing prion diseases, termed prion, is an abnormal conformer of a host-encoded cellular protein known as the prion protein.

Host encoded means that it has settled on a gene and virtually put that gene out of action.

The fundamental event in the occurrence of prion diseases appears to be conversion of the cellular prion protein to the pathogenic prion by a poorly understood post-translational process. Transmission of prion diseases within the same species has been extensively documented. The modes of such transmissions include consumption of contaminated feed, accidental inoculation via medical or veterinary interventions, and close animal-to-animal contact. These transmissions result from exposures to secretions or tissues known to harbor the infectious agent, including the brain, spinal cord, and lymphatic tissues. Although cross-species spread of animal prion diseases has long been suspected, strong evidence for such spread is only available for the transmission of BSE to humans, domestic cats, and zoo animals.

I would ask three questions. Firstly, why do we have to import such a horrifyingly dreadful disease? I am sure the Australian population in an election year would be utterly and absolutely horrified if they knew we were even thinking about it. Secondly, why the restrictions on blood donations involving people who have been overseas and eaten meat in a country where the disease is endemic? If it is known that it is transmissible by transfusion, why get it into the country? Is the Senate select committee aware that a fatal case has already occurred in a Sydney teaching hospital following the heavy consumption of BSE infected meat overseas? The death of the patient only took four months and was apparently very unpleasant towards the end.

Finally, I would like to say that I have had very rapid access to all these facts. I read the statements by Minister Crean, a Mr McIvor and Professor John Mathews, who is a professor of statistics. I would like to further study those, which I have not had time to do, and if it is possible I would like to appear before you again. Thank you for hearing me.

CHAIR—Thank you very much, Dr Dunlop. I know my colleagues will have a few questions. It is probably a bit of a straightforward question but obviously in your view, while there is a negligible risk of this disease coming into Australia, we should not be going down that road. We should not be relaxing the rules if it is going to mean a negligible risk, not a zero risk.

Dr Dunlop—But tell me who is saying it is a negligible risk.

CHAIR—Professor Mathews, in the report that he did, has stated that the risk will be negligible. Some of the concerns raised—

Dr Dunlop—That is why I would like to come back to you after I have seen the grounds on which he has made that statement. Secondly, the itinerant professors who give these opinions have caused an awful lot of trouble amongst the British and Australian nuclear veterans, whom I have been working with in order to get the government to give them compensation.

CHAIR—In your view, if there is to be any risk at all, the rules should not be changed?

Dr Dunlop—I think that is absolutely correct. Go back to the days when we eradicated tuberculosis and brucellosis. That was a fundamentally marvellous campaign. It involved a hell of a lot of work for us farmers but it got rid of two very nasty diseases. I think if there is any risk whatsoever, it should not be imported.

Senator HEFFERNAN—I, like you, am amazed that we have public servants in Australia who would put Australians and the beef industry at risk and would just sit there and smile. I go back to something you said earlier. You said there has been a case of variant CJD in Australia. A lot of people in the room shook their heads when you said that. As I understand it, there are 35 cases of the sporadic CJD and there may be some classical ones. Could you give us the details if you are sure of your facts?

Dr Dunlop—According to the Oxford book, there are eight different variants of the prion disorder in every one of these infections that I have enumerated. It is a very difficult and genomic study and that is why I would like to have more time and to be able to go across to my geneticist and have a long discussion about exactly this point. I do not think I could give you a clear answer at this stage.

Senator HEFFERNAN—But you say there was a person who died after four months in Sydney. Are you sure that was the variant CJD?

Dr Dunlop—I am absolutely certain it was. I did not see him but, from what I learned from my informant, I am absolutely certain it was Creutzfeldt-Jakob disease.

Senator HEFFERNAN—You may be able to take that on notice and provide the details of that case to the committee—the where and when.

Dr Dunlop—God, I would have my throat cut.

Senator HEFFERNAN—You won't have your throat cut if you give evidence to this committee because you do it under privilege and, of course, if you are intimidated as a result of evidence you give to this committee, it is a contempt of the Senate and we can take action.

Dr Dunlop—Well, would you not be able to approach the hospital yourself?

Senator HEFFERNAN—Yes, we could do that.

Dr Dunlop—I think you will probably come up against a brick wall.

Senator HEFFERNAN—So what hospital?

Dr Dunlop—From my information, all the records have been destroyed.

Senator HEFFERNAN—So what hospital are we talking about?

Dr Dunlop—I am not telling you at the moment.

Senator HEFFERNAN—Given that, without consultation with the industry or the parliament, the bureaucracy instructing the ministers as a whole of government decision have taken the decision to go to a risk analysis from a balance of probabilities proposition. They have decided to increase the risk that we can take on these sorts of diseases from precautionary principle to some sort of scientific snapshot of the risk. Wouldn't it be the much preferred position, given our sound position at the moment, to err on the side of caution and stay with the precautionary principle?

Dr Dunlop—Absolutely. What I have tried to say in this hearing is that this is the most dreadful collection of diseases which if it is transmissible from animal to human, which it is, or through infected meat will cause—one of the difficult things is that I notice that McIvor said that it would only take four people to make sure that the meat was free of disease. Now, in feedlots offal is often fed to animals and if this offal, the muscle, contains specimens of spinal cord or the brain, it is infected meat. How on earth in a foreign country are four people going to go overseas and oversee every slaughter. It is utter nonsense.

Senator HEFFERNAN—The answer is correct. They are not going to do it. They cannot do it here. They are not going to demand the same equivalence in protocols. They are not going to have an import risk analysis for us. This is a bureaucratic decision taken at a political level instructing the bureaucrats to carry out the wherewithal. We had information from Professor Mathews who said he was given 2½ weeks and tens of thousands of dollars to come up with a report even though he did not have time to go to the various references. It is a joke. It is doing away with one of the few advantages we have in the global market given the rising value of the dollar and, in my view, every person in the department that is pursuing this is un-Australian.

Dr Dunlop—I couldn't agree more with you. I have been working with the nuclear veterans, both the British and the Australian. I was inside Hiroshima for two years, and I have seen probably a huge cohort of my mates dying of cancer, far in excess of a similar group of the ordinary community. We have had the same sort of evidence that I suspect Professor Matthews has given appear in relation to the cancer and mortality studies, the dosimetry studies, the ARPANSA report. You name it, the bureaucrats have written it and the same sort of thing crop ups again. I am horrified.

Senator STERLE—Dr Dunlop, I have to pursue this further. You have said that to the best of your knowledge and to that of your informant's there has been a death from vCJD. That is a very, very serious accusation.

Dr Dunlop—It is serious. I agree. It is most serious.

Senator STERLE—It is very serious but it makes it very hard for this committee when you make a statement like that. I am not saying it is true or false, but not to be able to back it up with hard evidence makes it very difficult for us to take your evidence—and please take this with the greatest of respect—as credible.

Dr Dunlop—I would say it is the credibility of the very reputable consultant who gave me the information. He is not the sort of person who, I would suggest, is making false statements.

Senator STERLE—I understand, Dr Dunlop, but you must appreciate that this inquiry attracts a fair bit of media attention. They are normally in the room and they get telephone calls when we have finished having hearings. But you have to understand that, from the point of view of those on this side of the table, to make that accusation and not even have any evidence does make it very hard for us to accept as credible.

Dr Dunlop—Knowing the standing of the person that told me, I am certainly not going to withdraw it.

Senator STERLE—You can go in camera if you wish.

Dr Dunlop—No, I don't want to go in camera. I think that it ought to be spread about.

Senator HEFFERNAN—Dr Dunlop, would the reputable person that you received the information from—your information is only as good as the person you received it from—be prepared to go in camera, bearing in mind that it is—

Dr Dunlop—I will have to ask him.

Senator HEFFERNAN—Thank you very much. Could you take that on notice.

Dr Dunlop—I certainly will.

CHAIR—Thanks, Dr Dunlop. I will pass now to Senator Back.

Senator BACK—Thanks, Dr Dunlop. I only have one question. You made the comment about feeding offal to stock in feedlots; I took that to mean overseas—

Dr Dunlop—Yes, it is.

Senator BACK—Sure. Again, is that information that you have anecdotally or is it something that you could actually document to the committee, because that of course, here in Australia, is the rationale—

Dr Dunlop—I gave evidence on Johne's disease to a Senate select committee, and finally we got rid of the ministers for agriculture in Victoria, New South Wales and South Australia and we knocked the control program on the head. Now, I had a lot of information there in relation to feedlots—what was done, what happened et cetera. I do not think I could find all that stuff again.

Senator BACK—The feedlots you were speaking about—were you in a specific country when you made that observation or was it an observation from the past?

Dr Dunlop—Well, think about bonemeal; what are the constituents of bonemeal? Basically, it could easily be contaminated, couldn't it?

Senator BACK—Yes, that is correct, but—

Dr Dunlop—Even here, in our country, animals are fed on bonemeal.

Senator BACK—Not legally, they are not. That is the point of the question I am coming to. This is the absolute crux of the possible scenario where BSE is passed between animals and then possibly on to humans. That is the point I am going to. To answer your earlier question, whether there are four or 44, as I understand it there are not going to be Australians going overseas anyhow to look at the circumstances elsewhere, and, as you quite rightly said, you could be standing in an abattoir, a boning room or a meat processing facility and not know.

Dr Dunlop—Exactly.

Senator BACK—As other countries rely on Australians, we have got to rely on the veterinarians and the meat inspectors and the bureaucrats from other countries to sign off on the fact that these particular aberrations are not taking place. The question I really want to go to is: are you aware of, for example, bonemeal being used to increase protein in feedlots in Australia here and now?

Dr Dunlop—I have been in farming for a long time, and you pick up information all over the place. I have farmed in New Zealand, I have farmed in the northern tablelands, I have farmed in the Upper Murray and where I might have heard that I just could not tell you. It is certainly hearsay.

Senator BACK—It is certainly one of those things—

Dr Dunlop—You know as well as I do if you are a farmer, and I take it you are—

Senator BACK—I am a veterinarian.

Dr Dunlop—Well, you are much the same.

Senator BACK—I do not know whether or not to thank you!

CHAIR—Definitely thank him!

Senator BACK—I charge more, but when you have clients like Senator Sterle you never get paid anyhow!

Dr Dunlop—Well, veterinarians are almost as poor as doctors are. However, these are generic questions, you might say, mightn't you?

Senator BACK—Well, they are generic, but they are critically important because at the end of the day these are the sorts of areas—

Dr Dunlop—Why don't we have a royal commission into this whole thing? That would probably be one of the steps that could be taken.

Senator BACK—I certainly do agree with my colleagues around the table that it would be good if you were able to convince your associate who advised you of the variant CJD death in a hospital in Sydney to talk to us. To be clear, for the record, I think you did mention—and I would ask you to confirm this or otherwise—that it was as a result of a person having had a heavy consumption of BSE infected meat overseas. Did you say that or did I dream that?

Dr Dunlop—Yes, I think that is correct. I would stand by it.

Senator BACK—Nevertheless, if you were able to provide details of that person, who may be prepared to speak to us in camera, I think that would be very significant. Chair, I have no other questions.

Dr Dunlop—May I say this: I certainly will talk to the person who told me, but whether I get him to talk to you—

Senator HEFFERNAN—We will be in touch, Doctor. On the question of feeding of meat meal, there is a huge meat meal industry and there are still pellets you can buy for chooks, pigs et cetera that have meat meal in them. I have to say that I myself have seen some people, when they run out of sheep pellets—because there are sheep pellets and cattle pellets—feed chook pellets to livestock in the paddock.

Dr Dunlop—Yes.

Senator HEFFERNAN—To think that any sensible person could expect any sensible Senate committee to entertain the thought that, without an import risk analysis, when the government argue that they cannot afford the subsidy to inspect our own abattoirs, four veterinarians could go overseas and supervise that! There is an old traditional saying in the bush—I had better not say it.

CHAIR—You had better not say that, Senator Heffernan.

Senator HEFFERNAN—I had better not say it, but it is BS.

Dr Dunlop—I absolutely agree with you. I think it is just cloud cuckoo land.

Senator HEFFERNAN—There are a group of people, some of them in the room here now, who even fantasise that they could do that. Anyhow, I am amazed.

Dr Dunlop—Well, they must be up with God somewhere!

CHAIR—Dr Dunlop, thank you very much for giving us your time this morning. That concludes the session. We appreciate it very much.

Dr Dunlop—Thank you very much for hearing me so kindly. I would very much like to do further research in this. I have a son who is farming, and I would very much like to come back to you, if I am allowed.

CHAIR—Thank you, Dr Dunlop; we do appreciate that. You certainly are able to make a further submission to the committee. We are of course a bit time precluded with these changes ostensibly coming in next Monday, but if you would like to do that further work and make a further submission we would be very pleased to receive it.

Dr Dunlop—Thank you so much, Madam Chair, and thank you to all the other senators.

CHAIR—Thank you, Dr Dunlop.

[9.02 am]

SOLVYNS, Mrs Suzanne Lesley, National Coordinator, CJD Support Group Network

CHAIR—Welcome and good morning.

Mrs Solvyns—Thank you for inviting me.

CHAIR—Do you have any comments on the capacity in which you appear today?

Mrs Solvyns—I am the Director and the National Coordinator of the CJD Support Group Network.

CHAIR—Would you like to make an opening statement before we go to questions?

Mrs Solvyns—Yes, I would. I am here today as a consumer but, more importantly, as a representative of Australians who are affected by prion disease in various ways. I will just say one thing about the debate about variant CJD: there are no reported cases of variant CJD in Australia. We have a very good surveillance unit. Healthcare professionals constantly confuse cases of classical CJD, which is the human form, with variant CJD. Families are often told that their loved ones are dying from variant CJD, or more often they are told that they are dying from mad cow disease. That comes from the mouths of doctors, so I think you will find that that is what has happened in this case.

I have no scientific background, so it would be inappropriate for me to comment on the science of risk factors involved in this debate. I have watched the presentation given by Professor Mathews at the meeting in Sydney in October that I was unable to attend, and I feel that the discussions on the influence of genotype on incubation periods were very limited. Without commenting further myself on that, I would like to refer you to a presentation given in July 2009 by Professor Richard Knight from the UK. This presentation can be viewed on the NeuroPrion website in the video section, under the CJD Foundation's 7th annual family conference. It is the 13th presentation listed. Professor Knight talks about the national surveillance and its work in the UK.

Professor Knight will be in Australia in May. He and several other prominent world experts are funding their own travel to come to Australia to speak to our members at the CJD Support Group Network third annual national conference. These experts understand the effect of prion disease on individuals and families and actively support the work of our organisation and like organisations around the world. You are all welcome to come to our conference.

As the Director of the CJD Support Group Network and co-chair of the CJD International Support Alliance, I hope to bring to this debate knowledge of what it is like to be at increased risk of developing CJD or to have a loved one dying from this devastating disease. I want to bring—I am sorry; it is a very emotive thing for me.

CHAIR—Just take your time; that is fine.

Mrs Solvyns—I want to bring the human angle rather than just science and risk assessments. I work with two or three families each month who are dealing with a possible diagnosis of classical CJD. CJD is unique in that it is transmissible and can be genetic. It is very difficult to diagnose, so families face the need to consent to an autopsy if they want answers. They watch their loved ones deteriorate very rapidly while facing the brutal fact that there is no effective treatment or cure. I often visit with families and the patients, and I can tell you that this is a hideous disease.

Family members also experience the stigma associated with prion disease, like having it referred to as ‘mad cow disease’. They are deferred from donating blood and face discrimination and difficulty when accessing health care. Just this month, a woman whose mother died of sporadic CJD some years ago was sent home after being admitted to hospital to have a tooth extracted. It took three weeks before her surgery was rescheduled, because of a misunderstanding of the infection control guidelines.

Although we have some champions among healthcare professionals in Australia, most have little knowledge of prion disease. The CJD Support Group Network has produced a DVD and is currently running an education program in hospitals in an attempt to increase awareness and knowledge. We are also currently producing a handbook for healthcare professionals caring for CJD patients and have enlisted the help of a number of medical experts who have vast experience in this area. This will ensure that we provide correct and helpful information. If we don’t do it, who will?

Living with increased risk of CJD is something that I know only too well personally. In the early nineties, I found out through the media that I was at risk of developing CJD, a disease I had never heard of. I had received human pituitary hormones on a fertility program in the seventies. This news was like living a nightmare, but, when I was contacted by my treating doctor to advise me that I had received the one batch that was definitely known to be contaminated, my life changed. I needed to know more, and I guess my way of dealing with it was to become more involved. My work has become my passion, but it does not make the devastation that I see from this disease any easier.

Being at risk is like living with a time bomb, and the ongoing problems when accessing health care are becoming worse as more and more hospitals and facilities use screening questionnaires relating to risk factors and family history. It is interesting that there are no questions used in our hospitals that relate to people who may have risk factors for variant CJD, although it is known that variant CJD is more transmissible than classical CJD. Those at risk whom I represent constantly refer to being treated like a leper by healthcare professionals when accessing health care.

In 2009, a woman considered at low risk of developing CJD had her spinal surgery delayed for four months while the hospital worked out who would pay for the instruments that could not be replaced by disposable instruments and would need to be quarantined or destroyed after her surgery. Fortunately, she was booked into a non-profit private hospital; otherwise, she just would have been refused treatment. Her health fund refused to help, and DoHA and the state health departments would not accept responsibility, so the hospital had to access a fundraising account to pay for the instruments that were needed to be replaced before her surgery could go ahead.

A man who was part of the Royal Melbourne cohort in 2004 last year required more neurosurgery. He was sent home on the day of surgery, not just from one public hospital but from two, because of his risk status. He was forced to wait for three months to have surgery on aggressive brain tumours. When will someone take responsibility for the cost of these instruments so that people at risk and those who have lost a loved one to CJD can enjoy the same rights to health care as other Australians?

The evidence states that the risk to people from imported beef is negligible. A reference by Michael Geschwind states that this does not mean zero risk. If one more Australian is put at risk, that is one Australian too many. If one family has to experience the devastation of losing a son or daughter to variant CJD, that is criminal. I know the family in Northern Ireland who fought the courts to have PPS administered to their son, who has variant CJD. Jonathon is still alive after eight years, but the toll on the family is huge. I do not want to see any Australian families put in that position. A strapping young man was cut down in the prime of his life due to the consumption of contaminated beef.

Prion disease has a history of slapping in the face those who make decisions based on arrogant assumption that this will not happen to them. In 1985 those of us who received human pituitary hormones were not told of our risk as the decision makers decided that nobody was at risk—until four women died. The French did not stop administering human growth hormone to young people when the connection was made to CJD in 1985. It would not happen to them. Over 130 young people are now dead. Each year more die and the court cases continue. Japan did not discontinue the use of dura mater in 1989 when the connection was made to CJD. One hundred and twenty people in Japan have died due to that decision. Although there has been a decline in the number of cases of variant CJD, cases continue to happen and there are flow-on deaths from transmission through the blood of variant CJD donors. Experts like Professor Richard Knight and his colleague Professor Robert Will both predict that there will be a second wave of variant CJD due to variant incubation periods depending on our individual genotype. It is believed that people may remain asymptomatic all of their lives while posing a risk to others under certain circumstances.

My colleagues in the USA that I work closely with continue to canvass for more testing of beef as they are outraged at the random testing that is happening there. When I attended the family conference hosted by the CJD Foundation in DC in July 2009, I went up to Capitol Hill with family members who were pleading with their state senators to back their call for more testing. I will not eat beef in the USA and certainly do not want to be exposed to beef that is not adequately tested here in Australia. While there are still cattle affected by BSE and people dying from variant CJD, how can decisions be made that might put the general public of Australia at even a minimal risk. The world experts all admit that there is so much we do not know about prion disease. They do not even all agree prion is the correct word.

Have we become complacent as there has not been a recorded case of variant CJD in Australia? It seems that might be the case as even funding for our network is under review, with no guarantee of a renewed contract after June 2010. There is a review of the risk of hGH recipients developing CJD, and the trust account set up to support us if we do develop CJD is now under question. Stats and figures do not take away the fears and apprehensions that my cohort know. It does not bring back those who suicided or repair the broken marriages and lives. It does not make accessing health care any easier, so please do not let the sins of the past

compromise more Australian lives if there is even a hint of risk. How can decisions be made when we do not have a 100 per cent guarantee of safe beef unless it is home grown? We are the lucky country. Please keep it that way.

CHAIR—Thank you.

Senator HEFFERNAN—Thank you very much for that evidence. Your organisation was called to a meeting by DoHA while you were overseas?

Mrs Solvyns—Yes, there was a meeting in Sydney.

Senator HEFFERNAN—When was that?

Mrs Solvyns—In October. I was given three days notice and I was in Greece attending the European prion conference. I did not have time to organise someone else to attend.

Senator HEFFERNAN—So are you aware of what happened at that meeting?

Mrs Solvyns—I asked for the presentation and got a copy of that.

Senator HEFFERNAN—Could you provide on notice this committee with the presentation that DoHA made to you and your organisation?

Mrs Solvyns—Yes.

Senator HEFFERNAN—Thank you. At that meeting was there any talk of a review of your funding?

Mrs Solvyns—At the meeting in Sydney? I do not know. That is a separate issue.

Senator HEFFERNAN—Has there been talk of a review of your funding by the government?

Mrs Solvyns—Our funding is under review at the moment by Professor Magnusson from Sydney university and the CJD surveillance unit, the Australian National CJD Registry, has also been under review.

CHAIR—Have they given you a reason at this stage for the review of the funding?

Mrs Solvyns—It goes back a long way, from when the trust account was originally set up by Carmen Lawrence. They say that there was a date given for the end of the trust account and I have provided Professor Magnusson with evidence that that is not true. I think the only time it did come back I was on the advisory council that advised the minister on matters to do with human pituitary hormone recipients. It came up there that there was a date of 2010. So it has been on the table for a while, but at this stage we have not heard anything. We have gone through the review process. That is the reason I have not put in a submission to this inquiry, because of dealing with so many cases of CJD and families and with the review and the other

work that we do—I do most of the work and we are a very small organisation so there just has not been the time.

Senator STERLE—How long has it been on the table?

Mrs Solvyns—They go back to the Allars inquiry, which was in 1994. DoHA are saying that Allars suggested in her inquiry that there would be a review, but that is not the case. She suggested a review of the Australian National CJD Registry in 2010, not the support.

Senator HEFFERNAN—Do you know how much funding you get?

Mrs Solvyns—I am hoping we will be asked to put in a budget. Our funding for the last two years has been, including GST, just under \$400,000. Before that I was working as a voluntary; now I get paid on a part-time basis.

Senator HEFFERNAN—Given the new work just now being explored in the UK on a second spike possibility in the variant, based on genetic work which is now dividing out the incubation, could you explain to the committee if you are aware of that story of the four to 40 years incubation period?

Mrs Solvyns—I can explain in lay terms. Being at risk myself, I have followed this and I work a lot with Professor Knight and Professor Will. We all have on our DNA codon 129 and we take from each parent. These are rough estimates: 50 per cent of us are what they class as MV genotype, about 30 per cent are genotype MM and 20 per cent are VV. What has happened so far is that all the cases of variant CJD that have occurred around the world, all those people that have had variant CJD, have been MM. That indicates to the researchers that being MM either makes you more susceptible to the disease or, and I think they are coming to this decision now, you have a shorter incubation period. For some years they thought that anybody that was VV or MV would not succumb, that they had some genotyping that would stop them getting the disease. We now know that that is not the case.

Last year in the UK there was a death from variant CJD of a young man who was MV genotype. He did not have an autopsy but all the indications are that he had variant CJD, so that is the first case. Of the four cases of variant CJD known to have come from blood transfusion, the three cases that have died were all MM, which again indicates a shorter incubation period. In one case the woman died of another disease and prions were found in her spleen. She had been exposed to blood from a variant CJD donor. She was not symptomatic of variant CJD, which indicates again that she was incubating this disease but had not and may not for many years. So they are saying that those of us that are MV or VV may have a much longer incubation period.

I have been asking for eight years to have testing done of my genotype. The Australian National CJD Registry have just agreed to do that. I have given them some of my blood and I am still waiting to those results. I suspect that I am MV.

Senator HEFFERNAN—And it has taken eight years to get them to agree to do it? God help us. With the young man who did not have the autopsy but had the other variant in the gene—

Mrs Solvyns—He was MV.

Senator HEFFERNAN—How did they know that? Were they tracking him before? Did they take a blood sample when he got crook?

Mrs Solvyns—Yes. In the UK they have surveillance and a care package. When somebody is reported to have any form of prion disease, a registrar and a care nurse go to the families. They are aware of the cases. They would have taken blood. They took blood before he died. It is a DNA test, so it is only a blood sample. They knew he was MV. Unfortunately, the family would not consent to an autopsy. Now with MRIs they are getting better at diagnosing it. I think the theory, from what I have heard from those I know, is that it was a case of variant CJD.

Senator HEFFERNAN—Based on new genetic information in the last few years—certainly since the last time we did an import risk analysis on beef back 15 or 20 years ago—there is the possibility that there are out in the community what would we call sleeper carriers.

Mrs Solvyns—I am very possibly one myself. I had a contaminated batch. I am not ill, but who is to say that I am not carrying this disease. I could be asymptomatic all my life.

Senator HEFFERNAN—So where does the UK source its blood supplies for transfusion?

Mrs Solvyns—I believe that they are doing it from overseas. I am not really an expert on that.

Senator HEFFERNAN—But isn't the whole thing now contaminated because of the vagaries and the lack of scientific critique in a lot of countries? I know what goes on in some farming communities in other countries. There is no way you could supervise it. They are all likeable rogues. There are 275 million cattle in India that they generally just pat and milk—they do not eat them—but they trade them across the borders. There is a huge trade from Paraguay and Uruguay into Brazil. There is trade from Mexico to the United States. There is some trade from Canada. It is all just wink and nod stuff. How the hell—

Mrs Solvyns—I do not think you can control that.

Senator HEFFERNAN—The difficulty we have as a committee is that this is a government decision and, if you have a confidential discussion with some people who are implementing the government decision, they will tell you they are horrified but there is nothing they can do about it because it is a government decision and they are acting on instructions. It blows me away.

Mrs Solvyns—It blows me away too. I do not want to see any more Australians at risk of prion disease.

Senator STERLE—Talking about blood, I have the ABC interview with Ms Kathy Bowlen from the Australian Red Cross Blood Service about lifting the ban on donations. I want your opinion.

Senator HEFFERNAN—Oh!

Senator STERLE—No. You had your turn, Senator Heffernan. Just show some respect. Quite frankly, I have had a gutful of you. It is not your show. This is a Senate committee. There are

many members of this committee; it is not just you. Sorry, Mrs Solvyns. It is a normal transaction between Senator Heffernan and me. She is quoted as saying:

Anyone who goes to the UK now, the last year or five years ago, and lives there for however long and eats meat while they're there, we have no concerns.

They can come to Australia and donate blood.

Similarly, if meat is imported from there now and people eat it, we don't have a concern about the blood.

So no, there is no implication for blood donors.

Could I have your view on Ms Bowlen's comments.

Mrs Solvyns—I read that. I can understand it from the aspect that there is more control on beef in the UK now, but the blood bank in Australia will not let anybody who is from a family with a known sporadic case of CJD to donate blood. When we have a classical case of CJD and somebody dies of that disease there is a genotype done to rule out genetic counselling. Once that is done we know it is not genetic and the family members can cause no risk, but those family members are not allowed to donate blood in Australia. Do they have one rule for one?

Senator STERLE—In all fairness, too, Dr Tony Keller states that they will not take blood from anyone who lived in the UK between 1980 and 1996 when it was in the food chain. That is to balance the ledger so that it is not seen to be a one-sided argument. Clearly if the Red Cross, Australia's premium blood service, has no concerns—and not denigrating the argument that this is a shocking disease—do you think that that agency would have the lead when it came to blood safety?

Mrs Solvyns—You would think they would. I think they are going by the fact that things are changing in the UK and that they cannot continue to lose blood donors. Yet, as I say, they are deferring people who are known from a sporadic family. The only people allowed to donate blood, who have lost a family member to CJD, are those who have individually had a gene test done and have had a negative test to a prion protein, or a child of somebody who has died of known iatrogenic CJD. They are the only people who are allowed to donate blood. Prion disease is an autosomal dominant genetic disease, which means that it cannot skip generations. If one person does not have it in their family the rest of their family is fine. If their brother or sister has it then there is a risk to their children. They are now saying a person who has had that negative test can donate blood but for some reason their children cannot donate blood. That is something that I am discussing with the blood bank and we are having sorted. I think it is all very vague and I cannot really comment any more than that.

Senator STERLE—Thank you very much for that evidence. Eating meat from the UK is where I am leading to. The Red Cross have no concerns with blood donations from anyone from the UK outside of that period from 1980 to 1996 and also have no fear—their words—or no concerns about eating imported meat from the UK.

Senator BACK—I have a couple of questions and I am quoting from the brochure that you kindly supplied to us. You were saying that there are some 25 cases of classical CJD a year in Australia.

Mrs Solvyns—There are 25 to 35. It has been incredibly busy of late.

Senator BACK—That is independently verified, is it? I am not questioning your accuracy, but that is independently verified by medical or other sources?

Mrs Solvyns—It is a notifiable disease through the Australian national CJD registry to DoHA. That is recorded and the figures in Australia are on the European statistics. We work very hard to get autopsy results so families have an answer, and the surveillance unit works very hard for their surveillance to get autopsy results.

Senator BACK—Those three classic CJD cases or causes you speak of are sporadic, inherited or genetic, which I will come back to, and iatrogenic. In diagnosis of classic CJD are medical authorities satisfied that they are able to type into one of those three in defining or diagnosing classic CJD?

Mrs Solvyns—No, an autopsy will confirm that a case of CJD is classical compared to variant. There is a difference under the autopsy of variant CJD. That is why we are quite confident there has not been a case of variant CJD in Australia. If it is a confirmed case of CJD, families then have to have a genetic test done on either blood that was taken from the CJD patient before they died or from tissue from the autopsy. A DNA test will then confirm if there is a genetic mutation. Five to 15 per cent of cases have a genetic cause and very often families are not aware of a family history. With iatrogenic CJD, which is medically acquired, which is what I am at risk of, I understand there is no way to tell by autopsy. They determine that by history. If I develop CJD they would assume that it is iatrogenic CJD.

Senator BACK—Because there has been a known pituitary—

Mrs Solvyns—Exposure; I have been exposed to contamination.

Senator BACK—or dura mater or whatever.

Mrs Solvyns—Yes. And the surveillance unit do a fairly comprehensive questionnaire, and part of that is to pick up and look at any backgrounds: if people have had surgery; if they have had any hormone treatment; if they have had dura mater.

Senator BACK—Can I just take you to genetic CJD? By that, do you mean inherited?

Mrs Solvyns—Yes.

Senator BACK—You have got the heading ‘inherited forms’ and then genetic, so it is heritable.

Mrs Solvyns—It is inherited in an autosomal dominant fashion, which means that there is a 50 per cent chance if a person has a mutation—and there are about 50 different mutations of

which FFI, that the professor mentioned is one; GSS is another; and there are other familial CJD mutations—of passing that gene to each of their children.

Senator BACK—That is correct; yes.

Mrs Solvyns—One of my colleagues is one of three girls. Her father died of E200K, which is the most common form of genetic CJD in Australia. Two of her sisters tested positive and one tested negative.

Senator BACK—Could you just explain to us again: you mentioned that there is \$400,000 of funding to the support group network. Does that come entirely from the Department of Health and Ageing?

Mrs Solvyns—Yes, it does. It comes out of the trust fund that was set up in 1995 by Carmen Lawrence. The trust fund was set up to provide for support services, counselling services until 2003 and quite a few other services. Some money went into research. There is still a hotline manned in the Department of Health and Ageing in Canberra, and it also funded NFC, which was the advisory council to the minister of health.

Senator BACK—I am just unclear: what was the purpose of the October 2009 meeting which you were not able to attend; what was the meeting called for?

Mrs Solvyns—I believe it was just a meeting to discuss the lifting of the food ban from BSE-affected countries. I had an email while I was away—I think on the Thursday or the Friday—that it was on the Monday.

Senator BACK—So representatives attended, did they?

Mrs Solvyns—Nobody from my organisation attended, no, because I tried to get somebody to go and I could not. We are very small; we are three people.

Senator BACK—Sure. So when you returned to Australia, did you then have the opportunity to meet with those who convened—

Mrs Solvyns—No.

Senator BACK—Have you sought that meeting?

Mrs Solvyns—I have spoken to the people that organised the meeting and I asked for the presentation and for information back from—

Senator BACK—And that presumably was made available to you and that is what you will make available to the committee.

Mrs Solvyns—Yes. I think it was given in confidence, so am I allowed to pass that on?

CHAIR—You might want to check on that. Can I just ask—you may well not have it with you now—what was the date you were asked by the department to attend that meeting? That

would be useful. I think you said they only gave you three days notice. So if you could just let us know when they formally asked you to attend the meeting.

Mrs Solvyns—I think I got the email on the Thursday or the Friday and I tried to organise a colleague who works part time but she was away for the weekend.

CHAIR—Did you recollect the date that the meeting actually went ahead?

Mrs Solvyns—It would have been about the Monday—something like 26 September. I will have to get back to you; sorry about that.

CHAIR—If you could check, that would be great. Thanks very much.

Senator BACK—Final question: is there any suggestion that the ongoing funding for your organisation is at risk?

Mrs Solvyns—Yes.

Senator BACK—Why?

Mrs Solvyns—We have gone under a review to decide whether funding will continue.

Senator BACK—From the department?

Mrs Solvyns—Yes.

Senator BACK—So does that mean the department would take up this challenge itself or would we cease then to have such a support group?

Mrs Solvyns—Although I work as a volunteer until this current contract 18 months ago, I probably put in 50 to 60 hours a week because there are a lot of cases of CJD and there is a lot of other work to be done. I personally do the education programs in the hospitals. I have made it very clear that I cannot continue to do that work without any funding. I run an 1800 number, and this is our third national conference and those speakers are paying their own fares to come.

Senator BACK—Are you aware, then, that the department is actually intending to replace what you, largely, have been trying to do in a voluntary capacity in a fully funded program? Is that what you understand?

Mrs Solvyns—No. I think if we do not get funding they will deem it is not needed anymore. Our funding comes out of a trust account for human pituitary hormone recipients. Currently, under the terms of reference that Professor Magnusson had, they are looking at the risk factors for people like me in my cohort. My feeling is that they are trying to say that, because nobody has died since 1992, the risks are no longer there. But we have to go back to this genotyping. We know that, with kuru, that incubation periods can be up to 50 years, so why can't they be for human pituitary hormone recipients? Until my cohort can have a test to say that they are not at risk of CJD or until they can access health care without having all these problems then how can you take away support?

Senator BACK—Thank you.

Senator McGAURAN—Do you have available any figures for cases of death from variant CJD over the past 10 years in Britain?

Mrs Solvyns—I think the figure is 169 cases of death from variant CJD in the UK, of which three are living. Three young people have been put on to pentosan polysulphate, PPS. Patients are given that through a shunt directly into their brain. That has halted the process but those three people are very damaged.

Senator McGAURAN—Can you source those statistics and present them to the committee?

Mrs Solvyns—Those statistics are readily available.

Senator HEFFERNAN—The government has decided in its wisdom to do this, based on trade, which has put pressure on everyone, including the Cattle Council and MLA et cetera. They have decided to go from a precautionary principle to a risk analysis position. Do you think we should stay with a precautionary principle: if we have not got it, why do we want it?

Mrs Solvyns—With blood or—

Senator HEFFERNAN—The decision of Australia taking the risk with the importation of cattle from countries which have BSE, which was originally based on a precautionary principle, ‘We’re not going to have it.’ Now they are saying, ‘We’ll just analyse the risk.’ Do not ask me how you analyse the risk. The person who supplied the data in 2½ weeks said he did not even undertake the full statistical background to it. Would your organisation be in favour of staying with a precautionary principle rather than a risk analysis?

Mrs Solvyns—I think with prion disease you need to always err on the side of safety because there is so much we do not know. Every time we know we have things under control, something happens.

Senator HEFFERNAN—Finally, in relation to the blood supply in the UK and the decision to alter its guidelines, from your background knowledge would one of those reasons be that it really does not have charge of the overseas supply and supervision of all the intricacies of blood donors in other countries which source their blood from the UK?

Mrs Solvyns—I do not know the details of the blood in the UK. Certainly, Professor Knight will be here in May, and I am sure that he will make himself available. He is always willing to help in any way.

Senator HEFFERNAN—Thank you.

CHAIR—Thank you. We do appreciate you giving us your time this morning.

Proceedings suspended from 9.38 am to 9.46 am

BROWN, Mr Greg, President, Cattle Council of Australia

HALL, Mr Peter John, Executive Councillor, Cattle Council of Australia

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

Mr Brown—Before we proceed, I ask that Mr Palmer join us at the table and appear with us.

CHAIR—I think we have the agenda fairly organised—9:40 for Cattle Council and 10:20 for Meat and Livestock. I think that is the arrangement.

Mr Brown—We have a very similar view and we would prefer him to be here with us.

CHAIR—It does not make any difference—

Mr Brown—It does to us.

CHAIR—Could you give us a good reason?

Mr Brown—We have similar views. We appeared together last time. There is no reason why we should not appear together.

CHAIR—It is entirely up to the committee to determine when the witnesses appear. If a good reason is forthcoming then we can change the arrangements but if the committee is determined to have witnesses separately I really do not see that that is an issue.

Mr Brown—Can you give us a reason why we should not appear together?

CHAIR—Yes, because we prefer to hear you separately. The Cattle Council is representative of the industry; MLA has a different role, which is R&D, and is not necessarily representative of the industry.

Mr Brown—I am sure it is.

CHAIR—No, we were told during the estimates process that it was not, which is why we thought it appropriate to have you separately.

Senator STERLE—I am of the view that this inquiry is going around like a merry-go-round but there is new evidence coming. I am all for having the two together if they have the same view. They are big boys; they can speak for themselves, I am sure.

CHAIR—I suggest we have a very quick private meeting to determine this.

Proceedings suspended from 9.48 am to 9.49 am

CHAIR—Thank you. We will proceed as per the agenda. Would either of you like to make a brief opening statement before we begin?

Mr Brown—Yes, I would. I am pleased to be able to reaffirm Cattle Council's consistent position regarding the application of internationally agreed BSE related science based standards and guidelines that avoid unnecessary barriers to international trade. Cattle Council's involvement in this issue dates back to 2005 when concern was raised that, under Australia's domestic policy, sale of beef from countries that had detected BSE was banned, industry's fear being that an unintended consequence of this policy was that state and territory food authorities had the right to remove beef from sale in the event of Australia detecting even a single case of BSE. This policy did not differentiate between imported and domestic product. Any action to remove our beef from sale, if ever taken, would devastate this industry. Our concern was genuine, and we engaged with the government in 2005 in good faith. We understood that the most sure fire way to remove this instrument was to move from a blanket ban to a risk assessment.

We also recognise that the government during this period shared the same policy, that is, to support the science that underpins international trade. We note that on 18 May 2004, Australia's trade minister, Mark Vaile, signed a letter as part of the Australia-US FTA recognising the need to apply internationally agreed BSE related standards and guidelines consistently and appropriately. We agreed with the coalition government's policy, and I table those documents. In 2007 the Australian government was being publicly criticised for its stance, as outlined in this letter dated 18 May 2004. Given Cattle Council's principal position regarding this matter we issued a press release supporting the need to apply sound scientific principles. We publicly supported the coalition's stance. For an industry that exports two-thirds of its production to 110 markets worldwide there is simply no other policy position that we could adopt. Anything else would be irresponsible.

Our press release dated May 2007 should provide ample evidence there has been nothing secretive about Cattle Council's position regarding this important matter. The government's position in 2004 now seems inconsistent with the conduct of this inquiry and we formerly request advice as to when the coalition changed its policy with regard to applying internationally agreed BSE related standards and guidelines. Furthermore, we understand that in 2004-05 the Australian government's chief veterinary officer chaired the OIE BSE committee. The Australian government of the time subsequently signed onto the BSE code chapter, which is still in force today.

In terms of what is in front of us now regarding protocols, there are two issues that we wish to address. Firstly, that the Australian government undertake whatever risk assessment is required to ensure that the BSE prion never enters the Australian human or animal food chain; and, secondly, that traceability delivers equivalency of outcomes to the Australian system, that is, trace-back and trace-forward including cohorts. We expect no more and no less than what we currently deliver to our domestic and international consumers.

Much has been said publicly in recent months with regard to the issue of beef imports into Australia, particularly the potential for imports from the US. Cattle Council has not seen any evidence to suggest anything other than the fact that US beef is safe as long as strict protocols are applied and adhered to. We believe that negative comments about the US are unwarranted

and unnecessary. The US is an important ally and trading partner to Australia. I personally recall with great clarity when the US market opened up to Australian beef. In many ways this revolutionised this industry. Older cattle that were almost worthless became an integral part of supplying this massive market. These cattle soon provided valuable returns to our beef producers. The US market, a market which consumes 170,000 tonnes of beef a week, is a market to be valued and respected.

With regard to the public commentary around this issue, we are extremely concerned by some statements that seem to be appearing at an ever-increasing rate, comments that BSE beef will be entering Australia from 1 March, that the BSE prion is being trafficked internationally or that 10 per cent of Australian consumption will come from imports from 1 March. This is a clear misrepresentation of the facts and serves only to denigrate this fantastic industry. If this continues, consumers will become confused and may even avoid beef altogether as a result of these misleading comments. My fears have been validated by phone conversations I have had from beef producers who share the same concerns.

In conclusion, rest assured that if Australian beef producers were to be locked out of international markets for any length of time as a result of an exotic disease detection, and after taking the appropriate control measures without any chance of being assessed on science, they would be outraged. Those remaining producers lucky enough to still be in business would be kicking down the door of the Cattle Council, expecting us to do something about it. Therefore, we are extremely comfortable with the position that demonstrates to our customers that we support the application of science based standards and guidelines, underpinned by the necessary checks and balances, including appropriate protocols and risk assessments.

CHAIR—Thank you, Mr Brown. I want to make sure that you were quoted correctly in the *Land* of 11 February when you said that you were ““horrified” to hear there would be no IRA’. Is that correct?

Mr Brown—I was horrified to hear that there was to be no public assessment of the protocols.

CHAIR—Import risk analysis, not the protocols.

Mr Brown—I was misquoted on the IRA.

CHAIR—You also went on to say:

To not insist on traceability or ID is a double standard as far as our industry is concerned and something we don’t agree with.

Is that quote correct?

Mr Brown—Would you repeat that, Senator?

CHAIR—You said:

To not insist on traceability or ID is a double standard as far as our industry is concerned and something we don’t agree with.

Mr Brown—Traceability is obviously a very important issue.

CHAIR—So that quote is correct. Given your concerns around the protocols and subsequent to your concerns raised, did you have discussions with the Minister for Agriculture, Fisheries and Forestry, Tony Burke, about your wish to have an input to the protocols?

Mr Brown—We did.

CHAIR—What was the result of those discussions?

Mr Brown—The result was that he made a public statement. We basically agreed with that.

CHAIR—So have you had input into the protocols—

Mr Brown—We are in the process of having input into those protocols.

CHAIR—At what point will you know if all of your requirements have been taken on board in the drafting of those protocols?

Mr Brown—I cannot answer that. Obviously we will be taking this issue very seriously.

CHAIR—I understand that you are taking it very seriously. If at the end of your negotiation process around your input into these protocols you are not satisfied that what you require out of the protocols is taking place, given that this has to happen by one minute past midnight next Sunday night, what will you do?

Mr Brown—Obviously we will do what we did before, which is to raise the issue publicly. At the last Senate hearing that I was at I raised that very issue with you people, and I said that I would expect you to give us support on that issue. I still maintain that view.

CHAIR—What good will ‘raising the issue publicly’, in your words, do to require any changes to the protocols that will be in place from one minute past midnight next Monday morning?

Mr Brown—It had an effect last time. The process is still in place. They are not out there yet.

CHAIR—No. I understand that, Mr Brown. What I am trying to understand for the committee is that you have said that you have a requirement for your input into the protocols. You want to see traceability and whatever risk assessment is necessary, as you have just said in your opening statement. But you have no ability to require that to happen in the protocols. They can choose to take your advice but they have no requirement to take on board what you want in developing those protocols.

Mr Brown—If that is the case we can only do what we can do, can’t we? If we do not have that jurisdiction, we do not have it. But I can assure you that we will be out there, pressing for this issue to be reviewed.

CHAIR—I understand that. My point is, Mr Brown, that you are saying that you require these things to happen. But it is very important for people to understand that you actually have no ability to implement that requirement because it is still a decision of Food Safety Australia and New Zealand.

Mr Brown—I cannot go any further. You have made your point. Obviously, if we are dissatisfied, we will be making an issue of it.

CHAIR—You will be making an issue but with no ability to change it. Did you also realise that Food Safety Australia and New Zealand has the ability to change those protocols at any stage?

Mr Brown—Considering what has arisen since the last sitting of this Senate inquiry, I doubt that they would be inclined to do that.

CHAIR—How can you possibly say that when we have not even seen the first set of protocols?

Mr Brown—You are raising issues that are not necessarily going to occur.

CHAIR—But you have a requirement, which you so vehemently and absolutely want, that has to undertake whatever risk assessment is necessary and that the traceability is there. On one hand you are saying that you have this requirement that they happen but absolutely no ability—

Mr Brown—We will expect—

CHAIR—Just let me finish. It is important to understand that even if every single thing you wanted to be taken on board by Food Safety Australia New Zealand this week, and was written into those protocols—they could change them.

Mr Brown—I just—

Senator HEFFERNAN—He does not have an answer because he does not know.

CHAIR—Are you aware that Food Safety Australia New Zealand has the ability to change those protocols down the track at any stage with no accountability and no check and balance?

Mr Brown—Have they, since 2005?

CHAIR—Yes, they have that ability and have admitted it last year.

Mr Brown—But have they? They have the ability, have they?

CHAIR—Mr Brown, you are answering the questions, not asking them. I am asking you: are you aware that they have the ability to do that?

Mr Brown—Well, if that is the case I would have to say no.

CHAIR—Thank you.

Mr Brown—But do not underestimate the ability of public opinion to change things.

Senator McGAURAN—That is something you are going to find out about.

CHAIR—Exactly. I have some more questions but I will be very mindful of the time and I will pass on to my colleagues first before I come back.

Senator HEFFERNAN—When was the original import risk analysis done?

Mr Brown—I have no idea. I cannot—

Senator HEFFERNAN—For God's sake, you cannot come to a committee and say you represent the industry, that you are the key, well paid for whatever you do—

Mr Brown—Well paid! It is a pity it was not.

Senator HEFFERNAN—There are 200,000 levy payers. They expect their leadership to know the answers. You do not know when the IRA was done?

Mr Brown—I know it was done. I do not know the specific date. I know it is there.

Senator HEFFERNAN—Do you know the year? What are we dealing with here?

Mr Brown—We have import protocols in place that were there before BSE was detected in the United States.

Senator HEFFERNAN—That is correct, but what year?

Mr Brown—I cannot give you that.

Senator HEFFERNAN—Does your offsider know?

Mr Hall—No, I certainly do not.

Senator HEFFERNAN—So how can you make a judgment that it is not necessary—

Mr Brown—Why is the date relevant?

CHAIR—Mr Brown, let Senator Heffernan ask his question.

Senator HEFFERNAN—I am coming to that. The act says that an IRA is mandatory where there is a change of circumstances. How do you know that there has not been a change of circumstances—

Mr Brown—Senator, we will get back to you on it.

Senator HEFFERNAN—if you do not know—

Mr Brown—We will take it on notice.

Senator HEFFERNAN—You have already said, originally—I have got the contemporaneous note of the conversation—that there was a need for an IRA. Then you walked backwards, because I am aware of the government pressure from the background, and you said that there was no longer a need for an IRA.

Mr Brown—I said ‘risk assessment’, that is what I said.

Senator HEFFERNAN—Import risk assessment is an IRA. It is a public process. It is necessary—so you are not in favour of an IRA now?

Mr Brown—If the government decided on an IRA—

Senator HEFFERNAN—No, this is not a government decision. You are speaking on behalf of the growers of Australia. Are you, or are you not, in favour of taking the precautionary principle with implementation of an import risk analysis?

Mr Brown—Senator, I will take you back to point 1. The Australian government—

Senator HEFFERNAN—No, no, that is just a blurred dispense apply to you—

Mr Brown—Beg your pardon?

Senator HEFFERNAN—That is just a blurred dispense.

Mr Brown—It does. It does apply to us.

Senator HEFFERNAN—The question is: are you in favour of an IRA?

Mr Brown—We are not technical people. We take advice.

Senator HEFFERNAN—Are you or are you not in favour of an IRA?

Mr Brown—I take you back to point 1.

Senator HEFFERNAN—I do not want to go back to point 1. It is well read. Are you or are you not competent to make a decision on whether there should be an IRA?

Mr Brown—We want a solid risk assessment process. If it is an IRA it is an IRA.

Senator HEFFERNAN—But as the Chair has said, this is the end of this week that we are talking about. You represent all the levy payers in Australia—200,000 of them—and you as a combined executive have not come to a view as an executive as to whether there should or not be an IRA.

Mr Brown—We have said in here that we do not want to use this as a trade barrier. We want equivalency.

Senator HEFFERNAN—And neither do we.

Mr Brown—Right. Well, there you are. That is our answer to that.

Senator HEFFERNAN—But if you do not know when the last IRA was done, how can you make a decision on whether there should or should not be one now? The ruling behind it is that if there is a change of circumstances then you can redo the IRA. You do not know when the last IRA was done, therefore you do not know whether the circumstances have changed.

Mr Brown—I will definitely take that on notice. If you know, tell us.

Senator HEFFERNAN—Well, I am the one asking the questions here. It is an embarrassment to the levy payers—I declare an interest, Madam Chair; I am a levy payer—that the leadership does not know when the IRA was done, and whether there should be one, and what are the circumstances. Are you concerned that we have gone from precautionary principle to risk analysis?

Mr Brown—We would obviously assume that there would have to be adjustments made to it. There is no question about that.

Senator HEFFERNAN—To the precautionary principle?

Mr Brown—To the IRA.

Senator HEFFERNAN—I am asking you: the underpinning of the whole of the precautionary principle by the government has been altered to risk analysis; are you in favour of that?

Mr Brown—Yes.

Senator HEFFERNAN—Are you in favour of going from precautionary principle to risk analysis?

Mr Brown—Yes.

Senator HEFFERNAN—When you asked the government to consult more widely when you signed up to confidentiality, why do you think the government didn't?

Mr Brown—We never signed up to any confidentiality agreement.

Senator HEFFERNAN—You did not sign up but when you agreed to confidentiality. When they requested you to. I was at the barbecue down here when you said: 'They said, "We did not want to tell you because you'd oppose it".' Justin Toohey said that. Why do you think they didn't actually try it out with the growers but left it with you fellas? Have a crack, mate.

Mr Hall—I am not going to have a crack, Senator, I am just going to state the position. That position was the Cattle Council position we have had way back since 2004.

Senator HEFFERNAN—That is not the question I am asking.

Mr Hall—Let me finish, please. That position the Cattle Council had about this issue dates way back to 2004 when the previous government was in power and we were working with the government—

Senator HEFFERNAN—Were you at the meeting—

Mr Hall—Can I finish?

Senator HEFFERNAN—Yes.

Mr Hall—We were working with the government then on this issue. Now it has come to surface under a different government and we are going through the whole process again, but that has never detracted from the position we have had since 2004.

Senator HEFFERNAN—That is not answering the question. The question I asked was: when Mr Brown requested the government to consult more widely and with other political parties, why do you think the government decided not to, when they asked you to keep this in confidence?

Mr Hall—That is not for us to answer. That is their decision.

Senator HEFFERNAN—But you did request that?

Mr Brown—We did not request that. We made no such request. They could have consulted with you and it would not have concerned us. We had a public opinion on this issue.

Senator HEFFERNAN—You raised the issue of wider consultancy you told me; you have changed your mind now.

Mr Brown—What did I say?

Senator HEFFERNAN—You said you asked the government to consult us.

Mr Brown—I did not personally, but I believe that did occur, yes.

Senator HEFFERNAN—Okay. The question I am asking is: why do you think the government did not want to.

Mr Brown—I guess they expected that you would react the way you have.

Senator STERLE—Probably because they would not get a rational argument with you carrying on like you do.

Senator HEFFERNAN—Can I just go to the position that we had at the last hearing which was: you were told that you would not be consulted, there would be no inclusion of levy payer cattle industry in the scrutiny of protocols, that it was a government decision and was a bureaucratically driven thing and you were not going to be included. The government has now decided to include you, is that correct?

Mr Brown—Yes.

Senator HEFFERNAN—That is a result of the last hearing that they have decided to include you?

Mr Brown—Yes, and as a result of the public position we took.

Senator HEFFERNAN—Some progress.

Mr Brown—We acknowledge that.

Senator HEFFERNAN—In terms of the IRA and the need for an IRA, given the changed circumstances since the early nineties, don't you think we could justify an import risk analysis given the vagary of the new genetic work that is being done, for instance, on the variant CJD, which they have not even concluded and which is this incubation period et cetera? Given the vagary of the nonsupervision across border trade, given all those sorts of risks, don't you think as a precautionary principle, as a sensible way to come at a defined risk analysis that an import risk analysis would be handy?

Mr Brown—Senator, if they propose to go that way, there is no way in the world we would not support it.

Senator HEFFERNAN—Why are you not in a position to say, 'I think it is a good idea to have an import risk analysis'? Why are you not in a position to say that on behalf of the 200,000 levy payers in Australia of which I am one?

Mr Brown—My understanding is that a full import risk assessment will take forever. We see that as some sort of a trade barrier that should not be put in place. If it were necessary we would support it.

Senator HEFFERNAN—The only reason you think that an import risk analysis is not necessary is that it would take too long.

Mr Brown—No, we do not say that at all.

Senator HEFFERNAN—That is what you just said.

Mr Brown—That is right. Back to point 1 again. That is our position.

Senator HEFFERNAN—That is a prepared document. This is laissez faire. You have just said that the reason you do not think there ought to be an import risk analysis is that it may take too long.

Mr Brown—What we are saying is that the risk assessment process has to be adequate enough to stop any suggestion of BSE coming into this country.

Senator HEFFERNAN—You can surrender to the levy payers on that. You do not have a position on an IRA. Let us go to protocols. Would the first thing be, in equivalence, that there be full birth to death livestock traceability nationally from the country we are expected to import this meat from?

Mr Brown—No. As long as there was full traceability in a closed system we would wear it, but we insist on total traceability both forward and back—

Senator HEFFERNAN—Excuse me. With great respect, how do you trace a beast if it is not from birth to death?

Mr Brown—That is exactly a part of what we are insisting on. It does not have to be a national scheme.

Senator HEFFERNAN—Are you or are you not in favour of a tag that can be identified at death?

Mr Brown—Of course we are in favour of that—equivalency, as we have stated repeatedly.

Senator HEFFERNAN—So, as we know, there is cross-border traffic in the United States. You are aware of that?

Mr Brown—Yes.

Senator HEFFERNAN—So how do we know when a calf or a weaner gets a tag when it arrives at JR's ranch to go into someone else's feedlot that it did not come from Mexico?

Mr Brown—It has to be clearly demonstrated that it has not. It has to be the equivalent to our system here, and we could demonstrate that.

Senator HEFFERNAN—Fortunately, we are an island continent. How do you demonstrate it? Four vets. America is a big place and Canada is a big place. We cannot even afford our own vets to supervise our own abattoirs with a subsidy. We do not have enough manpower. How do you give Australia's levy payers confidence if you do not have national herd status, which is not your position? How can you absolutely guarantee where a weaner comes from?

Mr Hall—I do not have much knowledge on it, but I have a bit of a rough idea where you are coming from. In Australia we have a closed system for exporting to the EU. It is a closed system that has full traceability from birth to slaughter. We would expect the equivalent from any country wishing to export here—with full traceability from birth to slaughter. It does not matter whether it is NLIS or whatever, as long as there is full traceability.

Senator HEFFERNAN—With great respect, I understand that, but we have a national closed herd.

Mr Hall—And we are lucky that we have that.

Senator HEFFERNAN—Which is not fully traceable, even though we have NLIS; do you agree?

Mr Brown—I would like to point out that we have had—

Senator HEFFERNAN—I am not asking you; I am asking him. Do you agree that it is not fully traceable?

Mr Hall—It is fully traceable but it is—

Senator HEFFERNAN—I said we have a closed herd—

CHAIR—Senator Heffernan, let him answer.

Senator HEFFERNAN—We have NLIS but we do not have full traceability.

CHAIR—Senator Heffernan, let him answer the question.

Mr Hall—It is fully traceable.

Senator HEFFERNAN—So if I am mustering calves in the Northern Territory down the back of Mistake Creek Station to put them on a boat in Darwin, I do not have to tag them.

Mr Hall—Can I correct you on that one?

Senator HEFFERNAN—You can correct me as much as you like.

Mr Hall—I defer to the fact that I do not know much, but I will try to answer this question, if I can.

Senator HEFFERNAN—I will simplify it for you. In the Northern Territory—

Mr Hall—Can I finish?

CHAIR—Senator Heffernan! Let Mr Hall answer the question and then you can ask him a subsequent one.

Senator STERLE—Show some respect for the chair.

Mr Brown—Give him a chance.

Senator HEFFERNAN—In the Northern Territory isn't it true that from property of origin to live export it does not need a tag?

Mr Hall—You have said the words, Senator. It is from property of origin to live export and the animal has a property identification tag in its ear, identifying which property it comes from. That is how they trace it. It is the PIC, property identification code, from property to port to Indonesia or wherever you want to go. The animal is traced on a herd basis. The original question—

CHAIR—Senator Heffernan, I am going to move to other colleagues. I will come back.

Mr Hall—Can I finish?

Mr Brown—Can I just comment on this? With the EU we had full traceability into the EU before we had a national system, and that was accepted by the European Union.

Senator HEFFERNAN—But on behalf of Australia's levy payers you do not see the need for any other country to have national herd status?

Mr Brown—They are never going to have it in most countries, are they. But we absolutely insist on an equivalent system—

Senator HEFFERNAN—We went to the trouble here—

Mr Brown—Great marketing—

Senator HEFFERNAN—But you want to lower our standards—

CHAIR—The chair is moving on to other senators' questions. Just before I pass to Senator McGauran, are you aware, Mr Brown, that the US trade department have admitted that they have no way to trace back to individual farms.

Mr Brown—Yes.

CHAIR—And that doesn't worry you?

Mr Brown—Look, we go back to full traceability. Some people can provide traceability and that is what we are aware of and that is what we are prepared to accept. If they can show the equivalency to our system here in Australia, equivalent traceability, we will accept that.

CHAIR—So if they cannot trace back to the individual farm, which you can here—

Mr Brown—They do not get a look in. We are totally and absolutely unequivocal on that issue.

CHAIR—Given the amount of oversight that is going to be available, how are you going to ensure—and this is the point Senator Heffernan raised before—that those beasts originated from a particular individual farm? How are you going to ensure that that absolute oversight, the guarantee that it is all kosher and above board, will be there in all cases?

Mr Brown—In in-country inspections. In in-country audits. That is another plank of our demands.

CHAIR—The second part of my question was about those demands. What are you going to do if they do not do the equivalent traceability?

Mr Brown—Well, we have been through that. Obviously you don't think—

CHAIR—So you will jump up and down and huff and puff if they don't do what you like.

Mr Brown—You think we are powerless, don't you.

Senator STERLE—You're carrying on like Senator Heffernan and jumping over the witness. It is unlike you. He has dragged you down to his level.

CHAIR—It is unlike me, but Senator Heffernan does have some very good points to make regarding this. It is really important that when you are telling your industry that you have these requirements they understand that you may well not get what you want, and not only may you not get what you want but you have no ability to make the government do anything, particularly as there is no legislative or regulative requirement.

Mr Brown—We have been through that. What is the point in going over and over? You made your point and we have made ours, so what is the point?

CHAIR—I am the chair and I am in the fortunate position of being able to ask questions in any way I like. By the way, Mr Brown, before Senator McGauran starts on questions can I ask if you would mind tabling your opening statement.

Mr Brown—Not at all.

Senator McGAURAN—I want to address the comment in your opening remarks regarding the coalition's policy whilst in government. You said that you had been working closely with them and you gave every suggestion that the intent of the coalition in government was to lift the ban based on a 2005 signed trade principles agreement in regard to BSE standards. I would like to say that the protocols that we put in place were best practice and were not contrary to WTO rules. Every government can undertake the protocols they wish and we were acting within the WTO rules and, if not, they were quite challengeable. Moreover, the minister of the day, whom you say you were working with, never had any intention of lifting this ban. You seem to be giving the impression that the ban was to be lifted under this government based on an agreement that Mark Vaile had written. I want this to be put down for the record: it is quite to the contrary. The Minister for Agriculture, I know, would have said to you, 'You have got to be joking,' if you had put that to him.

Mr Brown—Well, that is absolutely contrary to our advice.

Senator McGAURAN—Your advice?

Mr Brown—I wasn't in this position—

Senator McGAURAN—You weren't there; well, there you are. I am telling you that I was there, and the minister and the previous government had no intention—

Mr Brown—It is certainly contrary to—

Senator McGAURAN—Well, you go back to your source. All of us were in government at the time. We were close to the minister. You could not get closer than me.

Mr Brown—Senator, we will take that issue on notice—

Senator McGAURAN—You don't have to take anything on notice. I am telling you for the record that the information you gave us was incorrect. It was mischievous, quite frankly, and deliberately so I suspect.

Mr Brown—I don't think there is anything more mischievous than this Senate inquiry.

CHAIR—I'm sorry, Mr Brown, what did you say?

Mr Brown—I think it is mischievous raising the issue of BSE out in the public arena—

CHAIR—Did you say—

Mr Brown—to this extent. It is damaging this industry.

CHAIR—Did you just say that this Senate inquiry was mischievous?

Senator McGAURAN—He did.

Mr Brown—I did, with regard to this issue; yes. Raising this in the public eye to this extent is damaging—very damaging—to this industry.

CHAIR—So your view is that the Senate committee should not be inquiring into this issue—is that your view?

Senator STERLE—He did not say that. But, with all the mistruths that have been put out there in the media, no wonder the industry is frustrated. And I think he is more than fair to put his point of view.

CHAIR—I think perhaps Mr Brown might like to just clarify that before we move on to Senator Back.

Mr Brown—When we have people out there suggesting that we will be trafficking in prions, that has to be extremely damaging and mischievous. It is not the truth.

CHAIR—If that is the comment that is made in the public, I would not attribute it to this Senate committee because, to my knowledge, nobody on this committee has made such a

comment. I would not attribute it to this committee which is, in good faith, inquiring into this issue and listening to both sides of the argument, and we will make our report in due course.

Senator HEFFERNAN—Can I raise a point of order? I would like a retraction of the statement that this committee is mischievous, because none of those statements have come out of this committee.

CHAIR—Would you like to retract your comment, Mr Brown?

Senator McGAURAN—On the point of order, Chair: much as I understand Bill's intent, there has been a lot of cut and thrust on this issue and I do not think we need a withdrawal. I, similarly, called Mr Brown mischievous.

Mr Brown—You would call me mischievous?

Senator McGAURAN—Yes. I thought your comment was utterly mischievous—and that is putting it nicely, by the way. And you were not even there. You were not even there, which makes you an even bigger goose!

CHAIR—Senator McGauran, we will move on.

Senator McGAURAN—A goose!

Mr Brown—A goose, eh? I wouldn't mind that withdrawn.

CHAIR—Senator McGauran!

Senator McGAURAN—You ought to start representing your people.

CHAIR—Senators!

Senator STERLE—Chair, a point of order—

CHAIR—Yes, Senator Sterle.

Senator STERLE—It is getting out of hand, and it is getting embarrassing for this committee. But, Chair, Senator McGauran has just called one of the witnesses a goose.

CHAIR—And he might like to withdraw that.

Senator McGAURAN—I withdraw.

CHAIR—Thank you.

Senator BACK—Gentlemen, thank you very much for appearing. Are you aware of the legislative base on which we originally imposed these bans on the importation of beef from countries like the US, Canada and Japan?

Mr Brown—The legislation?

Senator BACK—The legislative basis, yes.

Mr Brown—No, I understood they were regulations.

Senator Heffernan interjecting—

Mr Brown—Well, you were not more firm on that than I was. I discussed this with you.

CHAIR—Mr Brown, can you please ignore Senator Heffernan and address your response to Senator Back.

Senator BACK—And therefore the legislative basis on which that ban is now to be lifted—are you aware of either of those, or that there was a ban in the first place?

Mr Brown—No. I understood it was a cabinet decision, which, as I understand it—and again I am not familiar with the technicalities—is not legislation.

Senator BACK—Sure. Perhaps I can assist the process by informing you—and it has taken us a long time to learn this—and I am quoting now from the department: ‘No amendment to the act or subordinate legislation was required to implement the advice of the then ANZFA.’ So there never was a legislative basis and there is no legislative basis now.

Mr Brown—Right.

Senator BACK—So, as representatives of the cattle council—which is both producers and processors?

Mr Brown—No, just producers.

Senator BACK—Just producers?

Mr Brown—Just producers.

Senator BACK—Okay. Can I ask you then: on what basis do you see the benefit to cattle producers in this country of the change in policy that we are now contemplating? Where is the benefit to the people who put you where you are?

Mr Brown—Obviously, in trade. We trade with America and it is a market that we value immensely. It is a market that takes a class of beef that is not that readily saleable around the rest of the world. It is of great value and we need to have a reciprocal arrangement with them.

Senator BACK—Is the sale of our processing beef—burger beef—to the US at risk? Has anybody said to Australia that, unless we change this particular policy and change the risk level of beef coming in from those countries, our exporting of beef to the US market is at risk?

Mr Brown—I can assure you that Canada told us that they were going to the WTO.

Senator BACK—No, excuse me, Mr Brown: the exporting of Australian beef to Canada is minuscule. I am asking you about the exporting of Australian beef. Do we have a gun at our heads at this moment from the United States saying, ‘If you don’t support this move—

Mr Brown—No, we do not. And we do not want one, either.

Senator BACK—I know we do not want one. I was asking if we had one, and we do not have one, do we?

Mr Brown—No.

Senator BACK—Now, I agree with the comment you made earlier that the exporting of our processing beef, our hamburger beef, to the US has always been very important. Were you around in the days when the US demanded that Australia be free of brucellosis?

Mr Brown—I was.

Senator BACK—Right. What is the impact of brucellosis on the human beef chain, do you know?

Mr Brown—Well—

Senator BACK—The answer is nil. All those times we examined cattle for brucellosis and declared positives, do you know where they went? They went into the human meat chain. It has never been a disease of beef for human consumption. Australia had a gun to its head at that stage and, because of the importance of that trade to us, we actually said, ‘Great idea to get rid of brucellosis,’ but not for the consumption of human meat. You said to me the main reason we need this is to somehow or other protect our US sales. You have just now agreed with me there is no gun to the head of Australian producers for the exporting of our processing beef to the United States, yes?

Mr Brown—There is no gun currently to our head. But wouldn’t you agree that the pre-emptive actions we have taken over there have made our beef the safest on the globe?

Senator BACK—Is it not the safest now? That is the very point I want to go to, Mr Brown, because you challenged whether we had a change of policy. I have got no change of policy; all I am concerned about is that we seem to have gone from a ‘nil BSE’ status to a ‘negligible BSE’ status. So from where I sit on this committee—and I have not been running anything about trading in prions, incidentally, just to clear the record, Chair—the concern that I have in this scenario is that we will deteriorate and weaken internationally the status that Australia enjoys with regard to this. I ask you: how in heaven’s name, from a producer’s point of view, can this be a benefit?

Mr Brown—We would agree with you. Lessening the standard is not on, and we have made that point very clear here. We are not about lowering the standards.

Senator BACK—Very well. I will then take you a little bit further.

Senator HEFFERNAN—Could I just ask one question?

Senator BACK—I would rather you—

Senator HEFFERNAN—Tell the committee—

CHAIR—Senator Heffernan!

Senator HEFFERNAN—Tell the committee—

CHAIR—Senator Heffernan, no! Senator Back has the call.

Senator BACK—Can I just keep going. Do you believe the change in consumption of pig meat could perhaps be an analogy for the beef industry in this country?

Mr Brown—I have no idea about pig meat.

Senator BACK—Okay, let me tell you. In the mid-1990s we were providing the vast majority of pig meat for the Australian market. We in this committee were told that 75 per cent of all pig meat consumed on Christmas Day in this country was imported pig meat—in the space of seven or eight years. I checked on that figure with certain authorities. I said, ‘Was that figure right?’ They said, ‘Yes, we believe it was, but it has been up to 90 per cent imported in very, very few years.’ If, in five to six years time, we are facing a scenario in which 75 per cent of beef consumed in this country is imported, what responsibility will you take to producers and consumers?

Mr Brown—In that unlikely event, I guess we would—

Senator BACK—That is what the pig industry said, Mr Brown: ‘in that unlikely event’.

Mr Brown—I think it is extremely unlikely and that is all I can say.

Senator BACK—Mr Hall, do you have a comment? I would be very keen for you to make it yourself.

Mr Hall—Yes. All I am saying is we just do not condone non-scientific barriers and basically, as we see this, this is a non-scientific barrier. We want to open our arms to the rest of the world and say, ‘Yes, we’ll accept imports, but on a science based, rules based system,’ and we just need to ensure that the system is rigorous enough that if any meat does come into Australia it is equivalent to Australian product.

Senator BACK—Okay. Let us look at that, because we are not at variance on that. Would you agree with me that to make that decision about a science basis you would like to have a look at the proposed protocols that are to be imposed and used in seven days time? Do you think it is unreasonable for us to know that, this close to the event?

Mr Hall—No.

Mr Brown—No, not at all.

Senator BACK—And we don't, do we? We do not know. We keep asking. We do not know. Do you know them? Maybe you guys know them and we do not.

Mr Brown—We have seen them.

Senator BACK—Okay. Could you table them?

Mr Brown—We could get them for you, yes.

Senator BACK—You have seen them?

Mr Hall—We have only seen the proposed.

Senator BACK—They exist.

Mr Brown—There is a proposal.

Senator BACK—No, no, not proposals. I am talking about the protocols to be imposed in seven days time. Yes or no? Toss a coin.

Mr Hall—No. The document for in seven days time has not been drafted, to the best of our knowledge.

Senator BACK—Okay, so that is the first point. Based on science, at this time you are happy to appear before this committee and criticise us for the position we are taking when, by your agreement, you do not know the protocols. Yes?

Mr Hall—I do not think we are criticising the committee at all.

Senator BACK—Well I think you did a bit earlier. Certainly Mr Brown did.

Mr Hall—No, we are not criticising the committee. We are trying to make a differentiation here between import risk assessment and what we are talking about—that is, risk assessment. It is up to the government of the day to determine what the appropriate risk assessment is. That is not our position.

Senator BACK—Do you believe honestly that your processor members are going to let you off the hook if there is a massive failure with this and you turn around and say, 'It was the role of the government of the day'?

Mr Brown—The processors also have a role in this and they will see those protocols.

Senator BACK—I am not asking about the processors. I will be asking the next witness about the processors. I am interested in the producers at this time because I have had producers coming out of the woodwork over this. So at the moment we agree that, with a week to go, we do not know the protocols and we cannot subject them to the very scientific analysis that you, Mr Hall, quite correctly say is necessary. I cannot, you cannot, and nobody can at this moment. Maybe people at the back of the room can but, with a week to go, we do not know them. Are you satisfied with that from a risk analysis point of view?

Mr Hall—Am I personally satisfied? It would be good to see them before they implement them on March 1, that is for sure.

Senator BACK—It would not be bad to know the rules in the AFL before they bounce the ball.

CHAIR—I think we would all agree with that, Mr Hall.

Senator BACK—Can I go to the next one on traceability. I heard you make the statement that you would only support it if there was full trace back to the farm of origin. That was your comment, or words to that effect.

Mr Brown—Yes. Trace back and trace forward with cohorts.

Senator BACK—So an event takes place and you can trace it back to the property of origin et cetera. What did we consider as an alternative to our NLIS here in Australia as being adequate? Anything? We did not, did we?

Mr Brown—No.

Senator BACK—We did not consider anything else as being adequate.

Mr Brown—No.

Senator BACK—So we moved to it with a lot of opposition and, in my particular case, with a huge amount of support. But the point you make, Mr Brown, and I thank you for it, is that we did not consider any other system as being adequate. Yet here in this committee this morning, I have heard you say that you would be satisfied with an equivalent. I ask you, on the basis of that science: how can you reconcile the two?

Mr Brown—An equivalent system would be equivalent to ours. Whether that is radio frequency or whether there is some other system that is yet to be invented, who knows, but it must be able to demonstrate equivalency to Australian standards.

Senator BACK—Have you got an undertaking from government that they will insist on some trace-back and trace-forward system at least as good as Australia's?

Mr Hall—No, that is our position.

Senator BACK—I know it is your position. You are supporting this particular move with a week to go. I am asking you: have you got that guarantee?

Mr Brown—I cannot say that we have it in writing, but obviously in discussions we have had they have agreed to that.

Senator BACK—So without protocols you are okay with it, without knowing what the trace back is you are okay with it, and you agree with me that there is not a better system than what we have in Australia?

Mr Brown—I could not agree more.

Senator BACK—I come to the question of movement across borders. Having lived in the southern and western United States, the ease and freedom of movement of human beings across that border is absolutely ludicrous, as we know. While working on farms, I had the Internal Revenue Service do a search on a Friday afternoon and the wetback Mexicans would all be gone. You would say to the farm manager, ‘How do we run the show on Monday?’ and he would say, ‘Don’t worry; they will all be back Sunday night.’ That is the ease and speed of movement of humans. Do you think for a minute that we do not have the ease and speed of movement of either live cattle or carcass meat from Mexico across to America? We do.

Mr Brown—They could not demonstrate equivalency.

Senator BACK—I am coming to that point. They could not demonstrate equivalency, yet we know that is happening. So even if they had an NLIS in the United States, they could not protect us against the possibility of contaminated meat coming into the US chain and coming into this country. As we have all agreed, we are an island here and we enjoy that status. Yet in the United States they have got a porous border. When we come to the question of being satisfied, even if there were 144 Australian veterinarians, it is not the intention—at least I imagine it is not, but we do not have the protocols—that it will be Australian veterinarians who will be inspecting and signing off. It is exactly the equivalent of Australia. As a veterinarian, I would sign off in the past and others do. They rely on the country of origin. Without the protocols and without the trace back, are you now satisfied that the integrity of our whole system will depend purely on the inspection, certification and signature of people unknown to us?

Mr Brown—Again, we go back to equivalency. They have to provide the evidence and it has to be an audited system. We have said that time and time again. We do not disagree with you.

CHAIR—If the government does not implement your requirement of equivalency, will you at that point turn around and say, ‘The relaxation of the importation laws should never have happened’?

Mr Brown—We will certainly be out there saying what we need to say depending on the occasion. We will not be remaining quiet. We have not remained quiet with regard to these issues.

CHAIR—I am sure you are being heard loud and clear. If at that point in time that requirement from the Cattle Council is not implemented, will you say, ‘No, this should never have happened’?

Mr Brown—We will cross that bridge when we come to it.

CHAIR—It might be a bit too late by then.

Senator BACK—I have two final questions. Following our first public hearing in December, what consultation processes have you had with producers around Australia?

Mr Brown—I had a job as President of AgForce Cattle. I went around Queensland raising the issue of beef off the shelves. It was discussed widely across the state. I never had an issue. Nobody ever raised the issue with me.

Senator BACK—My final question relates to beef off the shelf, but this question was—

Mr Brown—To answer the question, we had plenty of contact raising this issue and seeking comment.

Senator BACK—In WA, was there a forum held—a public meeting of producers of the PGA and WAFF? In the other states, was there a consultation process from early December when we had our first hearing through to now to get feedback from producers?

Mr Brown—There are two cattle organisations that belong to the Cattle Council and obviously they must have raised the issue over there, but I cannot say definitively what was done and what was said there.

Senator BACK—So you cannot advise whether or not producers in public forums had the opportunity to question and to comment?

Mr Brown—Their representatives were fully aware of our position.

Senator HEFFERNAN—But they have not transmitted that—

CHAIR—Senator Heffernan, we are going to come back to you.

Senator BACK—I have one final question. It comes back to the beef-off-the-shelf business. There has been an amazing transition since our first meeting. The first time it was said that beef must be taken off shelves. I asked industry representatives and government representatives, if BSE occurred in Hobart, did anyone believe that beef was going to be taken off retail shelves in supermarkets in WA, the Territory and Queensland? Nobody said yes because nobody believes it. I then asked the question, ‘Was it a federal matter?’ I was told, ‘No it was not.’ I then asked, ‘What was it?’ I was told it was a state issue. I asked whether it was state agriculture and I was told that, no, it was state medical and health. Then there was the question of beef maybe being taken off shelves. To your credit, this morning, Mr Brown, you also came to this conclusion of ‘maybe’. When the US and Canada had outbreaks of BSE, are you aware of whether retail shelves were emptied of beef right across Canada and America?

Mr Brown—I am aware that they were not.

Senator BACK—That is correct. Are you aware of the action taken by New Zealand when this supposed beef-off-the-shelf policy was first promulgated here in Australia?

Mr Brown—They had no such policy.

Senator BACK—It was more than no such policy; they specifically said, ‘We will not participate in that nonsense.’ So we were the only country in the world free of BSE who somehow or other signed up to a policy that said we would do that. Are you aware of the background? Who actually created it? Was it a policy? Was it legislation like this? Was it regulation? Was it a good idea? Who the billyo ever came up with this?

Mr Brown—My understanding is that it was a state requirement and—

Senator BACK—No, it is a federal requirement.

Mr Brown—that the Food Authority of New South Wales actually said that, if it occurred there, they would take beef off the shelves. That is what concerned us. What sort of message was this sending to our trading partners?

Senator BACK—I would have thought the best thing to do would have been to attack the stupidity of it in the first place rather than running scared.

Mr Brown—We did. We attempted to attack the stupidity.

Senator BACK—In my home state, I have not heard of anybody who actually would propose to do that. That is my question. It seems that your whole industry—or you as representatives—rolled over on the basis of some remote possibility that beef would be taken off shelves. I just refuse to accept that we are at this position as a result.

Mr Brown—The BSE issue was considered along with the beef-off-the-shelves issue. But the message the beef-off-the-shelves issue was sending was very, very bad.

Senator BACK—Yes, I know. And it was an absolute furphy.

CHAIR—Concerning the phytosanitary assessment—I want to clear this up with the department later—our understanding is that there is going to be some form of questionnaire going to the exporting traders. Are you aware of that at all?

Mr Brown—I am not, no.

CHAIR—If indeed that is the case, would you be happy with something as simplistic as a questionnaire having to go to the exporters in terms of applying for the importation of their beef?

Mr Brown—We would like to be involved, yes.

CHAIR—We will wait until you are aware of that to clear that with the department and we might come to you with some questions on notice after that for your opinion.

Senator COLBECK—I have one question relating to a question which Senator Back has already asked going to the guarantees on the two issues you have put on the table—that is, item (1) and (2) with respect to traceability. You have indicated to the committee that in your discussions that is likely to be part of the process but do you have any guarantees that it will be part of the process?

Mr Brown—I believe we have verbally, yes.

Senator COLBECK—That will do me for the moment but can I say that this is one of the worst representative performances I have come across in my time in the Senate. It is just so disappointing to hear what I have heard here this morning. I do not want to get into a dustup across the table because that is not my thing but I have to say it is one of the most disappointing representative performances I have heard from a body on beef and cattle issues since I have been in the parliament.

Senator STERLE—Mr Brown, you are a producer?

Mr Brown—I am.

Senator STERLE—And have been for?

Mr Brown—All my life.

Senator STERLE—Second generation?

Mr Brown—Fourth generation and I value this industry highly.

CHAIR—We all do, Mr Brown.

Senator STERLE—I have taken that. Where I am struggling—it is Groundhog Day, this inquiry, because we keep going around and around in circles—is that I cannot see why you would, in your eyes, do anything that would damage this industry.

Mr Brown—We certainly would not.

Senator STERLE—Can you tell us, in the Cattle Council's opinion, the positives of entering into a new arrangement with importing meat?

Mr Brown—It is about valuing a trading customer and one of our markets, if not our most important market. And they are not our enemy. That is our view. We believe there will be very little beef coming into Australia. The records show that before BSE, for the five previous years, there were 35 tonnes per annum of American beef coming into Australia. Unless the exchange rate is up at about \$1.50, we cannot see why there would be huge quantities of American beef coming into this country.

Senator STERLE—When you talk about 35 tonne, we are talking about a semitrailer and a half at the most?

Mr Brown—That is right, a B-double.

Senator HEFFERNAN—And we are talking of the dollar at 46c.

Mr Brown—Absolutely. Senator, it is an insurance policy.

Senator STERLE—Can you elaborate on that?

Mr Brown—To go back to equivalency—

Senator HEFFERNAN—He doesn't know. His mate told him!

Senator STERLE—Sorry, Chair. I cannot ignore the smart arse remarks and the sniping from the other side.

CHAIR—Senator Sterle, you do your fair share of smart arse remarks and sniping yourself.

Senator STERLE—But I do not swear at witnesses and put them down.

CHAIR—He did not just swear at witnesses. Continue your questions.

Senator STERLE—Sorry, Mr Brown—you were saying an insurance policy.

Mr Brown—I will hand to my colleague.

Senator HEFFERNAN—You'd better, because it was his remark.

CHAIR—Senator Heffernan.

Mr Hall—Yes, in our view it is nothing more than a simple insurance policy. We advocate free trade so we should do to others as they do unto us. In the unfortunate circumstance down the track, anywhere, if we get a case of BSE, I would like someone to tell us where we are going to export our product if we still have this rule in place. Suddenly we are going to have an extra 65 per cent of our product which we will have to try to eat our way through in Australia. I do not know how we are going to do that.

Senator STERLE—I take from your opening statement, Mr Brown, that this first commenced in 2004 under the signature of the previous minister, Mr Vaile—you all know him around the table, you are all from the same grouping. So what has changed? Thanks, Mr Brown. For the purposes of the *Hansard*, that was a nod in the terms of, 'Who knows?'.

Mr Brown—Thank you, Senator.

CHAIR—Can you clear this up for me? This is a little curious. You have stated that you are not expecting there to be any increase in the importation of beef, particularly from United States. I think that is what you just said. I do not want to put words in your mouth. I am finding it difficult to reconcile, if our trading partners are pushing so hard to get access to this market, why would they then not want to supply it?

Mr Brown—They are not pushing hard at all. We are out there trying to remain on free trade.

CHAIR—The reason I asked that question, Mr Brown, is that we have actually taken evidence from the Department of Foreign Affairs and Trade that this is as a result of the push from our trading partners who want access to our markets. Why would they want to push to access our market if they are then not going to supply it?

Mr Brown—Very little comes out of Canada but they were going to take us to the WTO.

Senator HEFFERNAN—It is about Korea and Japan.

CHAIR—It is not actually answering my question, though, of why would a trading partner want access to this market if they were not going to supply it? If they are not going to supply it, what is the purpose of their push to actually want the change to these rules?

Mr Brown—I could say nothing more than equal terms. I do not think you would expect anything different.

Senator HEFFERNAN—Isn't it about access to Korea and Japan?

Mr Brown—You said that, Senator.

Senator HEFFERNAN—Do you agree?

Mr Brown—It could well be.

Senator HEFFERNAN—You just said 'yes' a few minutes ago.

Mr Brown—You are putting words in my mouth.

Senator HEFFERNAN—Do you think it is about access?

Mr Brown—It could be. I do not have a direct line to President Obama.

Senator HEFFERNAN—I have been to Canada and the United States and spoken to their officials and that is precisely what it is about.

CHAIR—We are very over time.

Senator HEFFERNAN—With our exports at the present time to the major markets of Korea, Japan and the United States, can you tell us about SRM removal?

Mr Brown—I think you are the expert on SRM removal.

Senator HEFFERNAN—You are the industry representative.

Mr Brown—We do not support it.

Senator HEFFERNAN—But we do it.

Mr Brown—We do what?

Senator HEFFERNAN—We do SRM removal to the United States, Korea and Japan.

Mr Brown—It goes in blocks, yes.

Senator HEFFERNAN—When the beast is slaughtered, we have a process of SRM removal.

Mr Brown—We certainly take the spinal cord out.

Mr Hall—That is not mandatory in Australia. Some plants do SRM removal but it is not mandatory.

Senator HEFFERNAN—If we wanted to take it a precautionary principle on the market access to Korea and Japan, which we do now by the way, and the US, you would simply do SRM removal—correct?

Mr Hall—It is up to the plant to choose what they want to do.

Senator HEFFERNAN—You represent the levy payers. As a policy you could overcome all of the kerfuffle because we already do it to these markets. It happens at the Dinmore plant.

Mr Hall—As I said, some plants do it.

Senator HEFFERNAN—You say it is all too risky and we would lose the market. We would not lose the market at all. Not only on the basis of what Senator Back says, which is removal off the shelves, which is garbage, but also you can take the precaution, which they have to take, of SRM removal. Is that true?

Mr Hall—From my limited knowledge on the subject, and I am not processor, my understanding is that something like mandatory SRM removal in this country would cost more than tens of millions of dollars.

Senator HEFFERNAN—I am not talking about mandatory removal. Removal of SRM to a particular market is not mandatory, and we already do it. That is our protection now.

Mr Hall—That is an exporter's choice to do that.

Senator HEFFERNAN—That is precisely right. The reason they do it is not because they feel good about it. It is to protect the market. They convened the Canadian agricultural committee to tell me that this is about export by Canada and the US to places like Korea and Japan and us lowering our standards to their equivalence so there is no advantage to us. You say you are in agreement of equivalence of traceability. Is that correct?

Mr Brown—Yes.

Senator HEFFERNAN—So how would you overcome, without full national livestock traceability equivalents, cross-border traffic—as Senator Back has pointed out—that a weaner comes in from Mexico, lobs at Senator Williams’s farm and he wacks a tag in its ear and says, ‘It was born here’? How do you overcome that?

Mr Brown—Maybe it could not be overcome without an auditing system that we were happy with, that we were totally satisfied with.

Senator HEFFERNAN—With great respect, you just said earlier you do not want national status, you just want market status, and in your earlier submission you said you do not even want herd status, you want beef status. How do you give Australia’s cattle growers confidence? If you have farm to abattoir status, how do you prove that the calf did not actually get to the farm from somewhere else if you can just whack a tag in its ear?

Mr Brown—If there were any doubts they would not come, would they? They would not be eligible—

Senator HEFFERNAN—But I am asking you the question—

Mr Brown—if there were doubts about their systems.

CHAIR—Senator Heffernan, just let him finish that please.

Senator STERLE—We have gone all over this. We have spent half an hour going over the same issue.

Senator HEFFERNAN—Through you, Madam Chair, this is the crux of the equivalence argument. We have, as you say, the best system in the world.

Mr Brown—Yes.

Senator HEFFERNAN—Yet we are not insisting, for that obvious human failure that I just pointed out, on cross-border tracing. You don’t care about that?

Mr Brown—We did not have a national system and we provided full trace back into the European Union, so why couldn’t somebody else do the same thing?

Senator HEFFERNAN—We are now in a position where we are talking about equivalence. We have a national birth-to-death livestock traceability nationally.

Mr Brown—And that is what we would be asking for there.

Senator HEFFERNAN—Could I just confirm that.

Mr Brown—No, not nationally. We would be asking—

Senator HEFFERNAN—Oh, whoops! Retract that.

Mr Brown—No, you know darn well what I meant.

Senator HEFFERNAN—Well, I am sorry, how can it be equivalent if it is not nationally traceable?

Mr Brown—You can have an equivalent trace-back system that is not national.

Senator HEFFERNAN—But you said it has got to be equivalent.

CHAIR—Senator Heffernan. Can I just ask you to explain for the committee, and you are probably far more across these particular technical issues, exactly how would an equivalent trace-back system work, in your view, that is not NLIS? Exactly how would it have to work to comply with your requirement for equivalence if it is not NLIS?

Mr Brown—Are you asking me?

CHAIR—Yes, I am not asking him, I am asking you. I want to be absolutely clear on this because this is really important. You have said that you do not require an NLIS-type system, you require a system of full traceability that is equivalent. What is that? In layman's terms, or whatever terms you want, can you let the committee know exactly how that would work to be equivalent to our NLIS?

Mr Hall—At the moment we have rules within our NLIS system and we would, I would have thought, be seeking equivalency on the trace-forward and the trace-back factors with cohorts. For some years before we had a national system we had a European Union system in place in this country to export to Europe. That undergoes a fairly rigorous audit process fairly frequently, demonstrating our capabilities. Part of our rules is that we have a time limit on trace forward and trace back in the event of any sort of outbreak. So, at the very least, the requirements we would require for equivalency are time forward, time back, those sorts of measures that demonstrate that they can match the Australian standard.

It is not up to us to determine whether they can invent some sort of paper based system. There may be some other system out there they may well invent. It is not up to us to determine what system it is. It is up to the government of the day to assess that it is equivalent to our standards, and that is what we ask for.

CHAIR—Okay, we take your point. It is coming in on Monday. How on earth can Cattle Council be assured that whatever the new system is in, say, the United States it is equivalent, by one minute past midnight next Sunday night? How can you possibly be assured that that system

is equivalent by next Monday morning? I understand that from your view it is up to others, but you do not even know what it is.

Mr Brown—Senator, we will not be importing beef next Sunday, and I would assume it would be a long time after that.

CHAIR—I understand, but the possibility will exist from next Monday for other countries who have had mad cow disease to apply to be able to have their beef imported. You and I both know that that is the case. You are right, it probably will not drop on Monday morning, but the rules will be in place.

Mr Brown—You have intensified our interest, and a week is a long time in this game.

Senator HEFFERNAN—Could I go to the proposition of equivalence. I am not satisfied yet, Madam Chair. Under the old scheme, before we had national livestock identification, you could have a closed herd. But in fact where there is no full livestock traceability you could have bought a calf in Charleville, brought it down to Dubbo and sold it, had it put into a farm and then whacked a tag in its ear and said it was born here, couldn't you?

Mr Brown—Except that we have a very sound livestock production and also assurance system. You sign a document and, when you sign it, it becomes a legal document.

Senator HEFFERNAN—Yes, and we have rogues. There is nothing to stop you from doing that, is there?

Mr Brown—I guess not. If you wish to be dishonest—

Senator HEFFERNAN—That is under the old scheme. Under the present scheme, when a calf is presented at the Charleville cattle yards, it should have a tag in its ear and should not get sold unless it does. Is that correct?

Mr Brown—That is right.

Senator HEFFERNAN—Then it goes to Dubbo, is transferred and then it goes to the farm. What you are advocating is that other countries will have equivalents, if they can do the Charleville trick, which is: 'No tag, no tag, whoops—it is born on my farm.' You are advocating that.

Mr Brown—That is not the case.

Senator HEFFERNAN—If there is not full livestock birth-to-death traceability, how the hell can you stop, as Senator Back says, cross-border Mexico traffic et cetera? What is the explanation?

Mr Brown—If that cannot be verified, it does not come. It is as simple as that.

Senator HEFFERNAN—But if you do not have full birth-to-death traceability, is it possible—

Senator STERLE—How many more times are you going to ask the same question? He has not given you the answer you like, so you just keep asking it. This is ridiculous.

Senator HEFFERNAN—Is it possible to verify with the assurances that we enable ourselves to have here, unless we have full birth-to-death livestock traceability.

Mr Brown—Are you saying nationally?

Senator HEFFERNAN—Yes.

Mr Brown—We are not saying nationally. I repeat what I said before.

CHAIR—Senator Heffernan, this is your last question.

Senator HEFFERNAN—If you do not have national livestock traceability, how can you assure us where the thing comes from?

Mr Brown—I do not have to assure you. We all have to be assured by the people who are entrusted with the responsibility.

CHAIR—Senator Heffernan, we are going to finish there. Mr Brown and Mr Hall, thank you very much for giving us your time today—and rather more time than I asked for in the first instance. Thank you very much.

[10.58 am]

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

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

Mr Palmer—No. I am happy to echo the statement of the Cattle Council of Australia. I have said all that I can say about three times already to this inquiry.

CHAIR—We do appreciate you making time again, Mr Palmer. We recognise that you have very kindly agreed to give us more of your time, which we do appreciate, but there were just a few extra issues that we have not traversed before, which is the reason for getting you back. It is not to make you do it all again and ask you the same questions. I am sure that there will be a number of extra questions. One thing that I want to clear up from the beginning is a new issue which has resulted from some of the evidence through the estimates process. I want to clarify MLA as an R&D body, not as a representative body of the beef industry. Is that a correct way to term it, or would you like to elaborate on that further?

Mr Palmer—No. I do not want to prolong this, but a representative body in my definition is something that has elected delegates and some sort of electoral process. That to me conjures up what a representative body looks like. The Cattle Council, whom you just had, is one such organisation. No elections are held for any positions at Meat and Livestock Australia other than to ratify board appointments at annual general meetings. We are at pains to operate in a non-representative capacity but rather we attempt to be, as I have said to you before, a servant to the industry. We are a service body. We very happily want to retain the position as a service company to a diverse industry from producers right the way through to retail.

CHAIR—I want to clarify the submission that came to the committee from the Red Meat Advisory Council. The opening line of the submission is:

“This submission is presented by Red Meat Advisory Council Ltd (RMAC) with input and support from Meat and Livestock Australia Ltd (MLA).”

From that the inference is that it is Meat and Livestock as a whole. I think the evidence you gave us last week at estimates was that, as a result of your personal knowledge, which is indeed extensive, you have a view on these issues. I think it is important that we are very clear about MLA’s role in that submission—whether it was your individual views on these things, as you indicated at estimates last week—just so we know not to take MLA’s contribution as being representative in any way of the beef industry.

Mr Palmer—It is an RMAC submission. I was asked and happily provided some input into it. I support the thrust of their submission. I am not sure what else—

CHAIR—That is fine. That is exactly what I wanted to clarify—that you support the thrust of their submission, which is absolutely fine. We just needed that clarified in terms of the

submission because the inference was that it was the MLA as a whole. Thank you for clarifying that for us.

Mr Palmer—If I could just add to an earlier answer about the representative role. I would happily say that MLA is owned by its stakeholders, its levy payers. We know there are some 200,000 levy payers in Australia. That is cattle and then there are sheep amongst that as well. I do not know what the full number is. About 46,000 levy payers have elected to voluntarily take up a membership. Again, I do not want ‘membership’ conveyed as some agripolitical representative group. It is just for the purposes of circulation; it is for the purposes of material, advice and stuff that we send out to farmers to help their decision making.

CHAIR—Thank you. I do understand that. It is important that we clarified that the 46,000 members, which we have discussed before, were not consulted before you gave your view to RMAC. That is what we are just trying to clear up.

Mr Palmer—I would refer to them as ‘registered levy payers’. I know there are certain cosmetics about this, but I am very anxious to position MLA as not being a political representative. The RMAC submission asked for some of my advice. As I have said to you before, I lived in America at the time of the BSE incident. I was more than fascinated by all of the developments and activities. I have had more than a casual interest. I just happen to retain some memory of what took place—and some of that has been reflected in the submission. But I do not divorce myself from the submission.

CHAIR—That is fine. Thank you very much. We just needed to clarify that those 46,000 registered levy payers—sorry, I thought you used ‘members’ before, which was why I did—were not consulted before you provided your view to RMAC.

Mr Palmer—That is correct in the strict sense. From what I listened to before, the Cattle Council of Australia have had a position on this since back—

CHAIR—That is okay. We have already asked them about their position. I do not think we need you to traverse their position.

Mr Palmer—With all due respect, it was not a topical issue until October when the announcement was made and then it obviously became of great interest. There were at least three public meetings that I can recall where this was raised. I spoke, as I have spoken here, on the subject. There was one in Glen Innes, one in Armidale and one was the annual general meeting in Darwin in late November.

CHAIR—Would you mind providing on notice for the committee the numbers of people who were at those meetings? That would be quite useful.

Mr Palmer—I can tell you right now. About 40 in Glen Innes, 300 in Armidale and about 300 in Darwin.

Senator HEFFERNAN—Out of 200,000. Very good.

Mr Palmer—Well, there is a readership. It is media that picks up—

Senator HEFFERNAN—What is the budget of the MLA? How much is your annual budget?

Mr Palmer—It is about \$150 to \$160 million a year.

Senator HEFFERNAN—What percentage of that is actually—

CHAIR—Let him finish the question, Senator Heffernan.

Senator HEFFERNAN—What percentage of that is actually government money.

Mr Palmer—About \$38 million.

Senator HEFFERNAN—So about a quarter of your funding is direct government injection.

Mr Palmer—The federal government kindly matches our research investment and they match us on expenditure, so every dollar the industry spends, the federal government matches it.

Senator HEFFERNAN—So in terms of the senior employees of MLA, does this put you in a difficult position representing the growers versus the argument of the government? You can flick that if you want to.

Mr Palmer—I do not want to flick it; it will only come back on notice. There is a significant church in this industry and it is made up also of government. The reason I am called before Senate estimates, one assumes, is because of my linkages and accountability to government for the \$38 million of government taxpayer funds that we spend. Our accountabilities are to the industry and to our stakeholders and, as I said, the federal government is one of those stakeholders.

Senator HEFFERNAN—I have had private discussions—and I will look away when I say it, Madam Chair—with some senior bureaucrats who say, ‘Look, Bill, this is a government decision. We’ve got to implement the government decision.’ You are in a similar position, aren’t you, in a way?

Mr Palmer—I am not quite following you about the government decision.

Senator HEFFERNAN—If a whole-of-government decision is taken to do what is proposed on 1 March then there is an obligation on the MLA to assist that process, taking into account—

Mr Palmer—We would prefer to work with government rather than against them.

Senator HEFFERNAN—Right. Thank you. That answers the question in very nice code. Going to the AHMAC submission which has now broken down in the context of equivalents the need for national livestock identification into beast status—you agree that is in their submission?

Mr Palmer—Yes, and as enunciated previously.

Senator HEFFERNAN—Could you explain to me, given if you go to beast status rather than birth to death traceability, how in a country that has illegal cross-border trade, how the hell there could possibly be equivalents without birth to death national livestock identification? How do you prevent the lurk men in the industry simply buying some cheap calves somewhere, which may have been for all you know banded out of somewhere, stick a tag in their ear and say, ‘Mate, they were born on my farm here and they’re going off to Australia.’ How do you prevent that if you haven’t got birth to death traceability?

Mr Palmer—I think, Senator, the scenario you describe may possibly occur under any program. You can create a national identification program for the United States of America which would entrap 93 million cattle, which is what their current herd is, or you could create an identical system that entrap 93,000. But you can do it.

Senator HEFFERNAN—I understand all that but you have actually insisted and we are trying to trade—and we know this is all about trade. We are without any artificial trade barriers—and I accept all that; it has got to be based on science but part of the science is traceability—given that it was an insistence, as Senator Back has said, on Australia’s growers for full livestock traceability and a full IRA; that is what the industry would like. They pay you to go to the Junee pub or the Nindigully pub or somewhere to have a yarn to a few people. Under the old scheme that we had, it was possible with the European Union enclosed herd to rot the system simply by having a few cattle arrive overnight and say they were born here. There was no way around it.

Mr Palmer—I am sorry, Senator; I would dispute that. We have no record of that.

Senator HEFFERNAN—All right but under the old scheme you could buy cattle in Charleville, sell—

Mr Palmer—Sorry, Senator: the EU market is a \$60 million market to us

Senator HEFFERNAN—I understand all that.

Mr Palmer—It is not helpful to say that we jammed a few cattle in overnight to fix up the Europe—

Senator HEFFERNAN—The point I am making is that it is no longer an issue because we have national livestock identification. These days there is a much more precautionary principle in our system with national livestock identification, which still has its opponents by the way. Under the old scheme it was possible to buy a calf in Charleville from God knows where, bring it down to Dubbo, resell it, send it out to Molong, stick a tag in its ear and say, ‘It’s been here all the time.’ Having gone to the trouble, the anguish and the expense of a national livestock identification system, if you say we are going to insist on equivalence, which is what the previous witnesses said, why would you not think it reasonable to have national livestock identification?

Mr Palmer—If the United States had a similar market profile to Australia with 70 per cent of production going to over 100 markets, if those key markets were calling for that level of rigour,

or intimating it, and if it was gaining the market advantages that we do, I think the Americans would be going down the same path as we are.

Senator HEFFERNAN—Have you been in discussions—

Mr Palmer—But America exports somewhere between two per cent and five per cent.

Senator HEFFERNAN—I understand all that.

Mr Palmer—I do not think there is the stomach for it.

Senator HEFFERNAN—I understand all that, but Korea and Japan are very important to them. Were you in discussions with or have you heard of discussions with the Japanese market in particular about cut identification as opposed to beast identification?

Mr Palmer—They have done it locally. They have, of all things, a nose imprint on some of the local beef in Japan. Because of the marketing advantages, local farmers in Japan are known to put a photograph and nose print of the animal in the shop window. So they are right down to the level of the beast with a photo and with a picture of the farmer.

Senator HEFFERNAN—So that is the trend in the market?

Mr Palmer—It seems to be. I do not think it is widespread but it has a niche.

Senator HEFFERNAN—This is all about marketing.

Mr Palmer—Correct.

Senator HEFFERNAN—This is all about our herd status versus other countries which, sadly for them, do not have our herd status. This is about us saying, ‘Well, even though we’re up here, we’re happy to come down here and compete down here in the Japanese and Korean markets.’ Could you explain to the committee the advantages—

Mr Palmer—Sorry, Senator, I was not clear on the bit about ‘we just come down here and compete somewhere’. I missed that.

Senator HEFFERNAN—We do not have BSE, we do not have foot and mouth, we do have full livestock traceability and we do insist on other issues for a full import risk analysis. However, as Senator Back points out, we have to cop it when other countries make demands, such as with the brucellosis-TB program. China put a 150 per cent tariff on fertiliser—I am getting away from the subject a bit—and we just had to cop it. Yet we are purer than the driven snow on these issues. Given the disadvantage that Australia has at present, with the low ebb of cattle prices in Australia today, could you explain to the committee the subsidised system in the US with grain et cetera and the return that goes back to the grower as well as to the supermarket.

Mr Palmer—I will. I know from some internal data that the American system has some significant advantages that we do not enjoy. The cost of feed per carcass, feeding costs, is about \$100 in their favour. The cost of labour in a feed yard is somewhere around \$30 to \$50 to their

advantage. I do not know what the differences are in a meat plant but I would envisage that it is the same sort of story. The hourly rate for labour here is two or three times more expensive than in the United States—that is anecdotal information. There is no question that the Americans enjoy some advantages through economies of scale and, perhaps, a competitive marketplace that we do not enjoy. I would love to find the answer to how we can get on the same footing. Other data we have shows that a 150-day fed steer in Australia is worth about the same money as a 150-day fed steer in America if you convert it back to Australian currency. As to how they retail, the only place I am able to go that gives us a good comparison is the—I do not like using names, Chair—

Senator HEFFERNAN—Costco?

Mr Palmer—but Costco have opened up a store down in Melbourne; they use exactly the same business model there as they do in their outlets throughout the United States, and they have been the retailer of the year in America for a number of years and they run a very efficient outfit. Looking at those comparisons, the price at which they sell American beef in America and Australian beef in Australia—and they are buying roughly the same animal—is virtually identical, or within a couple of cents.

CHAIR—Sorry, Mr Palmer, just to clarify: when the dollar is at what?

Mr Palmer—I was using 90c; it ebbs and flows but 90c was about where it was, on that day, for instance; we do this periodically and the last time was about a fortnight ago, and the prices were within cents of each other on Australian dollars per kilo. So it was pretty much the same money for the fed steer and pretty much the same money at retail through a particular outlet. I have not done work on other outlets—like in Australia—because it is slightly more difficult because there are discounts and wastage and sales, and Costco does not run any of that. They do not discount and they do not sell; it is just a flat price with so many per cent mark-up. So that is quite a clean model to work from. Confounding this is a bit is some published data which indicates that the share of the consumer dollar to Australian farmers is about 30 per cent, and to the American farmer it is closer to 40. So this is pretty sobering stuff, and I do not know—

Senator HEFFERNAN—That is the challenge the industry faces.

Mr Palmer—whether it is pertinent to this inquiry, but they are significant challenges to this industry. I might say: we would need the help of government, too, both state and federal, to make more efficient the supply chain through farm and on through into retail.

Senator HEFFERNAN—The USFDA, through their database, have a different set of sums to the Costco—the ones that the MLA have made out.

Mr Palmer—Well, Costco is only new to the game for us, so that made it a clean—

Senator HEFFERNAN—Yes, well, the USFDA shows that the US—and, as you correctly point out, Mr Palmer, I am unaware of the savings through the subsidised grain and the cheaper labour that goes back to keep the farmer, the cattle bloke, viable, as opposed to getting passed forward to the consumer, where there is some disparity with our system, but if—

Mr Palmer—There are lots of places. The price of petrol in Australia is twice to three times more expensive than in America.

Senator HEFFERNAN—But if we are to keep Australia's cattle industry viable, we face some serious, serious challenges—would you agree?

Mr Palmer—I would agree.

Senator HEFFERNAN—And would you agree that, at the present time, in real terms, the return, not to the live exporter but to the southern cattle producers, is as cheap as it has been for many, many years?

Mr Palmer—I think the cost price squeeze on southern agriculture particularly, through smaller herds, small flocks, high-cost country, higher cost inputs—

Senator HEFFERNAN—Consolidated retailing—all of those things.

Mr Palmer—in realistic terms—

Senator HEFFERNAN—So, in terms of protecting the viability of the industry, it would not be unreasonable for a committee such as this to take very passionately and seriously—despite being accused by some cattle representatives of being mischievous—the issue of viability for the industry. One of the issues for viability of the industry is certainly equivalence in the market. And surely MLA, even though you are a quarter funded by the government, can see that if we have gone to the trouble to put certain protocols in place—and certainly this whole thing has altered since we first shone the light on it; I mean the Cattle Council, the MLA and everyone else have got a new attitude and the government has got the message—surely we are entitled to equivalence. And surely equivalence means equivalence—that is, national livestock identification. Could you explain to us why we do not need an IRA now?

Mr Palmer—No, you see, because—

Senator HEFFERNAN—Are you in favour of an IRA?

Mr Palmer—No, let me just go back to your question; let us stick to one at a time. I was with you all the way up to this point: where we differ is that you want to corral, if you like, a 93 million herd. For the sake of the size potential for the Australian industry or this Australian market, there is a bit of me that says, 'Why would you want to entrap the entire—

Senator HEFFERNAN—Can I just—

CHAIR—Let him finish.

Mr Palmer—American herd.

Senator HEFFERNAN—Can I just correct you there. That is based on a presumption that is not right. I am trying to protect Australia—not to have the herd equivalents. We have got 27 or 28 million; they have got 93 million and Brazil has a lot more than that. What I am trying to do

is say to the government that we need to take advantage of every advantage we have in our export markets because of everything from the dollar to costs in the chain. Surely it is fair to say that one of the advantages that Australia has at the present time is our clean, green and free edge over the United States and Canada. Why would we not passionately protect that? It is not about corralling 93 million cattle; it is about protecting the viability and market share of our 28 million.

Mr Palmer—I totally agree with you. There is no disagreement from anyone. The story of equivalency and the story is to ensure, as the Cattle Council's statement said, prions do not arrive in this country. As best we can, from our vantage point, we have to concentrate on outcomes. The technical skills that exist, one assumes, are to provide the inputs and outputs to give us that.

Senator HEFFERNAN—All of that. I am pleased that you have ratcheted it up a rack or two. But at the same time, why don't we, given the disadvantages we have in some sections of the supply chain, use the advantages we have in other sections of the supply chain? Why don't we need an IRA?

Mr Palmer—If it is the judgment of government and the technical people involved that that is the course to take then I am sure that there will be one. But from my layman's vantage point, Australia and the United States traded both ways up until 2003. I guess what has changed in that time is a single case of BSE in the United States. The FSANZ protocols that are being talked about go, I assume, to the heart of remedying or correcting for that occurrence, but all other pre-existing arrangements prior to 2003 have not changed—at least as far as I am aware. The judgment about an IRA really has to lie with other people but based on my—

Senator HEFFERNAN—Who are those people?

Mr Palmer—I guess the Australian health department and primary industries.

CHAIR—I am sure you heard me ask Cattle Council this: given the strong and intensive push from our trading partners—we are very well aware that has been happening—wanting access to our market, I am having trouble reconciling that with the very strong comment that we are not to expect any great increase in imports as a result of the relaxation of the import rules. Why then are our trading partners so keen to get the rules changed to have access to our market if they do not really intend to supply it?

Mr Palmer—Don't ridicule this remark, but if you are going to be responsible and professional players in the advanced world of trade, you have to do unto others as you would expect to be done unto you, and as a signatory to a whole bunch of things I think Australia has a moral obligation to continue to consider its position on various matters. In this regard, with the exception of Norway, Turkey and Iceland, every other OECD country has softened, for want of a better term, their stance around US trade. As a mature citizen of the world's trading blocs, Australia has an obligation. To be crude, we cannot sit here and assume that we can just funnel 300,000 tonnes a year into America and not expect to be reciprocal.

CHAIR—I understand what you mean but there must be a reason for our trading partners to want these rules to change, apart from: 'Everybody else is doing it so you should do it too'.

Mr Palmer—Australia is held up as pretty enviable and is disliked sometimes.

CHAIR—In answering the question, if you could give it a shot for me.

Mr Palmer—We are not an easy nut to crack.

CHAIR—If we take all this on face value and, if we did accept the proposition that there is not going to be any real increase to the beef coming into our markets—we could use the word ‘negligible’—and then, if we look at what you have just raised, are you seriously saying that our trading partners want us to change these rules simply because they are different to everybody else’s? It just does not make sense that they should be so intent on us changing these rules. Surely there must be some other reason. Can you see any other reason at all apart from the fact that we have these arrangements still in place and they would rather that we did not, even though they are not intending to supply the market? It seems a little bit twee.

Mr Palmer—Australia is the second biggest exporter. We have standards here that are pretty much second to none and we want to retain that. I think there is a bit of kudos for any market or any country that can trade with us, I suspect. Whether they use that in other third markets is for them to choose. I am not sure where we are going with this, that is the trouble.

CHAIR—I think it is pretty clear. I am trying to find a reason why they want to change the rules if they do not want to import beef into this country.

Mr Palmer—I just want to go back. I cannot let the inquiry go and not accede to the fact that we are very dependent. We ship all around the world. I just think, if there is a factual scientifically sound argument that allows reciprocity of trade, then I think it is irresponsible to not consider it.

CHAIR—Mr Palmer, sorry to pull you up there, that is exactly my point—reciprocity of trade. You tell me that they are not going to supply very much at all and it is going to be negligible, so it is not reciprocity of trade.

Mr Palmer—But you have to look at the country in question. They eat all the loin meats they can get their hands on. The little bit that they export, as I said last week in the Senate estimates, was tongues to Mexico, livers to China, some forequarter up to Korea and Japan and none of that is going to sell well here. I am just looking crudely at everything and at the sheer traffic of flows.

CHAIR—Should we assume then, as you say, it is about having the same rules applying across the globe—as they should—so it is all nice and neat and everyone is doing the same thing? When are you expecting the US to get rid of their subsidies?

Mr Palmer—I have no idea. Let me just go back to the other bit.

CHAIR—This is a really important point. If on one hand we are saying we want to be a good global player and we want everything to be equivalent and everybody on the same level playing field, and we are doing our darndest and are going to change importation rules, when is the US going to get rid of their subsidies?

Mr Palmer—In my capacities before my current job I have had lots of conversations with the Americans over the years about their levels of assistance. They very swiftly point to a whole lot of public data which says they are no more or less subsidised than we are. I am just the messenger here.

CHAIR—If you would like to table that for the committee at some stage, Mr Palmer, that would be very interesting reading.

Mr Palmer—I will give you the OECD levels of assistance to agriculture, and that is where Australia is hammered because we get the \$38 million from government.

CHAIR—Have you had discussions with the countries we currently export beef into that are happy with the proposed change to our arrangements and to the change risk, obviously, from Australia in being able to import into those countries?

Mr Palmer—I am aware of one call from a meat group in Japan which expressed some concern on the morning of the announcement. When it was explained, as we understood it, that concern disappeared. That is not to say that there are not more out there and that I am just not privy to them, but I am aware of one phone call from a Japanese trading house on the morning of the announcement. That was pretty much it.

CHAIR—Is that possible concern arising in the markets that we currently export to because of the change to the trading arrangements that will come in next Monday something that we as the Senate committee should be concerned about?

Mr Palmer—I think that it would be enormously helpful if the posts around the world were sufficiently informed so that they could placate any concerns of a sporadic, local nature that might arise. I think that would be very helpful.

CHAIR—So, by changing these arrangements, are we potentially risking those markets if those concerns cannot be allayed?

Mr Palmer—I guess that is perhaps where you and I differ, Madam Chair: I think they can be allayed.

CHAIR—Are you certain?

Mr Palmer—As I said last time I was here: as certain as I can be of driving back to Sydney.

Senator HEFFERNAN—But you do not even know what the protocols are going to be.

CHAIR—Hang on, Senator Heffernan. I just want to hear the answer to this question.

Mr Palmer—We will deal with protocols in a minute.

CHAIR—Yes. I want to hear the answer to this question. I am sorry, Mr Palmer, I could not hear end of your answer.

Mr Palmer—It was a silly story about driving to Sydney, about staying alive. You are asking for zero risk, Madam Chair, and that is impossible.

CHAIR—Ah! Thank you.

Mr Palmer—It is impossible.

Senator BACK—Mr Palmer, do you think this will make it easier for countries that currently cannot import into Australia—that is, in their dealings with some of the countries to which we currently export? Do you think it will be easier for them to say, ‘Look, we can now import our beef into Australia where we previously couldn’t’?

Mr Palmer—I suspect that, because of the high standards we have here, they will definitely notify them. I guess you are alluding to markets such as Korea and Japan. I would suspect that they would hold up a piece of paper that says, ‘We’re now entitled to go back to Australia.’

Senator BACK—So, potentially, there are two kicks for us, aren’t there? One is the possible deterioration of our current status, which once was free and is now negligible, and the second is that the market advantage that we currently enjoy with, as you have said, Korea and Japan may be dissipated by the fact that we will now have more open competition from the others?

Mr Palmer—I think the answer is perhaps no to both. Our risk status does not alter. We are a category 1 country, and I do not think that will change. In relation to Japan and Korea we may, depending on where this all ends up, have an arrangement with America and Canada, similar to that which Japan and Korea have had now for some years. America has been trading back into North Asia for a number of years, definitely with some restrictions. That is a part of their protocols. So America are very aggressive in the market at the moment. They have a million-a-month promotion program running in Korea as we speak, and they are very gutsy and very strong in Japan. I understand entirely the questioning, and Madam Chair’s was of the same vein, but I think that any re-openings here will be communicated by America to their existing trading partners in Japan and Korea. As to whether that will negatively impact us, I think America’s inroads now back into North Asia are on the back of a whole lot of stuff and not much to do with any openings that might be achieved here.

Senator BACK—What is the weekly production in the United States? Is it 250,000 tonnes?

Mr Palmer—Yes. They produce a million tonnes a month, 250,000 tonnes a week, and they consume 170,000 tonnes domestically.

Senator BACK—So there is 70,000 tonnes a week they want to get rid of.

Mr Palmer—No. The bit between 170,000 and 250,000 is bone and stuff.

Senator BACK—Sure, so about 50,000 tonnes.

Mr Palmer—No. It is somewhere between two and five per cent. They produce 12 million tonnes of carcass meat per annum. If you take that at five per cent, that is 600,000 tonnes with

bone in. When you take the bone out, you are at around 350,000 to 400,000 tonnes. That is their export business.

Senator BACK—When they are able to import into Australia, in what form would the meat come in? Would it be carcass meat? Would it be broken down?

Mr Palmer—The question might be better directed to those who are working on the protocols.

Senator BACK—I would love to.

Mr Palmer—I would assume that it would be primals that would be allowed here. They could be fresh chilled primals or could be frozen. America does a lot of work in frozen meats.

CHAIR—For the benefit of the committee and *Hansard*, could you please define primals.

Mr Palmer—They are the muscle cuts you see in the front of the window and probably denuded of any specified risk material such as the spinal column, I think. I do not know that. That is how the protocols work in Korea and Japan.

Senator BACK—What would be the likely impact on Australian processors of this move if we did start to get a significant amount of beef coming into the country? Would processors be adversely affected or would the processors still get to handle some of the meat in the chain through to the retail shelves?

Mr Palmer—If there were significant quantities to such a degree that price became an issue here and it lowered the price then normally that impacts producers through a lesser price. Processors are primarily working on a margin so it changes the margin.

Senator BACK—Are processors less affected by this exercise?

Mr Palmer—In my judgment, yes. I have to be careful of this great church of industry I talk about. This is all about supply and demand. If supply exceeds demand then the price goes down. This is all a judgment call. We talked about the preservation of trade partnerships between mature countries and the pragmatism and sense that lies in all of that and a judgment about the attractiveness or not of the Australian market. They say Australia is the same size as America but we have the population of Florida. We are not that attractive as a destination. History points to that. But I do not know whether that is the case. I cannot speak for the future.

Senator BACK—They are very attractive to us though aren't they? You mentioned 300,000 tonnes that we export to the US. Could you explain briefly what the majority of that beef is?

Mr Palmer—It is largely manufacturing grades.

Senator BACK—Is that because we have an inferior quality product to the American product?

Mr Palmer—Oh heavens, no. The American business largely is around manufacturing. It is probably one of the most complimentary market arrangements you could ask for. Australia has an abundance of lean older beef, America has an abundance of fat and the two blend together to make the perfect hamburger.

Senator BACK—To what extent over time has Australia tried to export, for example to the primal market in the US, advantages like range fed, good flavour, no growth promotants, years ago, and no antibiotics? To what extent have we been successful and able to market into the higher-value component of the American domestic market?

Mr Palmer—Right now, give or take a bit—and I am happy to provide the exact amounts—Australia will do about 50,000 tonnes of chilled into the United States within that 300,000. It will be 70 to 80 per cent manufacturing and a growing proportion of chilled primal loin cuts because that food service loin market in America is heaven. We will do about 50,000 tonnes and that has grown. In 1995 barely a pound of chilled meat went to America out of Australia. That market has grown tremendously.

Senator BACK—And it has the capacity to keep going?

Mr Palmer—Absolutely. We have a quota to America of something in excess of 400,000 tonnes now and we have not gone near to filling it. We are up around the 300,000 and a growing proportion of chilled loin cuts.

Senator BACK—You heard the questions I asked and the comments about the Australian pig industry—three-quarters of our pig meat is now imported. Have you done some form of modelling as to what the impact will be on producers of, say, 25 per cent, 50 per cent and 75 per cent of our beef being imported in, say, the next five or six years?

Mr Palmer—No, Senator. It is a good question but I do not have modelling available.

Senator BACK—I also ask a question in relation to the live export trade. If we see a reduction in cattle numbers as we have in sheep numbers, there is going to be a huge impact on the availability of stock for the live export trade for cattle too, isn't there?

Mr Palmer—If our herd was to go down?

Senator BACK—Yes.

Mr Palmer—Definitely. I just came back from Indonesia last week and it is a great market but it is one that needs to be treated very carefully and with great sensitivities. Our live export market to our immediate north, given their cultural and infrastructure matters, is a really exciting market.

Senator BACK—And our financial support.

Mr Palmer—Yes, absolutely.

Senator BACK—Thank you.

Senator STERLE—I did not hear—you said Indonesia was a ‘something’ market? I missed the word.

Mr Palmer—I mentioned the cultural sensitivities.

Senator STERLE—Never mind, I will check the *Hansard*.

Mr Palmer—For the record, Indonesia is a market that has come from a modest beginning. Now, when you convert it all to beef, Indonesia is our third largest destination for Australian beef.

Senator STERLE—And you are making that clear. In terms of the live trade export market to Indonesia, you wrapped up your comment by saying it was a ‘something’ market. Did you say ‘important’?

Mr Palmer—It is unbelievable. It is a market that took 700,000 live cattle and 53,000 tonnes of beef last year. I have just come back from there. The growth in the economy and the whole sort of combustion up there is really quite overwhelming. I think Indonesia has got an enormous future.

CHAIR—You mentioned earlier supply and demand. With the changes coming in, do you factor the threat of supply into the impact on pricing?

Mr Palmer—I am a great believer in letting the market sort all this out. The worst thing you can do is go out and advocate another 10 million cattle. That is not sensible. The market will work out the numbers. We are seeing big shifts around now—cattle are moving from the south to the north. About two million cattle have left the south and gone to the north.

CHAIR—I am sorry; I did not make my question clear. I was talking about the threat of supply from other countries that previously had been precluded from importing beef into the country.

Mr Palmer—It gets down to judgment on this. It is whether you think we are going to get swamped with imported beef or not. It is my view that we are not, but that is not the view of others, I can tell.

CHAIR—Is this not an issue, though: potentially you could have buyers here operating in a certain manner—and I am very interested in your view on this—whereby, while there might not be increased importation of beef from, say, the US, but there could be, buyers might take the opportunity to point that out to people?

Mr Palmer—Sorry, I am not with you. Are you asking whether buyers in Australia can manipulate the market here by tantalising with American beef?

CHAIR—If they have the option of sourcing from somewhere else apart from just domestic producers—

Mr Palmer—They can source from New Zealand.

CHAIR—Obviously the option will be increased with the lowering of the rules. I wonder if it is of concern to you. Not everybody is a perfect player in this business and that particular circumstance might be utilised to manipulate a price offering at some point.

Mr Palmer—I understand the question. I am not seeing clearly the capacity to manipulate the market downwards by having the threat of US beef hanging over the market.

CHAIR—That is your view; I understand that.

Mr Palmer—New Zealand would be a better prospect because their currency is 25 per cent cheaper than ours, and they are closer than America. I have not seen the scenario you paint—and I am thinking allowed—with New Zealand. So I am assuming that there is some currency advantage on our side, with greater distances, but not as much as there used to be. But I do not see it.

CHAIR—Okay.

Senator COLBECK—As an R&D and marketing organisation—they are the two functions that MLA conducts on behalf of its levy payers—how much R&D has been done into BSE by MLA?

Mr Palmer—In terms of economic modelling, that work has all been done around foot-and-mouth disease. The last time I sat in this place, I talked about that.

Senator COLBECK—I will go back to the *Hansard* record.

Mr Palmer—I recall years and years ago that a foot-and-mouth disease outbreak in Australia could result in the order of \$13 billion worth of economic loss.

Senator COLBECK—I understand the marketing side. We might very well have different perspectives on what this overall process is all about—and I will come back to that in a minute—but we can probably agree that a BSE outbreak would have a devastating impact in the country, no matter what the circumstances or trade protocols were, quite frankly. It would just be a bad thing. We all agree on that. I am talking more about where we are going with respect to this particular decision and the science of BSE. From what we know about it now and from what research the industry has done over a period of time, going back to when BSE first manifested, particularly in the UK, what is the industry's understanding and, therefore, the basis of the view that the MLA as an R&D corporation puts forward to this particular process that we are undertaking now?

Mr Palmer—The policy generally from government and most strongly supported by industry was all around prevention, to keep disease at bay. The decisions taken—and they go right back in time—to ban the importation of meat and bone meal had nothing to do with BSE. It was all to do with anthrax. There was the banning of meat and bone meal and the banning of animals out of the countries affected. So a progressive stage of bans, going back as far as the mid-sixties, has been the central plank of government and industry policy around prevention rather than cure in the event. That has been a pretty standard policy, as I said, for 40 or 50 years. The policy has been around prevention as distinct from cure. I think not only this government but governments

of all persuasions, with the backing of industry, have taken pretty rapid responses in the event that something took place.

The interesting thing about BSE—and this is slightly anecdotal—is that the general view in many quarters from people smarter than me is that BSE is a bit like yesterday's disease. The view in America is that BSE was more prevalent through the nineties than it was when they had it. If I could speculate: if there was a risk, it was probably greater prior to 2003 than post 2003. To come back to the heart of all this: policies here have been based around prevention rather than cure in the event.

Senator COLBECK—Rather than there being any specific research into the process, an evolutionary situation has occurred also based upon the back of protocols that had been in place about not feeding animal meal to cattle and things of that nature over a period of time. We have been in a fortunate situation from having some of those protocols in place historically, other than—

Mr Palmer—The banning of meat and bone meal was brilliant. That was back in the sixties. As I said, it was to do with trying to keep anthrax out of the place, because it was in crushed up bones and things. That was marvellous. You are right, as everybody has been saying: our island continent gives us a unique opportunity to build those barriers. This is what this inquiry is about: are we weakening the barriers in any way? Do not take me to task here, but a popular view is that we are. The science tends to suggest otherwise. That is where we are at, and I think we are going to keep at this place for some time.

Senator COLBECK—You bring in the point of the island status and the way that we have managed to protect our agriculture, particularly our beef industry. The premium nature has given us a distinct marketing advantage in a lot of markets. I recall being in Japan in 2005 when we were in a situation where we had something like 50 per cent of that market after the Americans had been taken out of it. Prior to that it was about one-third each of Japanese beef, Australian beef and US beef, with perhaps a little bit of New Zealand stuff in there as well. We were effectively up to 50 per cent of the market, and we all know that the Americans are desperate to get what they see as their share back. It is the strong marketing advantage and the premium recognition that our product has that really underpins our strength in that market and in some of the others around the world.

Mr Palmer—Absolutely and we try to play to our strengths. We discussed earlier how we are not as efficient in the terms of pricing of grain—I should not use the word 'efficient'—as an input to cattle feeding. Americans can do it cheaper than we can, so we have had to play to our other strengths and our strength has been, absolutely, around food safety, integrity and systems. That has worked for us in Japan and Korea. The Koreans believe the story that Australian meat is safe and fresh. The positive awareness for Australian beef in Japan is running at about 98 per cent. The story about clean and safe resonates, is believed and is our market advantage. There is no question about that.

Senator COLBECK—I understand that but to me, despite some of the other discussions that might have gone on through this whole debate, that points to one of the key things as part of this process. If I were an American or Canadian marketer in Japan or Korea I would be saying that we now tick that box as far as equivalents with Australia is concerned, and that presents a

marketing issue that they bring to the table and say that there is another box that we have ticked off as far as food safety and quality in respect to Australian beef. To me that is the crux of this, nothing else. That is an issue that your organisation in particular takes a key, lead role in marketing Australian beef into those markets. As you have said, the Americans have a very aggressive marketing campaign going on at the moment and obviously we have to manage or counter that in some way.

Mr Palmer—Yes and no. Our preference is that beef and the conversation around BSE—not just here but around the world and particularly in North Asia—is taken off the media. The thing we desperately need in the North Asian markets is stability to come back in, and people talk about beef because they want to eat it. As a result with any cloud that hangs over it in one form or another—less than 12 months ago there were riots in the street in Korea about the importation of American beef—we all suffer as a result of that; everybody suffers in that marketplace. I actually think that the Americans spending \$1 million a month in Korea is good for beef, because the real game is to get the consumption up. Japan now is looking at an extra kilo per head. An extra kilo in Japan is worth 120,000 tonnes. An extra kilo in Korea is 43,000 tonnes. So the pie is well and truly big enough. In 2001, or 2002 or thereabouts their consumption was much higher than it is now. They have had the shocks through the America story and they have had issues of their own with BSE. There is a bit of a stigma and we have to get rid of that because there is growth in both those markets for Australia, America and other suppliers in the region.

Senator HEFFERNAN—Do you think the delay in getting behind the sector is in the proposition that the market is more important than the human aspects of it? You heard the evidence earlier. Try and explain that to someone who is on the waitlist for variant CJD.

Mr Palmer—CJD, as I know it, affects roughly one person per million per annum.

Senator HEFFERNAN—So the market is more important.

Mr Palmer—No. One person per million per year regardless of your diet, regardless of what you are eating. I did not hear any suggestions, I hope, this morning that CJD was in any way related to eating meat. In the matter of new variant CJD, large numbers of policies around the world are still in existence because of the model done by the Europeans and particularly the English back in 1988 or thereabouts. They reckoned that upwards of 150,000 people were going to die from new variant CJD. Well, the number is somewhere between 195 and 202.

Senator HEFFERNAN—As Senator Colbeck says, this is about trade. It is about us using our credentials, which you have identified as our market premium because of our status. That is about all it is about. It is about saying to Australia's cattle producers, who in real terms are at their lowest ebb for 30 or 40 years, that we are no longer going to apply the torch of our status to these markets because we are going to say to the Japanese and Koreans: 'Well, mate, American and Canadian beef is as good as ours.' Can I just go the circumstances of the proposed nonapplication of an IRA to the process and the MLA's attitude towards that? When was the original IRA applied?

Mr Palmer—I do not think there has been one. I think we were doing business with the United States before IRAs were thought of.

Senator HEFFERNAN—So you do not know the answer?

Mr Palmer—As I said, the trade with America has been going for decades and probably predates IRAs.

Senator HEFFERNAN—The department says there has been one, which they are relying on, but it is interesting that the industry representatives do not know when that was.

Mr Palmer—But you see, Senator, the important thing here is that the industry has got very clear views on outcomes, and how technical people frame the inputs and outputs is really a matter for the industry.

Senator HEFFERNAN—Having sat through the apples and bananas and all the other things where there has been a lot of human failure against the science, I understand that implicitly, but, given that there are 200,000 levy payers and given that there was consultation with, I think, about 300 to 400 in this process—they had 30 somewhere and 300 somewhere else and a few up in Darwin—

Mr Palmer—I would not count that as consultation.

Senator HEFFERNAN—No, neither would we, by the way. There was no consultation that was meaningful with the growers.

CHAIR—Hang on a second. Mr Palmer, just to clarify that, I am sure that I actually asked you what consultation there had been and you gave those three meetings as examples of where there had been consultation with the industry. So is my recollection wrong? Now you are saying that actually there was not consultation?

Mr Palmer—I do not think it was consultation in the strictest definition. Having a conversation with people in a public hall is a form of it. If you want the record to show that the MLA spoke with nobody—

CHAIR—No, no. I do not mind what the record says on the MLA, Mr Palmer, but we cannot have conflicting views within the one. Either it was consultation, as you stated before that it was, or it was not. I do not mind either way. We need just one view from you, not two.

Mr Palmer—Consultation is in the eye of the beholder. If attendees at any meeting where it was discussed did not feel that that was consultation then I will bow to their view. I am not really caught up with it.

Senator HEFFERNAN—We may have met with 300 or 400—whoopee. Why do you think there should not be an IRA in this case? Do you think there should be?

Mr Palmer—If the technical competents of the Australian government departments are of the view that an IRA is necessary then I am confident the industry would support it.

Senator HEFFERNAN—They have said it is not necessary. Do you agree with them?

Mr Palmer—I think there is a tendency to cede to technical competency. The industry's right to preview the protocols has been assured but, if you want my opinion, I do not feel confident to say whether or not an IRA is necessary.

Senator HEFFERNAN—Do you not think it reasonable for the industry to ask: 'Why isn't there an IRA?' We have not got an answer.

Mr Palmer—It is reasonable to ask and it is reasonable to be informed that in the view of the technical base it is not necessary.

Senator HEFFERNAN—Okay, I accept that. I am reminded of the technical inputs into the Brazilian effort when they said, 'Whoops, OIE says it's okay. We'll go along with that. Would you get me a coffee? I'll have a glass of wine.' It was a complete farce. How do we know this is not going to be a complete farce? Until this committee opened up this issue the industry representatives, including you and the Cattle Council, were happy to go along with a government that said, 'We've got to make these negotiations in confidence. We're not going to tell you what the protocols are and we're not going to consult you on them. We're just going to announce them towards the end of February'—which may be this afternoon, I am told.

Mr Palmer—That does not accord with my memories. Back in October, when this was first announced, it was our understanding that what has transpired in the last while was going to happen.

Senator HEFFERNAN—That is not the evidence that was given to this committee, in fact. They said there would not be consultation, they would not be bringing it back for public scrutiny, and it would be a bureaucratic decision which would be given to the people who make application, saying, 'Go and bite yourself.' As a consequence of that, to their credit, the Cattle Council have said, 'Well, we would like to have a look at them.' You blokes are going to get a look—have you seen the draft protocols yet?

Mr Palmer—I understand they are in existence and I think they are going to be posted pretty soon on the internet.

CHAIR—Senator Heffernan, we might move on to the departments and ask them if they can table the protocols, if you are done. Would you like a final question?

Senator HEFFERNAN—Obviously we are not done, but I have no further questions for Mr Palmer.

CHAIR—Mr Palmer, thank you very much again for giving us your time today. I will hazard a guess and say that this may be the last time we need you to appear.

Mr Palmer—Can I just say one thing in closing, Madam Chair? There was a comment earlier, a rather spirited debate around the beef off the shelves story. It is a judgment, again; a lot of this is about judgment. A judgment exists that, unless there was absolute certainty that there was not going to be some hysterical display with somebody ripping beef off the shelves, it was a risk this industry was not prepared to take because, in the heat of battle, if some jurisdiction had decided to move pre-emptively and rip the stuff off the shelves, it would be like a bushfire. If there were

the slightest doubt then, in our view, we could not take that risk and therefore, like the New Zealanders, we wanted that clause to be omitted. There was a clause in the act—I have not seen it but it has been quoted to me many times—which expressly did not apply to New Zealand and therefore by definition applied to Australia. That had to go.

Senator BACK—Why did industry not tackle that side of it?

Mr Palmer—They have tackled it for five years.

Senator BACK—The New Zealanders have been successful and the Australians were not.

Mr Palmer—Absolutely.

Senator BACK—That is pathetic.

Mr Palmer—There was a question before about what happened in the United States when they had their case. I was living there at the time and my local Safeway store took off the shelves all beef that came from Washington state.

CHAIR—Thanks, Mr Palmer. It is interesting to note that, in all of this, beef off the shelves is the only part of this very complicated debate where you are not happy to wear negligible risk.

Senator HEFFERNAN—In 2005 the meat off the shelves policy was discussed. It was an Australian government decision, implementable by the states, against the judgment of people like New Zealand. At the time, the industry was asked to do a cost-benefit analysis of the only other way out, if you were not going to insist. There were two ways out: we could say to the states that we do not think meat off the shelves applies—we could have done that but we did not—or we could do SRM removal. To the best of your knowledge, was that cost-benefit analysis ever done?

Mr Palmer—I am sorry, Senator, I have to take that no notice. I was not in the country at the time. It could have been. I do not know.

Senator HEFFERNAN—This was a meeting of all the industry.

CHAIR—Mr Palmer, if you could take that on notice. Thank you very much for appearing.

[12.05 pm]

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

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

NUNN, Dr Mike, Principal Scientist, Animal Biosecurity, Department of Agriculture, Fisheries and Forestry

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

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

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

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

McDONALD, Ms Mary, First Assistant Secretary, Regulatory Policy and Governance Division, Department of Health and Ageing

McCUTCHEON, Mr Stephen Donald, Chief Executive Officer, Food Standards Australia New Zealand

CHAIR—I now welcome representatives 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 remind senators that the Senate has resolved that an officer of a department of the Commonwealth or 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 policies and does not preclude asking questions 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 submissions with the committee. Do you want to make any alterations or amendments?

Mr Yeend—I would like to make a few opening comments.

CHAIR—Does anyone else want to make an opening statement before we move to questions? Mr Yeend obviously does, Dr Carroll does, as does Mr McCutcheon.

Mr Yeend—Very briefly, we would like to bring to the attention of this committee a statement that was made by the Secretary of the Department of Foreign Affairs and Trade to the DFAT additional estimates hearing on 11 February, and we would like to table that document because we think it is very relevant to the proceedings here. The statements sought to clarify a number of the issues that have come up through this process including comprehensive industry consultation that has taken place, and that issues of human health and safety and animal health and safety have been paramount in the considerations before the government in considering this.

Senator HEFFERNAN—Can I just seek a point of clarification? Is this the one that Mr Richardson presented that night at estimates when they shut estimates down?

Mr Yeend—That is the statement that was tabled.

CHAIR—We do have some senators here that may not have been at estimates, Senator.

Mr Yeend—Before Senator Heffernan asked those questions, I was saying there was comprehensive industry consultation and that issues of human health and safety and animal health and safety have been paramount before the government in moving forward in taking a decision, and that the new procedures will have very detailed risk assessment processes that will be put in place to ensure that there remains negligible risk in the changed policy.

We also set out the reasons why, in this instance, there is no need for an import risk assessment. We again drew attention to the fact that, in terms of specific DFAT issues, we have always made it clear that trade considerations were part of the decision that government took but that they were only part of a number of factors in the decision to change policy. We did draw attention to the very serious implications of a potential WTO dispute or inconsistency with our international trade obligations and that that could have very grave and serious implications for our beef industry, which of course is heavily dependent on export markets.

That paraphrases the statement. I would draw your attention to the fact that there is a longer statement which goes into a lot more detail that is relevant to this committee. We would be happy to answer any further questions on any of these issues.

CHAIR—Thank you, Mr Yeend. Dr Carroll, I understand that you have already tabled your opening statement, which we have for our perusal, so I do not think we need 10 minutes to read it through. If you could provide its key points, that would be useful.

Dr Carroll—Thank you. As I said, the statement we provided is meant to focus on the legislation, which was a responsibility of DAFF in overlooking the importation of beef and beef products for human consumption. It outlines the original decision-making process and procedures, including that the original implementation did not require amendments to the Imported Food Control Act, the Quarantine Act or subordinate legislation. The original measure, back in 2001, was introduced following FSANZ's advice that bovine meat and food ingredients derived from bovines must be derived from animals free from bovine spongiform encephalopathy. That was adopted on 18 July 2001—and FSANZ can detail how that happens—

and it has continued to apply. We put in the temporary ban. The imported food control order was subsequently amended, which elevated beef into a risk food. This meant that every consignment that came in had to be referred to AQIS for assessment. That is the effect of the change to that order. We use exactly the same legislation. An administrative process was put in at the time the original measures took place. The new measures have been developed based on FSANZ advice on implementation of the code, which we carry out.

With regard to the quarantine measures, the normal quarantine processes will apply. The actual processes of a regulated import analysis or regulated IRAs conducted under certain circumstances are provided for in the quarantine regulations. An IRA will be undertaken when relevant risk management measures have not been established or relevant risk management measures for similar goods or pest diseases do exist. But the likelihood and/or consequences of entry, establishment or accidental spread of pest disease could differ significantly from those previously assessed. That is not the case at this stage, so a risk analysis which does not meet these criteria will be undertaken as a non-regulated analysis, which is what will take place here.

Senator HEFFERNAN—Mumbo jumbo.

Dr Carroll—The department's normal animal quarantine procedures are that each country applies to Biosecurity Australia for access to fresh beef—and I stress that this is for quarantine purposes, not for human food safety purposes. The priority for that request is determined by the department's Import Market Access Advisory Group. Once a priority is determined, the access requests can be included on the program for BA. BA carefully assesses or reassesses the animal health status of the exporting country for the potential cattle disease concerned. For fresh beef for human consumption, draft animal quarantine conditions are developed based on the animal health status of the exporting country. If required, an in-country visitation can be undertaken. The draft animal quarantine import conditions are then circulated to stakeholders for comment before imports of fresh beef for human consumption from other countries commences. The conditions would include freedom from FMD and rinderpest, both of which are serious viral diseases of livestock. The finalised animal quarantine import conditions are implemented by AQIS.

CHAIR—Thank you, Dr Carroll.

Mr McCutcheon—I will be very brief. We have a statement that I am happy to table, but I will go to the key part of it. Essentially the food standards in the Australia New Zealand Food Standards Code are legislative instruments for the purposes of the Legislative Instruments Act 2003. However, under the provisions of the Food Standards Australia New Zealand Act 1991, food standards are not subject to disallowance or sunset. This means that food standards are not laid before parliament and do not expire or sunset after 10 years like most legislative instruments.

The Legislative Instruments Act commenced on 1 January 2005. The first BSE measure was introduced under what was then section 37 of the Australia New Zealand Food Authority Act 1991, on 30 August 2001, although it did not commence for several months after that date. FSANZ subsequently refined the BSE measures in the code with effect from 27 February 2003. Both of these variations were made prior to the commencement of the Legislative Instruments Act.

Section 29 of the Legislative Instruments Act required legislative instruments made prior to 1 January 2005 to be back-captured onto the Federal Register of Legislative Instruments. FSANZ complied with its obligations under the Legislative Instruments Act and lodged both the initial and refined BSE measures for registration on 3 May 2005. Standard 2.2.1 of the code, which contains the BSE measures in clause 11, is a registered legislative instrument and available on the Federal Register of Legislative Instruments internet database, ComLaw.

I read that out because I think Senator Back at the last hearing raised some questions around that. Hopefully that responds to that.

CHAIR—Thank you. Are you able to table the protocols for us?

Mr McCutcheon—Not at this very moment, but we are hoping to finalise the questionnaire either later today or early tomorrow morning, and it will be put on the FSANZ website after that.

CHAIR—In terms of the Cattle Council having been given assurance by the minister that they would have input into the development of the protocols, what have been your discussions with the Cattle Council and other industry bodies?

Mr McCutcheon—Following these issues being raised at the previous hearing, FSANZ consulted with the Red Meat Advisory Council and provided the Red Meat Advisory Council with a copy of the draft questionnaire. The Red Meat Advisory Council in turn consulted with its members and provided comments back to FSANZ on the draft questionnaire.

Senator HEFFERNAN—So you did not consult with the Cattle Council as an individual body?

Mr McCutcheon—I had one face-to-face meeting with the Cattle Council, on a Friday—I cannot remember the date—two weeks ago. The formal consultation mechanism was through the Red Meat Advisory Council and through its executive officer, Justin Toohey.

Senator HEFFERNAN—For the non-formal meeting that you had, do you have contemporaneous notes, a time, a date and a list of who attended, and could you table that?

Mr McCutcheon—I can tell you who was in attendance.

Senator HEFFERNAN—Can you table the notes taken from that meeting?

Mr McCutcheon—Yes.

Senator HEFFERNAN—On notice. There is no need to do it now.

Mr McCutcheon—No problem at all. I can do that.

CHAIR—Sorry, when was that Cattle Council meeting?

Mr McCutcheon—That was an informal meeting I had with them Friday week ago.

CHAIR—Can you explain for us the process of the questionnaire—how that will work and what it is intended to do. I just indicate to the departments that we will have to pull up at about 25 past 12 and we will be requiring you to come back. I do apologise for the overrun this morning.

Senator STERLE—I share your frustration, Dr Carroll.

Senator HEFFERNAN—Didn't I see you at the gym this morning, Dr Carroll?

Dr Carroll—No.

CHAIR—Mr McCutcheon, could you outline that for us?

Mr McCutcheon—The questionnaire that I referred to is the *Australian questionnaire to assess BSE risk*. It is essentially a document that sets out the criteria that will be examined to determine BSE risk. It will go through various areas that Food Standards Australia New Zealand, and particularly the Australian BSE risk assessment committee, will be interested in exploring. That is around the risk assessment requirements and other system requirements that other countries might have. They include such things such as BSE awareness programs, compulsory notification and investigation of BSE cases, diagnostic capability, animal traceability and identification systems, BSE history of the country and then the ongoing review of the country's BSE status and any additional data. So it is quite a comprehensive questionnaire that we will be using as the basis for those countries that want to make applications to have their BSE status examined. It is on that questionnaire that they are required to make their submissions.

CHAIR—Exactly who will be filling it out?

Mr McCutcheon—Governments from applicant countries.

CHAIR—Are questionnaires something we use regularly in terms of phytosanitary arrangements?

Mr McCutcheon—In terms of phytosanitary arrangements?

CHAIR—In terms of assessing the appropriateness of other countries to import.

Mr McCutcheon—The questionnaire approach, I guess, is the approach that the OIE have used.

CHAIR—No, no. Have we used questionnaires before to determine the appropriateness of a country to import product into this country?

Mr McCutcheon—I will have to take that on notice.

CHAIR—How could you not know that? This is enormous. I am sure you would know whether or not you had used them before.

Senator HEFFERNAN—This is a farce!

Mr McCutcheon—This is going back. The last time FSANZ was involved in doing BSE related work was in the early part of the 2000s. I guess at that stage the categories that were put in place were reasonably straightforward. In other words, if a country had a case of BSE then it was automatically not granted access.

CHAIR—No, no. I am just interested in this issue of the questionnaire. I just want to go to one issue at a time. Go to the questionnaire first and then BSE.

Mr McCutcheon—The use of questionnaires—I have just been advised—has been in place since 2001 for BSE.

CHAIR—No, I am not talking about for BSE. I am talking in general, as an appropriate measure to determine the appropriateness of another country as a protocol—

Senator HEFFERNAN—Protocol? What a joke!

CHAIR—to importing into this country. How often, when, where and why do we use questionnaires?

Mr McCutcheon—I think you have been a little bit confused here. Essentially, the job of FSANZ is to conduct a risk assessment of a country—in this case of a country's BSE status. To be able to do that, we develop a questionnaire that will basically provide guidance to all those countries that want to make an application on the sorts of questions that we need answers to before we would, firstly, consider their application and, secondly, agree to it. That is a fairly straightforward process. I am not too sure what else I can add to that.

Senator HEFFERNAN—Given the whole-of-government decision to do what we are about to do, it is very cunning—Madam Chair, as we have demonstrated many times with this mob—of them to have compartmentalised the various bits. You say, 'Oops, it's not an animal thing, but we're doing the little bit with the questionnaire.' Can I just go to the question, because I have to go. Was there originally an import risk analysis on the importation of beef into Australia?

Mr McCutcheon—I will have to defer to my colleagues in DAFF on that one, if you are talking about import risk analyses.

CHAIR—That is okay. Defer away. Somebody answer it. Maybe somebody from DAFF might also be able to assist Mr McCutcheon on the issue of the questionnaire and on when and how often that has been utilised in the past from DAFF's point of view in terms of biosecurity. I am very curious. But answer Senator Heffernan's question first.

Dr Nunn—Part of the difficulty in this discussion revolves around the term 'import risk analysis'.

Senator HEFFERNAN—Could I clarify for you—

CHAIR—Senator Heffernan, just let him speak.

Dr Nunn—Can I clarify something?

Senator HEFFERNAN—Can I go to import risk analysis versus import risk assessment, and you define them.

Dr Nunn—Okay. The import risk analysis process is a new process under government. It is a formal process that involves a regulated pathway of 24 months or 30 months to completion. We have not done an import risk analysis under those rules. That is correct.

Senator COLBECK—You haven't?

Dr Nunn—No, because our processes were introduced a long time after trade in meat and meat products was established. We have done, however, risk analyses or risk assessments, which are informal. They are outside that process and before that process.

Senator HEFFERNAN—What a joke!

Dr Nunn—No. Senator, there is a difference. One is a recently regulated pathway.

Senator HEFFERNAN—It sure is. We want a formal process, Buddy.

CHAIR—Senator Heffernan, just hang on. I am trying to determine what the import risk assessments have been done on. Were the IRAs in the past analyses or assessments?

Dr Nunn—The whole process is one of difficulty of language. The whole process really is one of risk analysis and the scientific component of that is risk assessment. Risk analysis involves the components of risk assessment, risk communication and risk management. The scientific part of that is the scientific risk assessment. The job of my agency, Biosecurity Australia, is to do the risk assessments, which form a greater part of the import risk analysis process under the new pathways.

CHAIR—Has any of that ever been done in terms of BSE?

Dr Nunn—Risk assessments have been done in the past and they have been done for meat and meat products and they have been done internationally. Internationally rules have been defined by the OIE for the trade of meat and meat products around the world.

Senator HEFFERNAN—So, when we decided—brilliantly—to bring beef from Brazil, was it an import risk analysis that ticked it off?

Dr Nunn—That was before my time. It was a long time ago.

Senator HEFFERNAN—Could you take that on notice?

Dr Nunn—I think it has been taken on notice before.

Senator HEFFERNAN—What was the process? Is there any brilliant mind in the room that can answer the question? Was someone here in those times? Dr Carroll, you were.

Dr Carroll—I was not in that part of the organisation.

Senator HEFFERNAN—So you have shut it off. Madam Chair, this is the compartmentalisation. But you know what happened, so can you give us the answer?

Dr Carroll—I do not know what happened.

Senator HEFFERNAN—Can you say that again?

Dr Carroll—I was not in that part of the organisation at that time.

Senator HEFFERNAN—But you are aware of what happened in the process because we have discussed it previously.

Dr Carroll—I am aware of things that I have heard but I am not aware of the definitive answer and I would not like to mislead the committee.

Senator HEFFERNAN—Is there someone in the room? Is there someone down in the department that can come up here and give us an answer?

Dr Carroll—I do not know.

CHAIR—All right. Ladies and gentlemen, we are going to adjourn but first can I just raise with you that, as to the questions on notice from the last hearing, my understanding is that none of those have been answered.

Dr Carroll—That is correct.

CHAIR—Can you give the committee a good reason why they have not been answered?

Mr Morris—We expect that the answers will be provided very, very soon. The reason is that we were given quite a short period of time to respond, and the responses involved getting approval and agreement from a number of parties for the tabling of various letters which were not letters to the department but letters between industry and a minister, and so we needed the approval of both industry and the minister for the tabling of those. The minutes from the Red Meat Market Access Committee meeting were held by the secretariat of Red MMAC, so we needed to get the approval of that organisation and, unfortunately, those approvals take more than the three or four days that we were given. I believe we now or we very shortly will have those approvals and so should be able to table them in the very near future.

CHAIR—Marvellous, because, being mindful that we are supposed to report on Thursday, the cynic in me says, ‘Gosh—push it out as long as possible and give them as little as possible.’

Mr Morris—No.

CHAIR—I hope I am just being overly cynical. If you could get them to the committee as soon as possible it would be appreciated. The secretariat will be in touch with the departments to

determine an appropriate time to have further hearings. Thank you very much to everyone who appeared today. Thank you also to Hansard. The committee now stands adjourned.

Committee adjourned at 12.26 pm