

**Operational and Environmental Risk
is coming to a processing facility near
YOU**

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Sessions:

- **Microbiology in the Australian Meat Industry CB**
- **Product Integrity JD**
- **Carbon Foot prints CB**
- **Beale Review JD**

Session 1

12 mins

- Conrad will explore the range of options and expectations in the microbiological assessment and outcome criteria for red meat production for the human food chain

Session 2

12 mins

- John will discuss the range of product integrity measures that are becoming integral to our industry and form the basis of our market access conditions to many of our major markets

Session 3

12 mins

- Conrad will explain the situation with carbon emissions and your plant and how it is likely to impact on your business into the future

Session 4

12 mins

- John will look at the consequences of the government's decision to accept the recommendations of the Beale Review and the likely impact on your plant

Product Integrity

- **Traceability**
 - Food borne diseases
 - Animal health status
 - Export certification
- **Accurate description (truth in labeling)**
- **Tamper evidence**
- **Food Chain security**

Traceability

Nation

State

District

Pic Number/ RLPB ID/ Farm name

Mob

Line

Lot

Individual animal

Carcase

Carton

Cut

Meal

Why Bother?

- Legal liability (can provide protection if challenged)
- Commercial requirements (supermarkets, burger chains)
- Regulatory requirement (AS 4696)
- Certification requirement (market access)
- Moral requirement (customer service)

What is expected?

- Dependent upon the stakeholder
- The expectations are growing
- Cost of compliance is increasing
- Cost of failure can be prohibitive

Traceability:

How come its my problem – I don't own the stock

- You are the “keeper of the gate”
- You are an easy target (from a regulator perspective)
- You physically see and handle every animal
- Processing facilities are the one common point in the food chain – therefore its logical!
- When a problem forces everyone up the chain to pass the buck you're the last step in the chain

Tamper evidence – Food Chain Security

- Arnotts/ Mars/ Nestle (recent examples of extortion threats)
- Terrorism, consumer activism (pork in sheep feed)
- CTPAT (US customs/ Homeland Security)
- Product ID (EU carton seals – trade in Aussie cartons?)

What will tomorrow bring?

You will be expected to provide a direct and evidentiary link between food supplied on a plate and the individual animal it came from including all steps along the distribution channel and clearly show how control was maintained !

Systems may include:

- DNA tracing
- Container and truck satellite tracking
- Individual animal ID carried through slaughter to packaging
- Bar code linkages between steps in the chain

Summary

1. Start to think of internal design steps to get you where you need to be
2. You probably can't fight it so get smart and make it work for you
3. There are too many stakeholders out there who want this to happen for it to go away
4. Ensure your suppliers provide you with the necessary information
5. When (not if) the balloon goes up mate-ship won't count for much so make sure the people one step up and one step down the distribution chain from you do what you need them to

Beale review

- Initiated following the Equine Influenza outbreak
- Examined Biosecurity in Australia
- Focused on the role of AQIS
- Came out with 80+ recommendations
- Minister Burke accepted all recommendations

Significant recommendations

1. FMD live virus in AHL Geelong
2. Removal of the 40% export rebate

40% export rebate?

- Arose out of the Productivity Commission review into cost recovery undertaken in 2000 and released in 2001
- A significant finding was that cost recovery should not be used as a revenue raising exercise by government
- Industry should pay for those “services” provided by government
- In the meat industry this is the inspection service

- Of the costs incurred in running AQIS 60% related directly to inspection services and 40% to central office and regional office functions
- RMAC took the commission findings to the then government and the concept of the export rebate was born
- The rebate commenced in 2001
- Note it is a rebate NOT a subsidy (check your Oxford Dictionary)

- Beale unilaterally and without any consultation with industry whatsoever recommended the removal of the rebate
- The Minister, also without any consultation with industry, accepted the removal
- At AMIC's insistence the Minister agreed to a reform agenda to soften the blow of the rebate's removal
- The AMIC - AQIS Ministerial Task Force devised a reform strategy that both industry and AQIS could accept and this was put to the Minister as a joint package
- To date the Minister has still not formally accepted this package

- The reform package will NOT provide industry members with a “no fee increase” outcome
- The reform package does not compromise market access
- The reform package does entail the transfer of some costs from government to industry
- No other country in the world imposes this type of government charge on its industry (Incl NZ)

Where are we up to?

The Senate has acted to disallow the fees motion meaning that fees remain where they were on 30th June 2009

The government can request the Senate to revisit this decision and the next opportunity is immediately after Senate estimates (in about 2-3 weeks)

If only one Senator decides to vote with the government the fees orders will be enacted

What can this mean to me?

- Export
 - Your AQIS fees will essentially double
 - Any reform agenda requires the Minister's sign off
 - This government decision just adds to your difficulties with:
 - Stock access
 - AUD dollar valuations
 - Market competitiveness
 - Market access
- **IT JUST GOT TOUGHER**

What can this mean to me?

- Domestic
 - Expect greater competition from product diverted to the domestic market
 - Expect industry consolidation
 - Expect plant rationalisations and corporatisation

Summary

1. Our Beale problem is a political problem trying to find a technical solution
2. There is no easy solution and there will be no winners
3. Only a policy decision reversal (highly unlikely) AND a commitment to reform (possible) will take you anywhere near your market place competitors
4. Remember **NO** other country expects its industry to pay for the government bureaucracy as well as the service delivery