



**Community and Public Sector Union**

Rupert Evans  
Deputy National President

Regulation of Australian Agriculture  
Productivity Commission  
Locked Bag 2, Collins Street East  
Melbourne Vic 8003

12 February 2015

Dear Sir/Madam

### **Inquiry into the regulation of Australian agriculture**

As the primary union representing Department of Agriculture and Water Resources employees, the Community and Public Sector Union (CPSU) is committed to providing a strong voice for our members in key public policy and political debates.

The preparation of this CPSU submission has been guided by the experience and expertise of CPSU members working in Meat Inspection, Biosecurity and Veterinarian roles in the Department. Our submission focuses on the necessity of strong animal welfare, biosecurity, meat inspection and plant product export regulations in Australia's economic interest.

#### *Animal welfare*

The Department of Agriculture and Water Resources employs registered Veterinarians and Meat Inspectors who monitor and assess the treatment of animals and standards of hygiene for all meat exports. This includes both livestock that are exported for slaughter as well as animals that are slaughtered and processed in Australia for export.

Australia has strict standards for humane and hygienic production and transportation of meat for human consumption. These are set out in the *Model Code of Practice for the Welfare of Animals at Slaughtering Establishments* (SCARM Report 79) and the *Australian Standard for the Hygienic Production of Meat and Meat Products for Human Consumption* (SCARM Report 80). The latter includes as an outcome 'the minimization of risk of injury, pain and suffering and the least practical disturbance to animals'<sup>1</sup>.

These Codes of Practice contain detailed standards for the unloading and holding of animals as well as slaughter techniques and stunning methods. In Australia, animals must be stunned to ensure that they are unconscious and insensible to pain before they are killed<sup>2</sup>

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<sup>1</sup> SCARM Report 79, *Australian meat exports – maintenance of inspection standards in Australia: Livestock at Slaughtering Establishments*, 2001, CSIRO Publishing; SCARM Report 80, *Australian Standards for the hygienic production and transportation of meat and meat products for human consumption*, 2002, CSIRO publishing.

<sup>2</sup> Ibid, Standard 7.10

These guidelines extend to ritual slaughter such as in the production of Halal meat. In this case the Codes of Practice stipulate that if an animal is not rendered unconscious as part of the ritual slaughter, it must be immediately stunned.<sup>3</sup>

There are also various additional requirements of Australian export abattoirs. One important requirement is that each export abattoir must have an on-plant veterinarian who is required to be registered by the relevant state veterinary surgeons board. Each state has its own animal welfare legislation and the registered veterinarians must enforce these standards or risk deregistration, resulting in the loss of their job. On-plant veterinarians have scheduled verification activities focused on animal welfare.

The CPSU rejects any assertions that these animal welfare regulations are excessive or unnecessarily burdensome. Members inform the CPSU that the so-called red tape in regards to export livestock does not cost a lot of money or time. A vet goes out, inspects then does the paperwork – it is not onerous. While fees ensure full cost recovery, there is no commercial charging and fees and charges were redesigned to align to the cost of providing services<sup>4</sup> in December 2015.<sup>5</sup>

There is room for improvement. Even with *Australian Standards for the Export of Livestock*, there is still an unacceptable mortality rate during live export voyages. 1,638 heads of cattle and 16,147 heads of sheep died during live export voyages in 2014<sup>6</sup>. In addition to this, there are further deaths when unloading cattle from ships. The likelihood of increased livestock deaths is increased the longer the sea voyage. Australian exports to the Middle East and Turkey can involve voyages of over a month in duration. Removing or cutting back animal welfare regulations, however, will not lead to better outcomes.

While the CPSU notes that non-regulatory policies such as subsidies are outside the scope of this inquiry, the CPSU does believe that it would assist farm businesses. There are pressures to reduce costs, particularly as farms have suffered under drought. Providing government assistance to subsidise inspection fees would be far more effective in reducing cost pressures on farmers than removing regulations that ensure humane treatment during live animal exports.

### *Biosecurity*

The CPSU has significant concerns about the new Biosecurity Act 2015, which is due to commence in June 2016. The CPSU has previously raised significant concerns about the introduction of the Act in numerous forums and the increased risks it will create.

Many CPSU members have expressed concerns that the move away from Department-run inspections towards self-regulation by industry participants may have adverse impacts on quarantine outcomes.

Increasing the scope of industry arrangements will result in industry policing themselves. The CPSU is concerned that these new biosecurity provisions will create a conflict of interest for industry participants. Companies will inevitably consider the impact on profits when making decisions, including releasing goods from biosecurity control. Any assessment of risk by an industry participant is likely to be influenced by the monetary impact of a decision. It is foreseeable that some industry participants will prioritise their financial interests ahead of the national interest, leading to biosecurity incidents.

While the legislation states limited functions will be carried out by industry participants under an

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<sup>3</sup> Ibid, Standard 7.12(2)

<sup>4</sup> DAWR 2015, Cost Recovery Implementation Statement: Live animal exports 2015–16, Department of Agriculture and Water Resources, Canberra, October 2015

<sup>5</sup> Department of Agriculture and Water Resources, Live animal exports: livestock cost recovery redesign, 4 January 2016, <http://www.agriculture.gov.au/fees/transition-fees-levies/livestock-export#key-changes>

<sup>6</sup> Department of Agriculture, Investigations into mortalities, <http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/investigations-mortalities>

approved arrangement, there is concern that the clause is very broad and that multiple locations with different conditions will be covered by a single agreement. CPSU members wanted to know what those limited functions are and what are approved arrangements including whether it included self-assessment. The previous *Quarantine Act* was quite specific about what arrangements could be approved.

CPSU members are also concerned that company employees may be authorised as Departmental biosecurity officers, leading to far less accountability. It is unclear, if the staff of industry participants are authorised to take on biosecurity roles, how accountability and independence in the national interest will be guaranteed. It will be difficult for a company employee to be truly independent of their employer and act in the national interest in the manner that a Departmental employee can.

The CPSU has significant concerns that the move away from Department-run inspections towards self-regulation by industry participants may have adverse impacts on quarantine outcomes. Adverse impacts on quarantine outcomes can devastate whole sectors of the agriculture industry.

The CPSU previously raised these concerns about the conflict of interest of authorised officers, employed by industry rather than the government, and the difficulty to be independent of their employer in a submission to the *Inquiry into biosecurity and quarantine arrangements*.<sup>7</sup> Members noted that the proposed self-regulation of import inspections by industry participants is similar to the current regime for meat inspectors, which has been problematic (discussed later in this submission).

While some businesses may believe that self-regulation could be an improvement for the businesses that do the right thing and reduce their costs, there is significant concern amongst CPSU members that agricultural *industries* may see a greatly increased risk from those who do not do the right thing when they want to avoid additional costs. Further, some quarantine risks are of an environmental nature rather than an industry one and it is difficult to see businesses involved in self-regulation holding the same concerns about environmental risks.

An example provided by a member was the importation of heavy machinery. Imported heavy machinery needs to be “as clean as new” and are assessed at Quarantine Approved Premises. The member indicated that often these imports are failed by the Department multiple times as they are not “as clean as new”. It is unclear how there will be a guarantee that this will occur with self-regulation unless caught out by an audit.

These examples highlight that rather than focusing on importers and the narrow issue of cost to individuals, any changes to regulations and risk assessments should focus on the national interest.

Given the concerns the CPSU has raised, more, rather than less, stringent biosecurity regulations are likely to be required.

### *Meat Inspection*

Regulations and safety standards help ensure the quality of exports and their removal threatens Australia’s good reputation. The transfer of meat export inspections from a solely government run service to a system where companies could use their own inspectors illustrates how a focus on reducing regulatory “red tape” can be a major risk to Australia’s economic interests.

In 2011, then Minister for Agriculture Ludwig oversaw a significant transition in the delivery of meat inspectors at export meat plants with the introduction of the Australian Export Meat Inspection System (AEMIS). As part of this system, a privately employed meat inspector would perform the post mortem

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<sup>7</sup> Community and Public Sector Union, “Submission to Inquiry into biosecurity and quarantine arrangements”, 18 November 2010, p.3

inspection and a federal meat inspector (FSMA) would stand at the end of the production line to carcass inspect (only for major pathology) to satisfy US requirements.

In 2012, an audit by the European Commission found that this inspection system was not in compliance with European food safety regulations.<sup>8</sup> The European Commission audit staff concluded that having company-paid inspectors perform inspection was a conflict of interest. These arrangements led to a loss of quality control and the rejection of Australian meat by European import inspectors. These types of problems are not confined to the European market. Thirteen shipments of Australian meat were rejected by the United States last year because they contained faeces or other matter and E. Coli was detected in three shipments.<sup>9</sup> Vietnam has also rejected frozen Australian beef that was contaminated with salmonella.<sup>10</sup> These incidents demonstrate that outsourcing government functions can undermine overseas confidence in Australian products and threaten major exports to markets such as the United States which is worth more than \$1 billion a year.<sup>11</sup>

In 2013 the Department of Agriculture was informed by the European Union (EU) that AEMIS did not meet EU requirements and to do so companies could not pay the meat inspectors directly. EU registered plants had two options to seek their own third party to undertake the inspections, or return to utilising Department of Agriculture meat inspectors.

CPSU delegates are also aware of correspondence in 2010 from the US Food Safety Inspection Service (FSIS) to the Department of Agriculture advising that the Department does not have approval for the use of third party contractors to provide meat inspection services for export to the US market.

At the time of implementation of AEMIS a number of smaller plants indicated that they would prefer that the Department of Agriculture to continue supplying meat inspectors to perform post mortem inspection. This was agreed to by the Government and at least a third of plants retained Department of Agriculture Meat Inspectors.

This example shows the failings of removing regulations applying to agriculture, primarily that it is unlikely to reduce either the regulatory requirements or cost to business of having meat certified to the required standards for export. Furthermore, it may cause further problems with our compliance with key overseas markets requirements.

### *Plant Product Exports*

CPSU members have raised concerns about the regulations governing the export of plant products and the use of external, rather than Departmental staff to perform inspections.

There are now over 1000 'Authorised Officers' (AOs) who are eligible to perform export inspection for plant products on behalf of the Department. The Department is examining expanding the AO function to protocol inspections. There is higher risk in the protocol markets because one failure can mean the entire export market is lost for that product for that season.

There is difficulty in maintaining the knowledge and ensuring compliance of over 1000 private industry inspectors. The majority of these inspectors are directly employed by the companies that they are inspecting for. Members have the same concerns regarding conflict of interest and maintaining export

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<sup>8</sup> European Commission, Food and Veterinary Office, Australia's Response to DG (SANCO) / 2012-6361– MR PREFINAL, [http://ec.europa.eu/food/fvo/act\\_getPDFannx.cfm?ANX\\_ID=7442](http://ec.europa.eu/food/fvo/act_getPDFannx.cfm?ANX_ID=7442)

<sup>9</sup> Brewster, Kerry, "Aussie meat exports found with E.coli, faeces", *ABC News*, 25 May 2012, <http://www.abc.net.au/news/2012-05-25/aussie-meat-exports-found-with-e-coli/4032216>.

<sup>10</sup> Sue Nealeas and Sarah Elks, Vietnam rejects Aussie meat. *The Australian*, <http://www.theaustralian.com.au/national-affairs/policy/vietnam-rejects-aussie-meat/story-fn59nm2j-1226389599466#>, 9 June 2012

<sup>11</sup> Jessica Burke, Australian meat exports contaminated: biggest export market at risk, *Food Magazine*, <http://www.foodmag.com.au/news/australian-meat-exports-contaminated-biggest-expor> 4 June 2012

markets that were raised about meat inspection. There have also been reports of some AOs leaving one company because of undue pressure to do the wrong thing.

Members have informed the CPSU that the current audit regime is not sufficient to ensure confidence and overseas markets would be concerned if they examined the system. Given the importance of plant product exports, such as wheat and cotton, to Australia's economy, this should be of great concern.

Rather than agricultural regulations being unnecessarily burdensome, they are necessary to ensure confidence in Australia's agricultural exports. Previous moves to reduce regulation have increased risks and led to deterioration in Australia's reputation as a disease and pest-free country with good quality agriculture exports, undermining one of our key competitive advantages.

For further information, please contact Dr Kristin van Barneveld, Director of Research

Yours sincerely,

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