

# Australian Food and Grocery Council SUBMISSION

05 MARCH 2010

**TO:**  
FOOD STANDARDS AUSTRALIA NEW ZEALAND

**IN RESPONSE TO:**  
P1007 - PRIMARY PRODUCTION AND PROCESSING  
REQUIREMENTS FOR RAW MILK PRODUCTS.



The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, drink and grocery manufacturing industry.

The membership of AFGC comprises more than 150 companies, subsidiaries and associates which constitutes in the order of 80 per cent of the gross dollar value of the processed food, beverage and grocery products sectors. (A list of members is included as Appendix A.)

With an annual turnover of \$100 billion, Australia's food and grocery manufacturing industry makes a substantial contribution to the Australian economy and is vital to the nation's future prosperity.

Manufacturing of food, beverages and groceries in the fast moving consumer goods sector<sup>1</sup> is Australia's largest and most important manufacturing industry. Representing 28 per cent of total manufacturing turnover, the sector is comparable in size to the Australian mining sector and is more than four times larger than the automotive sector.

The growing and sustainable industry is made up of 38,000 businesses and accounts for \$49 billion of the nation's international trade. The industry's total sales and service income in 2007-08 was \$100 billion and value added increased to nearly \$27 billion<sup>2</sup>. The industry spends about \$3.8 billion a year on capital investment and over \$500 million a year on research and development.

The food and grocery manufacturing sector employs more than 315,000 representing about 3 per cent of all employed people in Australia paying around \$14 billion a year in salaries and wages.

Many food manufacturing plants are located outside the metropolitan regions. The industry makes a large contribution to rural and regional Australia economies, with almost half of the total persons employed being in rural and regional Australia<sup>3</sup>. It is essential for the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government's economic, industrial and trade policies

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<sup>1</sup> Fast moving consumer goods includes all products bought almost daily by Australians through retail outlets including food, beverages, toiletries, cosmetics, household cleaning items etc..

<sup>2</sup> AFGC and KMPG. State of the Industry 2009. Essential information: facts and figures. Australian Food and Grocery Council. Oct 2009.

<sup>3</sup> About Australia: [www.dfat.gov.au](http://www.dfat.gov.au)

## 1. INTRODUCTION

AFGC welcomes the opportunity to make this submission to the Food Standards Australia New Zealand in response to the first assessment report on Proposal *P1007 - primary production and processing requirements for raw milk products*.

AFGC notes the intent of this proposal is to assess the necessity of the current restrictions on the production and processing of raw milk products for sale in Australia, and to propose arrangements under which such restrictions may be relaxed without endangering public health; and to enable a range of raw milk products to be produced in, or imported into, Australia. It is also the intent that nationally inconsistent approaches adopted by certain jurisdictions to permit limited sale and distribution of raw milk and raw milk product should be removed by introducing nationally applicable requirements, and providing fair and equal opportunity for Australian manufacturers to compete with raw milk products imported from New Zealand and other European countries.

AFGC strongly supports the need for nationally consistent food safety legislation which ensures the protection and safety of consumers and promotes fair trade practices. The removal of jurisdictional inconsistency is essential in this regard, irrespective of whether the final FSANZ assessment report recommends permitting raw milk and milk products or not.

AFGC specifically notes that in the first assessment and risk evaluation papers, consideration was not given to ensuring that Australian dairy exports would not be adversely impacted and considers that this needs to be given equal weight in deliberations on promotion of fair trade as part of the objective of this proposal.

AFGC notes the proposal by FSANZ is to introduce a three tier risk management framework, categorising raw milk and raw milk product based on the potential for pathogens to be present, and whether the processing and handling of the raw milk product is likely to result in an increase in the viable numbers of pathogens present. A necessary component of such a risk management framework is the identification of pathogens, which will require microbiological criteria to be specifically identified for raw milk and raw milk products, taking into account the need to prevent the entry of pathogens into Australia that are not already endemic. Consideration must be given to the limits of detection for analytical methods, as well as the infective dose likely to cause infection in the most susceptible population group, both in humans and in animal populations.

AFGC supports the comprehensive technical assessment and the three risk assessments (raw cow milk, raw goat milk and raw milk cheese), which combined with the Consumer Study and the nutrition assessment, provide a good basis for assessing the safety of raw milk products.

AFGC supports the FSANZ assessment that Category 3 products represent a significant risk to public health which threatens the reputation of the Australian industry and the safety of the community.

AFGC supports the preferred approach recommended by FSANZ, namely to allow for the production and import of raw milk products that meet the definition of category 1 and 2 products.

AFGC supports Option 3, where there are validated and verified primary production control measures at the farm level. Such control systems need to take into account the detection and isolation of clinical and sub-clinical diseases in animals, and the hygienic controls necessary to prevent farm workers from contaminating milk products or farm animals. This takes into account the position that has existed in

some jurisdictions over many years to permit the sale of certain raw milk products, specifically raw goat milk, and to a lesser extent the direct sale of raw cow milk direct to the consumer, along with the limited permission for the importation of certain cheeses made from raw cow milk. However, in supporting Option 3, AFGC recognises that this implies a much broader permission for the sale and distribution of raw milk and milk products than has historically been the practice in such jurisdictions and as such a significant potential safety concern for Australian consumers, while also having the potential to impact on the standing and reputation of export agreements for Australian dairy products.

**AFGC supports the FSANZ preferred approach regarding Option 3, and that FSANZ undertake a detailed impact analysis of the costs and benefits to each affected party posed by each option with advice from AusTrade, Biosecurity Australia and the Australian Quarantine Inspection Service.**

#### Recommendation

**AFGC recommends that the benefit cost analysis specifically include the enforcement and surveillance activities necessary to permit the implementation of Option 3, and that potential adverse impacts and costs to the status of Australia and trading relationships with export products for dairy products.**

## 2. SPECIFIC COMMENTS

### 2.1. Risk assessment and product management

AFGC notes that the marketing and distribution of raw cow milk and raw goat milk appears to be based on the belief that raw milk possesses particular healthy properties or attributes, above the existing nutritional components. As a result, raw milk is often consumed by individuals who are the most immunologically vulnerable, as well as to those who have conditions such as asthma, eczema and food allergies. As a result dietary modelling and the establishment of microbiological criteria must be based on the infective dose of the most susceptible population, or the establishment of nil tolerance for the detection of pathogens at the limit of the most sensitive analytical capability.

In addition to the controls necessary to prevent contamination by pathogens such as *Salmonella spp.*, *Staphylococcus aureus* and *Campylobacter spp.*, risks associated with pathogens which may be acquired from the farm or factory environment such as *Listeria monocytogenes* also need to be controlled. *Listeria monocytogenes* is recognised as having a particularly low infective dose for vulnerable populations. *Listeria* infections have been attributed to infections of pregnant women and deaths of babies *in utero*, as well as deaths of the elderly in nursing homes and infections in immunocompromised patients.

Due to the severity of *Listeria* infections in the vulnerable populations, which are also the target market for such products, there can be no alternative other than to establish microbiological criteria that prohibits the presence of *Listeria* in raw milk and milk products.

Category 2 products – while not supporting growth, do permit the survival of pathogens. Taking into account the concept of an infective dose for the most susceptible population groups, and the

pathogenicity of the most virulent species found within a pathogen group, FSANZ will need to reassess the microbiological criteria for category 2 product to ensure that these provide adequate control and confidence that such criteria will protect people even where very low levels of pathogens capable of causing diseases go undetected by current methods of analysis.

Equal consideration needs to be given to the application of controls of Category 1 and 2 products in imported products, or an assessment of equivalence, as well as those products manufactured in Australia. This includes consideration of the necessary risk assessment and risk management for herds affected by bovine tuberculosis, brucellosis, foot and mouth disease, or any other animal disease not present in Australia. It is necessary to ensure that such animal diseases never pose any risk either at the level of the product, or at a country level. In other words, countries designated as having diseases such as foot and mouth disease would not be permitted to export Category 2 raw milk product to Australia.

AFGC considers that food safety plans should be validated through sampling and testing of product as close as possible to production and critical points as well as in finished product, and samples must not be subject to freezing either during production or in the transport of samples for laboratory analysis. Freezing has the potential to damage the viability of bacterial cells making it difficult for laboratories to culture and identify such organisms in vitro, but which remain capable of in vivo growth.

AFGC rejects the statement in the risk assessment papers that “*Campylobacter spp. does not survive well in refrigerated milk or other foods.*” and notes that FSANZ has acknowledged that not only is Campylobacter notoriously difficult to culture in the laboratory, but that when stressed the organism will revert to non-culturable but viable Campylobacter spp. making it necessary to undertake analysis by DNA polymerase methods rather than simply relying on laboratory culture methods. The two statements are therefore contradictory and the conclusion FSANZ reached about the potential threat to human health from frozen milk products cannot be supported.

Consideration should be given to requesting Standards Australia to undertake an evaluation of the current methodologies proscribed in the Australian Standards for testing of milk and milk products to determine whether they are sufficiently sensitive to achieve the lower limits of detection and the lower limits of quantification FSANZ determine as necessary to provide adequate protection to the most vulnerable populations. In the event that either the current Australian Standard needs to be amended to include specific requirements for testing of raw milk and milk products, or a new Australian Standard needs to be developed to specifically address this issue, the FSANZ cost benefit analysis should take into account both the cost for such evaluation and new work and identify the party responsible for initiating and paying for such work.

### Recommendation

#### AFGC recommends that FSANZ:

- establish microbiological criteria for raw milk and raw milk products for both primary production level testing and in finished product;
- ensure that such microbiological criteria provide adequate protection and safety for the most vulnerable populations;
- include in such microbiological criteria those human and animal pathogens likely to be present in Australia and New Zealand, as well as pathogens not present in Australia but which may potentially be present in product manufactured in exporting countries;
- evaluate if the current Australian Standard methods for the testing of milk and milk products are sufficiently sensitive to be able to meet the requirements of the microbiological criteria, and to include the costs for standards development if new methods need to be specified.

## 2.2. Implementation and enforcement issues

The registration, surveillance and enforcement of producers under the proposed standard is a primary production and processing issue. As such, it will give rise to issues of identifying the Competent Authority in each of the Australian jurisdictions. It is noted that the PPP standard for egg and egg products gave rise to the development of a standard which took into account implementation issues and the industry strongly urges consideration of a similar approach if such a standard of raw milk products is to proceed.

It is not clear which agency would be the Competent Authority in each jurisdiction due to the administrative differences between jurisdictions. It is also uncertain whether these Competent Authorities currently have the resources to permit the effective implementation of the proposed standard. However, this may be resolved if the Implementation Sub-Committee were to establish an expert committee with representation from each jurisdiction to ensure nationally consistent interpretation and enforcement. Such coordination of activities at a national level is a further cost to regulators which needs to be taken into account.

It is noted that the Competent Authority will be charged with the responsibility of determining which products fall into Category 1, 2 and 3 products. In making such a determination, it is assumed that industry would provide evidence and justification for the assessment and that the Competent Authority would review, verify and validate such a claim. This will have significant resource implications as well as raising concerns in regard to the competency and capability of laboratories to undertake testing.

The Competent Authority may also need to take into account the capability, capacity and competency of the primary producer and processor to manage the production of raw milk and raw milk products. A system of certification for knowledge, skills and competency that exceeds the current requirement for the production of milk intended to be pasteurised would be warranted.

The producer/processor would need to provide a comprehensive food safety management plan, incorporating a high level of product testing and laboratory analysis, as well as animal husbandry and the management of animals that may be in an active or carrier disease status. The auditing of such a system would need to be undertaken at a high frequency to ensure the system is maintained and safe, even where products are categorised under 1 and 2 products. All potential sources of disease need to be considered and managed on farm, including contact with wild animals such as rodents and feral animals, other domestic animals and the potential for disease transmission for human contact.

It is also noted that the treatment of animals that may be carriers of disease, or animals with an active infection, will result in residues of veterinary chemicals in an animal's milk for an extended period, and that the management and exclusion of such animals from providing milk for human consumption after treatment is essential. Nevertheless, such animals will continue to produce milk and as such conditions for the disposal of such contaminated product must be established and not permit the milk from being used in animal feed.

Consideration should be given to any additional skills and competencies required for both regulatory and independent third party auditors certified under the National Food Safety Auditor Scheme.

In addition, FSANZ should take into account the cost to AQIS in establishing a comprehensive testing and surveillance program at the point of entry into Australia including the costs of regular foreign country audits by AQIS of exporting countries to ensure that their national food safety systems and the

specific production and processing requirements are, and remain, effective in achieving the outcomes specified in the proposed Australian Standard. Such provision will necessarily include a regular assessment of facilities and systems in New Zealand, given that this standard only applies to Australia.

AFGC also considers that in amending the legislation to permit the production of raw milk and milk product in Australia, and the importation of such product, the status of Australian exports may be affected. It is possible that the cost to the Australian dairy industry could be significant if major markets were to impose additional requirements, or revoke Australian export permits. Even where the loss of such exports does not occur, there is likely to be added cost and inconvenience in hosting additional foreign audits and assessments to maintain the ability of Australian dairy products to be exported.

There are concerns that subclinical infection in herds in countries which are periodically subject to tuberculosis or brucellosis may be difficult to manage and that laboratory testing of such products prove unreliable in ensuring a zero-tolerance to importing contaminated product. Such concerns will need to be taken into account by Biosecurity Australia in determining import conditions in addition to the requirements of the FSANZ standard.

The introduction of traceability requirements that identify product to the farm and herd level will prove to be a significant technological challenge. Without such high levels of traceability it will provide very difficult to manage enforcement of the standard both for products made domestically in Australia and overseas.

#### **Recommendation**

**Seek advice from ISC regarding capability, capacity, and resource availability for the implementation of the proposed standard.**

**AFGC recommends that FSANZ include in the cost benefit analysis costs attributed to:**

- **competent authorities in jurisdiction for the implementation of the standard;**
- **testing and surveillance of imported product into Australia by AQIS;**
- **regular assessments and audits of exporting countries by AQIS;**
- **hosting increased levels of foreign country audits and assessment as a condition of importing countries to continue to permit Australian dairy products to be imported;**
- **potential costs if Australian dairy export markets are threatened**
- **costs to introduce high level traceability requirements for Australian producers.**

## Membership as at 01 January 2010

Arnott's Biscuits Limited  
The Kettle Chip Company Pty Ltd  
Asia-Pacific Blending Corporation Pty Ltd  
Barilla Australia Pty Ltd  
Beak & Johnston Pty Ltd  
BOC Gases Australasia Limited  
Bronte Industries Pty Ltd  
Bulla Dairy Foods  
Bundaberg Brewed Drinks Pty Ltd  
Bundaberg Sugar Limited  
Cadbury Schweppes Asia Pacific  
Campbell's Soup Australia  
Cantarella Bros Pty Ltd  
Cerebos (Australia) Limited  
Christie Tea Pty Ltd  
Clorox Australia Pty Ltd  
Coca-Cola Amatil (Aust) Limited  
SPC Ardmona Operations Limited  
Coca-Cola South Pacific Pty Ltd  
Colgate-Palmolive Pty Ltd  
Coopers Brewery Limited  
Dairy Farmers Group  
Danisco Australia Pty Ltd  
Devro Pty Ltd  
DSM Food Specialties Australia Pty Ltd  
DSM Nutritional Products  
Earlee Products  
Ferrero Australia  
Fibrisol Services Australia Pty Ltd  
Fonterra Brands (Australia) Pty Ltd  
Foster's Group Limited  
Fruco Beverages (Australia)  
General Mills Australia Pty Ltd  
George Weston Foods Limited  
AB Food and Beverages Australia  
AB Mauri  
Cereform/Serrol  
Don  
GWF Baking Division  
George Weston Technologies  
Jasol  
Weston Cereal Industries  
GlaxoSmithKline Consumer Healthcare  
Golden Circle Limited  
Goodman Fielder Limited  
Meadow Lea Australia  
Quality Bakers Aust Pty Ltd  
H J Heinz Company Australasia Limited  
Harvest FreshCuts Pty Ltd  
Hela Schwarz  
Hoyt Food Manufacturing Industries Pty Ltd

Johnson & Johnson Pacific Pty Ltd  
Pfizer Consumer Health  
Kellogg (Australia) Pty Ltd  
Day Dawn Pty Ltd  
Specialty Cereals Pty Ltd  
Kerry Ingredients Australia Pty Ltd  
Kikkoman  
Kimberly-Clark Australia Pty Ltd  
Kraft Foods Asia Pacific  
Lauke Flour Mills  
Lion Nathan Limited  
Madura Tea Estates  
Maillard Harwood Sugars  
Mars Australia  
Mars Food  
Mars Petcare  
Mars Snackfood  
McCain Foods (Aust) Pty Ltd  
McCormick Foods Aust. Pty Ltd  
Merisant Manufacturing Aust. Pty Ltd  
National Foods Limited  
Nerada Tea Pty Ltd  
Nestlé Australia Limited  
Nestlé Foods & Beverages  
Nestlé Confectionery  
Nestlé Ice Cream  
Nestlé Nutrition  
Foodservice & Industrial Division  
Novartis Consumer Health Australasia  
Nutricia Australia Pty Ltd  
Ocean Spray International Inc  
Parmalat Australia Limited  
Patties Foods Pty Ltd  
Peanut Company of Aust. Limited  
Procter & Gamble Australia Pty Ltd  
Gillette Australia  
PZ Cussons Australia Pty Ltd  
Queen Fine Foods Pty Ltd  
Reckitt Benckiser (Aust) Pty Ltd  
Ridley Corporation Limited  
Cheetham Salt Limited  
Sanitarium Health Food Company  
Sara Lee Australia  
Sara Lee Foodservice  
Sara Lee Food and Beverage  
SCA Hygiene Australasia  
Sensient Technologies  
Simplot Australia Pty Ltd  
Spicemasters of Australia Pty Ltd  
Stuart Alexander & Co Pty Ltd  
Sugar Australia Pty Ltd  
SunRice

Swift Australia Pty Ltd  
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The Smith's Snackfood Co.  
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Tixana Pty Ltd  
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