

Senate Economics References Committee

Inquiry into third party certification of food

Hearing – Parramatta

3 November 2015

Questions on notice

Questions taken on notice by AFIC during the hearing

Does AFIC hold any certification rights or approvals from any Indonesia authority to certify food colouring, additives, flavours or any similar items?

A No

Additional written questions for AFIC to answer

Muslim consumers

1. How many Muslim consumers are in Australia?

A Best directed at Bureau of Statistics

Certified products

2. How many products does AFIC certify?

A Manufacturers approach us and seek our services to verify if the ingredients used in their products could be considered halal so that they may provide this information to their Muslim consumers. We certify ingredients that make up a product so there is a large number.

3. Can you provide the committee with a list of all the products AFIC certifies? If so, please provide a list of these products. If you are unable to provide a list of specific products, please provide a list of the general areas of products that you certify.

A Red Meats, Poultry, Processed foods, Confectionery, Pharmaceuticals and Miscellaneous products that are ingested or injected.

4. One media report says that “a significant amount of products in Australian stores are halal certified”¹ – what percentage of all the products sold in Australia would be halal certified?

¹ Chris Johnston, ‘Knives come out in halal food fight’, Sunday Canberra Times, 28.12.2014

A We do not monitor what percentage of Halal products Australian stores sell.

5. Do you know what percentage of chicken, beef, lamb, and mutton is halal certified for the domestic market?

A We do not seek nor is this information provided to us by the abattoirs' or slaughter houses.

Companies

6. How many companies currently pay for your certification services?

A Number fluctuates depending on how much adverse publicity is generated by the anti halal lobby.

7. What types of companies are they? (e.g. food manufacturers, cosmetics, cleaning product manufacturers)

A Refer to answer for Question 3

Certifiers

8. How many halal certifiers operate in Australia that certify for the domestic market?

A DAFF publishes a list of approved certifiers.

9. How many halal certifiers operate in Australia that certify for export markets?

A DAFF's list also classifies each approved certifier as to which export market they are authorised to certify.

Regulation of halal certification

10. Currently there is no regulation of the domestic halal certification system (i.e. there is no one organisation or authority that oversees the halal certification system). Are you happy with this current system of no regulation?

A Majority of certifiers are working ethically and providing Halal certification. Certifiers accredited by importing countries work within the strict code which is demanded by the importing countries. We have to work within the system that is currently in place.

11. Would you like to see a national halal certification standard developed for the domestic market? (This standard could, for example, provide one definition of what is halal and have rules/regulations that all certifiers would have to follow, plus auditing requirements)

A In Islam there are four schools of thought and each school of thought has its own followers and each with its own interpretation of Halal so it would be difficult to implement one code domestically.

Consumers' rights

12. Australia exports a lot of halal certified products to overseas countries because consumers in those markets desire an assurance that the products that they consume are halal. Do you agree that it's important for those overseas consumers to know that those products have been halal certified?

A Imports in Muslim countries are regulated by the government of the country. Muslim governments have legislated that all food imports must be Halal and certified by their Halal accredited bodies in the exporting countries. Food products sold in Muslim countries are not labelled Halal it is expected that regulators will ensure that food products comply with Halal requirements.

13. If it's important for overseas consumers to know what is certified, isn't it just as important for domestic consumers to know what is certified?

A It is up to the regulators to decide.

14. ABC's Four Corners program recently stated that while there are exceptions, "for the most part kosher food is either labelled or segregated in the supermarket."² If kosher certification can achieve that, why can't halal certification?

A This question needs to be addressed to the Supermarkets. It is being assumed that Certifiers are in a position to influence the policies of the Supermarkets.

15. Many Australians would argue that contributions to religious organisations, or indeed any charity, should be voluntary – do you agree? If so, shouldn't consumers be at least made aware in some way that they are supporting Islamic organisations when they purchase halal certified products?

A Halal certification is for the benefit of Muslim consumers and they are aware that this will involve some administration fee.

16. Some submitters said that the ingredients list on a product's packaging should provide Muslims with enough information about whether the product is permissible or not. Do you agree with that? If you don't agree, wouldn't a halal label be the best way for Muslims to know, at the point of sale, what is halal certified or not?

² ABC Four Corners transcript, 'The Truth About Halal', 7.9.2015

- A Certification process is a verification of ingredients being Halal compliant. Most ingredients can be sourced from both plants and/or animals and thus the need to verify animal based ingredients are from Halal animals and are Halal slaughtered.

Website of certifiers and companies

17. Would AFIC be in favour of a website that listed all halal certifiers and/or all companies that pay for halal certification in Australia, to help inform consumers?
If you are in favour, should this website be run by government or by an independent organisation?
If you're not in favour, why are you not in favour of it?

- A There are already websites being run by individuals where this information is provided.

Special supermarket section

18. Is AFIC in favour of a Halal section in supermarkets, similar to the Kosher section in some supermarkets? If not, why are you not in favour of it?

- A Supermarkets are in a best position to decide the commercial viability of this proposal.

Mandatory labelling?

19. Is AFIC in favour of mandatory labelling for certified products?

- A As mentioned previously, we provide verification service that ingredients used in a product can be considered Halal and this information is used by the companies to answer queries from Muslim consumers. This process does not require Labelling or Mandatory labelling.

Fees

20. There have been reports that a small company could be charged about \$1000 for certification, and a large abattoir would be charged about \$27,000 a month for certification.³ Are these amounts indicative of what halal certification fees should be?

- A These reports are just reports without evidence or proof.

³ Chris Johnston, 'Knives come out in halal food fight', Sunday Canberra Times, 28.12.2014

21. What are the lower and higher ranges of fee amounts that you charge for your certification services?

A Lower end fee is \$400 + GST (Includes site audit) and it increases with the time and expertise required to audit the ingredients and manufacturing processes.

22. In the evidence that the Executive Council of Australian Jewry presented to this committee (21 August hearing)⁴ they said that for some products that are naturally kosher, they designate them as kosher for **free** and put that product in their kosher guides. No certification fees change hands, it's a **free** service for the community. Do you or any other certifiers do something similar to that?

A Similarly some products are naturally Halal and do not require verification and these lists are available to Muslim consumers.

23. Do all the ingredients of a halal-certified product have to be certified as well?
(The Halal Certification Authority states that "**All** ingredients used in a product to be certified must be Halal certified as well" (p5 of their submission))

- If so, does that mean multiple fees are paid for the one product?
- Is that something that you partake in?

A If some ingredients are already verified by another certifier, then, we do not verify that ingredient and thus the certification fee is reduced. No multiple fees are paid.

Financial statements

24. Wasim Raza (at the 3 November hearing) indicated that some of AFIC's financial statements that are publicly available were incorrect. If this is the case, please provide the committee with the correct versions of these financial statements.

A As I had not seen that financial report before and a copy was not available to me during the hearing, selected section of that report were read out to me and I made a comment that it does not make sense. Upon checking with our accounts department it was explained to me that although Halal Income was mentioned separately but all Halal expenses were not accumulated under a separate heading of Halal expenses but were accumulated with all of the AFIC expenses, which gave the impression Halal activity made huge profits.

25. Your financial statements (from 2012 and 2014) list 'Halal workshop expenses' and 'halal supervision expenses' – can you provide details of exactly what each of these mean?

A "Halal workshops" are conducted by AFIC to provide ongoing training to all Halal slaughtermen, Halal inspectors and auditors.

⁴ Committee Hansard, 21.8.2015, p.22

A “Halal Supervision Expenses”: Some Companies schedule Halal production for certain days in a month for export orders, our supervisors are in attendance during the Halal production days’ to ensure Halal Assurance Program which the importing countries require is complied with.

26. ‘Halal manager remuneration’ was listed as an expense for 2011 and 2012. Why is it not listed for 2013 or 2014?

A Has been accumulated in the total salaries of all AFIC employees.

1982 Royal Commission criticisms

The 1982 Royal Commission was critical of AFIC’s fees and charges, saying that the industry thought they were too high and hard to justify (p229), and that they were ‘a significant cost to the industry which should be contained as far as possible.’ (p234-5).

27. Did AFIC change any of its fees and charges in light of the conclusions of the Royal Commission?

A AFIC personnel involved in that Royal Commission inquiry some have since passed away and others have long since retired. We can only say that all recommendation would have been followed.

28. Does AFIC believe that the criticisms of the Royal Commission reflects the attitude of the industry today?

A Which attitude does this question refer to?

29. How many, if any, complaints have AFIC received from the industry about its fees and charges in the last five years?

A Nil because the fee is negotiated and agreed upon by both parties. Also there are quite a few Halal certifiers and the companies are getting quotes before committing.

30. One of the Commission’s recommendations was for only reasonable costs incurred by certifiers (including AFIC) to be reimbursed – yet it appears that this was not taken up. Can you offer any reasons why this happened?

“The reasonable costs, and only those costs, incurred by AFIC and the other bodies in the performance of their supervisory functions should be reimbursed. The necessary sum could be raised by a levy on exporters and producers dealing in the market for halal meat.”⁵ (para 9.53 of Royal Commission report)

A Governments impose levies so this question should be directed at the government that was in office at that time.

⁵ Report of the Royal Commission into Australian Meat Industry, Sept 1982, Sir A. E. Woodward, p.277

Finances

31. Does any money made by AFIC from halal certification end up in the AFIC schools whose financial mismanagement has been the subject of numerous investigations by Federal and state government departments, as well as other authorities?

A No

32. Do any funds that AFIC receive from halal certification end up overseas? If so, please provide details of how much money goes overseas and to what organisations/individuals.

A No

33. How many charities does AFIC donate to each year? Please provide the names of those charities.

A AFIC funds are only given to its member councils & societies.

34. AFIC donates money to pay imam salaries (according to your financial statements) – how many imams are provided for through this donation?

A AFIC has many streams of income from which AFIC supplement's Imam's salaries in mosque that are in remote areas.

35. AFIC's financial statements list donations in the categories of 'Society', 'General' and 'Iftar'. Can you please tell me who receives funds (or where the funds go) under each of those categories.

A Society means the member societies of AFIC. Iftar is term used for breaking of the fast during the month of Ramadan and AFIC will sometimes host an Iftar diner for the members of the community.

The 1982 Royal Commission report mentioned that AFIC, the Department of Primary Industry and the Australian Meat and Livestock Corporation had been in discussions about establishing a 'single joint system of supervision and certification'. Part of these discussions involved "maintaining that the certification scheme should not be a profit-making venture." (p235) The report stated that "AFIC has expressed general agreement with this principle".

36. Does AFIC maintain that certification should not be a profit-making venture?
- If so, what is AFIC's views on those certifiers that DO make profits from halal certification?
 - A. AFIC still agrees with this principle.
 - If not, why and when did AFIC change its views on this matter?

The Royal Commission report also stated that “If government is to be involved” – and in the end it was, with Dept of Agriculture being involved in export halal certification - “fees covered in favour of a private group should be no more than the amount necessary to recoup fully that body’s costs reasonably incurred in providing its service.” (p235)

37. Yet some certifiers involved in halal certification for export are not merely covering their costs; they’re making money from it. What happened between the recommendation of the Commissioner and the current situation we now have? Can AFIC shed any light on this? If so, please provide details.

A AFIC as an organisation is not a regulator of Halal certification in Australia and it is not in the ambit of AFIC’s responsibilities to do so. There are private individuals and private companies also involved in the Halal certification and they are in it to generate profits for themselves and their shareholders. Using the phrase so often used in these additional questions ‘it appears’ that the Royal Commission did not envisage the possibility that private companies and individuals would get involved in Halal certification in the future.

Supporting the Islamic community – 1982 Royal Commission

The Royal Commission report also stated that “The past system has meant that Australian meat producers have been paying fees which, in part, have been devoted to the general purposes of Islamic groups in this country. This should not be permitted to continue.” (p235)

38. Yet funds from halal certification do go towards Islamic groups in Australia. Why did AFIC choose not to follow this advice from the Royal Commission?

A AFIC as an organisation has many streams of income from which it supports its member societies in Australia according to its charter.

‘Mecca Charter’ signed in secret

There was a report earlier this year that AFIC’s President (Mr Kassem) attended a meeting in Mecca last year that discussed the world halal market and established a fund to invest in Islamic projects.⁶

A Government representative from Saudi Arabia visit Australia from time to time to show solidarity with Muslims of this country and similarly Muslim representative visit Saudi Arabia to give an update on the activities of Muslim communities in Australia and seek support for these activities.

⁶ Rick Morton, ‘Halal certification charter signed in secret in Mecca’, *The Australian*, 25.5.2015

39. Did Mr Kassem attend this meeting in Mecca?
40. What was the aim of the meeting?
41. Did Mr Kassem sign any document at the meeting? If so, please provide details.
42. What was the outcome of the meeting?
43. Does any outcome agreed to at the meeting involve any funds from Australians (collected through halal certification) going overseas?

Charity status

44. AFIC is listed as a registered charity with the Australian Charities and Not-for-profits Commission. What does this entitle AFIC to, in terms of tax exemptions, concessions, rebates?

A AFIC is entitled to all the tax exemptions, concessions and rebates which all other Not-for-profits (Christian, Jewish, Hindu etc) are entitled to under the Act.

Importing country requirements

45. Of the countries that you certify products for, how many of them have their governments involved in Halal certification?

A All Muslim countries' governments are involved through their Departments of Religious Affairs.

46. In what way are those governments involved?

A Governments of those countries give accreditation to the certifying bodies in Australia to certify products before export to their countries.

Audits

A DAFF keeps up to date information on all the questions from 47 - 51

47. How often is AFIC audited by each of the importing country authorities?
48. Are there any fees attached to having to be audited by the authorities from the importing countries?
49. What is involved in these audits (i.e. how are they conducted)?
50. What differences are there in the requirements for each of these importing countries? Please provide details.
51. How often is AFIC audited by the Australian Department of Agriculture? What is involved in this audit?

Slaughter

52. Does AFIC have anything to do with the abattoirs who have received exemptions from pre-stunning? If so, please provide details.

A No

Staff

53. How many staff do you have?

A 6 full time and casuals as required

54. Can you break them up into categories for me (e.g. admin staff, auditors/supervisors)?

A Manager 1, Auditors/Food Technologists 3, Admin Staff 2

55. How often do your staff receive training (e.g. to keep up to date with the latest on certification practices etc)?

A Yearly