

8 March 2019

Food Export Review

Via email: [foodexporttaskforce@agriculture.gov.au](mailto:foodexporttaskforce@agriculture.gov.au)

Dear Sir

RE: Food Export Review

I refer to the review to examine the interaction between Australia's food regulation system and the growing demand for Australian food exports and the request for public and industry feedback.

1. About the National Working Party on Grain Protection

The National Working Party on Grain Protection (NWPGP):

- Is the industry body responsible for providing management and leadership to industry in the areas of post-harvest storage, chemical use, market requirements and chemical regulations.
- Is facilitated by Grain Trade Australia.
- Has members across the entire grain supply chain.
- Hosts an annual forum providing participants with the latest research and developments, in the area of post-harvest storage and hygiene, chemical usage and outturn tolerances, international and domestic market requirements, and regulations.
- Co-ordinates and provides government with industry views on chemicals in use on grain and associated products.
- For further details, refer to <http://www.graintrade.org.au/nwpgp>

2. Discussion

a. Australian Food Exports – Prospects for Agri-food Exports

*It is noted in the paper "It suggests Australian food systems are competitive and enjoy a world class reputation and good market access. Australian safety and biosecurity and measures standards contribute to this – indeed in some markets Australian food regulation systems are regarded as providing sufficient assurance and no additional import requirements are imposed. The Australian brand often attracts a premium in world markets."*

In relation to grain exports, Australian grain does indeed have an enviable reputation of complying with Australian and importing country chemical residue limits. Whilst there remains a high compliance that has been consistently achieved over many years, there remains some low-level issues of concern where chemical residue limits have not complied.

In general, markets do not impose additional requirements on the industry in order to maintain that high compliance. However, additional sampling and testing requirements are infrequently imposed as a result of non-compliance. Within this context, it is important that any industry and/or regulatory reforms arising from this review:

- Continue to add to the reputation of Australian grain;
- Do not unnecessarily over-burden industry where not providing benefits; and
- Assist the industry to meet ever tightening requirements for residue limits on exported grain.

b. Australian Food Exports – The global trading environment

It is noted in the paper *“Increasingly Australia’s food exports are facing more complex importing country requirements and expectations. Chief among these are sanitary and phytosanitary (SPS) measures. These measures are often imposed to meet legitimate public policy concerns relating to biosecurity and food safety standards”*.

It is rare that a market relaxes an existing maximum residue limit (MRL) for a particular chemical / commodity situation. More frequently, MRLs are decreased due to a range of factors which may or may not be related to food safety per se. These changes are often outside of the Australian industry’s control. Despite the ability for Australia to provide a submission seeking a higher MRL based on sound scientific justification, at times this has little impact.

Of most concern to the industry is where:

- Markets are continually decreasing MRLs for non-safety reasons (i.e., public perceptions etc.); or
- An MRL does not exist. In this case the lack of an MRL (or a suitable default policy) may mean a nil tolerance applies.
- Market MRLs that apply are unclear. Transparency of regulations is a key element of international agreements and industry remains frustrated this is not always complied with.

Industry works closely with the relevant Australian government departments to address these concerns. We are also aware of the excellent work the Australian Government does regionally and internationally to pursue overseas country adoption of relevant international protocols. There remains further opportunity for the Australian Government, with industry in partnership, to pursue overseas countries to adopt and implement international agreements related to SPS measures. Thus ensuring a more valid and fairer trading environment in relation to MRLs that apply in each country.

Existing Australian government/industry measures are available to respond to importing country requirements where the measures adopted create artificial barriers and additional costs to industry, over and above those required under international agreements. For example, where a market requires fumigation in Australia at specific rates (sometimes in excess of that legally allowed in Australia or required to control the quarantine pest). At times success in removing these regulations is achieved, at other times, these efforts are unsuccessful.

In general in almost all situations there remains significant opportunity for adequate resources to be allocated from the government to assist industry to liaise with overseas countries (regulators and industry) to reduce these overly burdensome requirements. In most cases the cost benefits for industry are significant, yet it appears on some occasions sufficient Government resources are not allocated to those high priority issues as identified by industry, for many reasons including:

- Other priorities – for grain or non-grain commodities
- Lack of resources

c. Regulation of Food in Australia - Agricultural pesticides and veterinary medicines residues

It is noted in the paper *“The object of the food regulatory system is to ensure a high standard of public health protection throughout Australia and New Zealand that translates to a high degree of consumer confidence in the quality and safety of food produced, processed, sold or exported”*.

The grain industry fully supports that goal and strives to use chemicals and supply grain on the domestic and export markets that complies with that intent. Systems are developed and implemented to assist industry to comply with the Australian regulations and those that apply overseas.

There remains however difficulty in interpreting and implementation of some of the regulations for chemicals within Australia. Specifically:

- The differences in MRLs that are listed by FSANZ (in the Food Code) and APVMA. These arise through differing regulatory measures and while there are some avenues for the differences to be managed in a timely manner, there remains a significant gap in ability via regulation for those differences to be more effectively handled.
- These different MRLs are not adequately managed in terms of industry understanding of the applicability of the MRL on domestic and export grains that apply and the reasons for the differing MRLs. The opportunity exists for reform in this area to further assist industry compliance with those regulations.
- Where chemical residue violations occur and are notified to the relevant authority, trace-back investigations occur. Again there is opportunity to further clarify regulations that apply regarding MRLs and the control of use of chemicals (including “*compliance and enforcement*”) that apply in each State/Territory. Having different regulations in these jurisdictions is confusing at times and may lead to inappropriate use of chemicals and therefore residues on grain sold as food domestically or at export. Again, the opportunity exists to enhance those regulations while at the same time not unnecessarily restricting access to vital chemicals needed for pest, weed and pathogen control by industry.

d. Regulation of Food in Australia - Response to food incidents and recalls

It is noted in the paper “*There is also a mechanism to report food incidents internationally. FSANZ is Australia’s International Food Safety Authority Network (INFOSAN) Emergency Contact Point and DAWR and the Australian Government Department of Health are the INFOSAN Focal Points. While FSANZ notifies the relevant INFOSAN contact point in other countries, DAWR manages the international and reputational implications of a food incident*”.

While that may apply to a food safety incident due to a pathogen for example, where a chemical residue issue arises on grain supplied overseas, there is no clear mechanism for a response to be effectively co-ordinated:

- If an instance arises, the exporter may deal with the issue on a commercial basis and the Government may not be advised as there is no legal obligation.
- The Australian government may not be advised unless there is a formal government to government agreement.

It is noted the National Residue Survey is available to industry to support the integrity of Australian grain. While that program is a valuable tool to industry, it does not have the necessary “powers” to intervene as required when residues are detected on a cargo in transit where the importing country MRL is exceeded and the reputation of Australian grain may be at risk if the shipment continues to that destination. Discussion on possible solutions in these circumstances is required to ensure that the reputation of Australian grain is maintained and not jeopardised.

#### e. Emerging Issues and Challenges

It is noted in the paper *“Technological advances in food testing are allowing for a wide range of food characteristics to be examined. Examples include DNA testing and the ability for technologies to detect chemicals at lower levels than before”*. This is an ever increasing trend in markets and will continually place Australian grain at risk of violating a market requirement in instances described previously such as a missing MRL or where the market has a very low MRL. Contamination through the supply chain (even though label directions have been followed) may inadvertently occur, detected by the new technology capable of detecting low levels of a chemical (i.e., parts per billion). Continued effort is required to educate overseas markets on the trade implications of these instances where regulations are not adequate and there is a real risk of rejected cargoes, despite the residue level not being a food safety issue.

The grain industry in relation to chemical use supports the statement that *“Australia has strong traceability systems in place for many of its agricultural products”*. For this reason the grain industry is working with the Department to ensure that any Traceability system developed supports and enhances the existing system and Australia’s reputation, is cost effective, adds benefit and is not unnecessarily burdensome on industry.

To ensure that industry and government work in partnership on development of tools such as the Traceability system and other measures, it is important that government has a clear understanding of industry needs. Conversely industry must have an understanding of the regulatory obligations and direction the Australian government is required to undertake to meet its international obligations.

There is a history of development of “packages of promotional material” with best intentions, only for that material to not be used to maximum benefit and at worse, left unused. To ensure maximise use of somewhat limited government and industry resources and to ensure such tools are produced to the benefit of all parties, the opportunity exists for closer co-operation and discussion with industry at all levels of Government, both Federally and at the State level.

#### f. Summary

The Australian grain industry welcomes the review and provides the above comments in relation to chemical residues on grain. In summary these include:

- Any reforms must add value and improve the reputation of the Australian industry
- Further industry/government partnership arrangements to assist adoption of best practice regulations by importing countries
- Review of resources to consider regulatory issues and potential submissions of high priority that reduce the cost burden on industry
- Review of relevant State and Federal regulations relating to chemical use and MRLs to improve industry understanding and harmonise where appropriate, potentially leading to greater compliance
- Review of enforcement powers of government relating to MRL breaches
- Development and ongoing review of advocacy material to promote Australia’s reputation

We fully support the endeavours government departments (i.e., APVMA, NRS, FSANZ etc.) go to assist industry in its marketing efforts and welcome further input into improvements to regulations as outlined.

Should you have any questions on this submission please contact the undersigned.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G McMullen', written in a cursive style.

Gerard McMullen  
Chair  
National Working Party on Grain Protection