



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

ECONOMICS REFERENCES COMMITTEE

**Third-party certification of food**

TUESDAY, 3 NOVEMBER 2015

PARRAMATTA

BY AUTHORITY OF THE SENATE

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**SENATE**

**ECONOMICS REFERENCES COMMITTEE**

**Tuesday, 3 November 2015**

**Members in attendance:** Senators Bernardi, Dastyari.

**Terms of Reference for the Inquiry:**

To inquire into and report on:

- a. the extent of food certification schemes and certifiers in Australia including, but not limited to, schemes related to organic, kosher, halal and genetically-modified food and general food safety certification schemes;
- b. current labelling requirements of food certification schemes;
- c. the need for labelling on products produced by companies that pay certification fees;
- d. whether current schemes provide enough information for Australian consumers to make informed purchasing decisions;
- e. details regarding certification fees paid by food producers and/or manufacturers, and the potential for these to impact on prices for consumers;
- f. the importance of food certification schemes in relation to export market access and returns to producers;
- g. the extent and adequacy of information available to the public about certifiers including, but not limited to, certification processes, fees and financial records; and any related matters.

**WITNESSES**

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**RAZA, Mr Wasim, Manager, Australian Federation of Islamic Councils Inc.****Committee met at 13:00**

**ACTING CHAIR (Senator Dastyari):** I declare open this hearing of the Senate Economics References Committee inquiry into third-party certification of food. The Senate referred this inquiry to the committee on 13 May this year for report by 30 November this year. The committee has received over 1,400 submissions, which have been made available on the committee's website. The closing date for submissions was 31 July 2015, but I note that the committee can and has agreed to receive late submissions.

These are public proceedings, although the committee may determine or agree to a request to have evidence heard in camera. I remind witnesses that, in giving evidence to a committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such an action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. If the committee determines to insist on an answer, the witness may request that the answer be given in camera. Such a request may also be made at any other time.

The committee has agreed to authorise media outlets present at public hearings to record the proceedings subject to the following conditions: the committee or witness can object to being recorded at any time and the committee can require that recordings cease at any time; recording must not occur from behind the committee or between the committee and the witness and must not otherwise interfere with the proceedings; computer screens and documents belonging to senators must not be recorded; flashes must not be used.

I welcome Mr Raza. I thank you for your willingness and your support in participating in our inquiry. I note that, while you were unable to attend on a previous date, you have been very willing and supportive to find a suitable date that works for you. We thank you for coming today, in the lead-up to the Melbourne Cup. I know it is a busy time of year, so thank you. Before we get to questions from senators, do you have any opening remarks you would like to make?

**Mr Raza:** Yes. I would like to thank the honourable senators for giving us this opportunity to be a part of this hearing and answer any questions you might have. AFIC was a pioneer in halal certification of meat export in the early seventies and developed halal slaughtering programs in consultation with the religious bodies of importing Muslim countries. These days, Muslim countries are the third largest importers of meat from Australia after Japan and Korea. Currently, we certify products from a wide range of industries such as meat and poultry, processed foods, pharmaceuticals, make-up and all items that form part of human diet and medicines. The certification process involves verifying that all ingredients that form part of food products and other consumables are not from an origin which has been prohibited for Muslims' consumption in Islam—for example, porcine products and alcohol—and that all permissible animals have been slaughtered in accordance with the prescribed humane Islamic practices.

Australian businesses approach AFIC for halal certification of their products or halal accreditation of their manufacturing plants if their target markets are local or overseas Muslims. AFIC employs qualified staff such as food science technologists, quality assurance auditors, religious advisers and administrative staff to perform the tasks that lead to halal certification. AFIC maintains two offices, one in Melbourne and the head office in Sydney. Certification fees are negotiated with the business and are mainly to recover expenses incurred by AFIC for certification purposes. The vast majority of certification is for products that are exported and we only charge for certifying exported products.

It seems that this inquiry was initiated in response to a vocal minority's anti-Islam, anti-halal certification campaign and was camouflaged as a third-party food certification inquiry. This contention is borne out by the fact that 99 per cent of the public submissions to this inquiry are against halal certification. Honourable senators are aware that halal certification is of huge financial benefit to Australia through exports and providing employment to regional Australians. Exports from regional Australia are, in the main, of red meat, which cannot be exported to Muslim countries unless it is halal certified. Regrettably, no responsible government official or elected member of the Australian parliament has stood up to the pressure and refuted the charges laid against halal certification. The honourable Barnaby Joyce was the only parliamentarian who stated the facts about halal certification and dismissed the myth that halal certification is supporting terrorism. In contrast to Australian attitudes towards halal certification, the Japanese are now preparing for the 2020 Olympic Games in expectation that there will be a large number of Muslim visitors to their country. We have hosted two delegations in the past three months from various cities in Japan seeking our advice and expertise in providing halal food to the visitors in preparation for the event.

Australian Muslims are loyal Australians and their religion and religious practices are constantly targeted for one reason or another to keep us demoralised and defending our faith, which no other religious community is subjected to in Australia. If Australian law-makers feel that halal certification is an impost on Australian consumers and is harmful for Australia, than they have one option.

**Senator BERNARDI:** I echo Senator Dastyari's sentiments. Thank you for attending. I know a number of other halal certifiers declined the invitation to attend, which begs the question: what are they afraid of? In your opening statement, you suggested that this was a thinly veiled attempt to—I will use these terms—prosecute halal certification. That is not right, simply because public concern and sentiment, as demonstrated by the submissions, does not put the motive that you have prescribed on the Senate's determination to have this inquiry into food certification. So I would like to dismiss that out of hand.

But there are a number of points that I am interested to get to the bottom of. In your opening statement, you talked about the humane slaughter of animals to comply with halal certification. There are people who have ethical issues with unstunned slaughter of livestock, and that was dealt with in our previous inquiry into kosher certification, but we are not able to establish whether the slaughter methods for halal actually involve stunning, which we are told they do, and whether the stunning is a reversible stunning or an irreversible stunning. Are you able to give me an accurate description?

**Mr Raza:** It is one condition that the stunning has to be reversible for it to be accepted as halal. The animal is stunned and, for a smaller animal, it takes them about a minute to get up again and start walking, but as soon as they are stunned they are slaughtered.

**Senator BERNARDI:** So the animal is stunned and is not killed. I am not interested in the gruesome details or anything, but what is the process? Is there then a ritual slashing of the throat or is the animal bled—

**Mr Raza:** No, this word 'ritual' is used unnecessarily. There is no ritual involved. Islam introduced halal slaughter to get rid of the ritual slaughter, where the animal was slaughtered in this god's name or that god's name or for other purposes. Ritual is the wrong word to use. As soon as the animal is stunned, it falls down in front of where the slaughterman is standing. He has a sharp knife as a requirement and he slaughters the animal. Then the other people working in the abattoir take over.

**Senator BERNARDI:** So the animal's throat is cut?

**Mr Raza:** Yes.

**Senator BERNARDI:** Then the animal is bled, effectively—it bleeds to death. Is that correct?

**Mr Raza:** Yes.

**Senator BERNARDI:** Does the animal ever become conscious again?

**Mr Raza:** Never. I have stood there and watched many times. As soon as the throat is cut, the animal is gone—finished.

**Senator BERNARDI:** Does this apply to poultry, to chickens? We have heard about the halal slaughter of chickens—I think it is about 80 per cent in this country.

**Mr Raza:** The majority of the halal certification of poultry is done by the major companies. They are also exporting large numbers of poultry to Muslim countries. They work in conjunction with RSPCA, so they use their stunning procedures. Our concern is mainly: is this stunning reversible? If the animal were left alone for a minute or two, would the animal regain consciousness? If that is the case, then we have no problem with the stunning.

**Senator BERNARDI:** Yet there is a slight difference of opinion between some of the Islamic organisations. I think the Islamic Council of Western Australia says that no stunning is appropriate for halal certification.

**Mr Raza:** Respectfully, Senator, we also have opinions; it is called fatwa in Islam. It means that you get the opinion of recognised religious scholars. What is their opinion in relation to this matter? We have the fatwa that, as long as there is no permanent damage done to the animal during the stunning process, it is allowed to stun the animal.

**Senator BERNARDI:** And that is the generally accepted process—

**Mr Raza:** Absolutely.

**Senator BERNARDI:** across most of the abattoirs in Australia that pursue halal certification?

**Mr Raza:** Absolutely. I have been to poultry slaughterhouses, and with the cattle, the sheep, that is the general practice.

**Senator BERNARDI:** To dispel some other myths, is a prayer ever said over the animal?

**Mr Raza:** It is not a prayer; it is just invoking the name of God. This animal, bismillah—in the name of God. That is it. That is all it means—in the name of God.

**Senator BERNARDI:** And who says that?

**Mr Raza:** The man holding the knife.

**Senator BERNARDI:** Once again, to dispel some myths, evidence has been supplied through some submissions that it is not actually required that it be a man who conducts the slaughter, that it would be okay for a woman to do it as well. Is that correct?

**Mr Raza:** If you have got that advice from a reliable source, then I will not dispute it. But, as far as my understanding, it has to be a man, for one reason, because it is not a good experience to slaughter, to cut an animal's throat, so it is recommended that a man be there.

**Senator BERNARDI:** Mr Raza, this is the problem—I do not know who is a reliable source, which is why we are trying to establish what the facts are, because a lot of the submissions that we have received—

**Mr Raza:** All I can say at this stage is that currently there are no females, in Australia or overseas or in Muslim countries, that are involved in this practice.

**Senator BERNARDI:** Okay. Does the slaughterman for halal slaughter have to be a Muslim?

**Mr Raza:** If he is going to say the words, 'bismillah ir-rahman ir-rahim', 'bismillah' means 'in the name of God', so he has to be a Muslim. Some scholars even say 'an adherent of a godly faith'—Christians or Jews, for instance. But these days all the Muslim scholars have said that it has to be a Muslim to do that slaughter.

**Senator BERNARDI:** AFIC have the—I will use this term—exclusive certification rights for export to particular countries. Is that correct?

**Mr Raza:** No, we do not have. With all countries, if you see the DAFF approved certification bodies list, you will see that there are about 20 organisations that certify, for instance. We certify Saudi Arabia, Indonesia, Malaysia and the Gulf, and there are about six or seven other certifying bodies that also have the rights to do it.

**Senator BERNARDI:** For the same products?

**Mr Raza:** The same products. For instance, the Indonesians and Malaysians work on the state based concept. In New South Wales, AFIC is authorised; in Victoria the ICCV is authorised. We could not go to Victoria and do certification over there.

**Senator BERNARDI:** If it is state based, from a New South Wales perspective, if AFIC is responsible, they are the only approved—

**Mr Raza:** No. There is another organisation in New South Wales because of the size of New South Wales, I suppose. There is another organisation: SICHMA, the Supreme Islamic Council of Halal Meat in Australia. They also have the same certification rights for all the countries I just mentioned.

**Senator BERNARDI:** What about non-food or medicinal items? You mentioned pharmaceuticals. Basically it is things that are ingested, I am guessing.

**Mr Raza:** Or injected.

**Senator BERNARDI:** Or injected. What about non-food items that are certified halal? There is some evidence of football boots or soccer balls.

**Mr Raza:** With respect, again, Senator, to accept that premise is ridiculous. That the religion would go to the extent to certify shoes and singlets and jackets—it does not.

**Senator BERNARDI:** But there is some suggestion from another certifier that that is taking place.

**Mr Raza:** Well, if there is a suggestion from that certifier, that certifier should be sitting and answering questions rather than us.

**Senator BERNARDI:** We will ask them later on. But, as I mentioned to you, a number of certifiers declined the invitation to attend.

**Mr Raza:** I do not know for what reason they did not attend. For us at AFIC, last time we could not attend that hearing that was organised because on that day our religious festival of Eid fell.

**ACTING CHAIR:** Yes, I know.

**Senator BERNARDI:** Yes, we know that, but they declined to even—

**ACTING CHAIR:** Can I ask a follow-up question on that. Mr Raza, if there are examples of people claiming—let us take a step back. In AFIC you only certify food processes; correct? Or medicines or medicinal—

**Mr Raza:** Medicinal, yes—

**ACTING CHAIR:** So you do not do anything other?

**Mr Raza:** No, nothing at all.

**ACTING CHAIR:** Are you aware of any other certifier doing other things?

**Mr Raza:** I personally have not heard about it. If it comes to me, sitting in that office, we receive calls all day long about halal issues and this and that.

**ACTING CHAIR:** And, if they are, you would see no need to do that, so, if someone is doing that, that is perhaps—

**Mr Raza:** Certifying shoes?

**ACTING CHAIR:** a sales gimmick or taking advantage of other people's lack of understanding about religious traditions? Is that what you would suspect, if that were occurring, about why that would be occurring?

**Mr Raza:** All I can say is that this is an area where people take extreme positions. I do not know what advice they have had or what advice they have not had. All I know is that, from our organisation's point of view, we would not be going into that. Halal for us is only consumables, food items that are, as the senator suggested, digested or injected.

**Senator BERNARDI:** You also, Mr Raza, mentioned—and I do not want to misinterpret what you said—that AFIC seeks basically a cost-recovery process with the halal certification as a service to the Muslim community. Is that correct?

**Mr Raza:** As a service to the Australian community.

**Senator BERNARDI:** And for export markets and so on?

**Mr Raza:** The Australian community, yes.

**Senator BERNARDI:** I looked at this and I looked at the financial statements from AFIC. For example, in 2014, it says that revenues from halal income were about \$900,000. Is that accurate?

**Mr Raza:** This figure was before I joined in. It was revised. It was because of the invoicing that was done that never happened and things like that, so it was probably downgraded to about \$700,000, yes.

**Senator BERNARDI:** But these are from your financial statements—

**Mr Raza:** I know, but they—

**Senator BERNARDI:** which are a corporate requirement.

**Mr Raza:** The financial statements also include your debtors, and that debtors list, when we went through it in the end—which one was actually going to renew their certification or which one rejected it—was downgraded.

**Senator BERNARDI:** Okay. Let me just try to make this a bit easier then. In 2011 the income as stated by your financial statements is \$700,000; in 2012, \$860,000; in 2013, \$770,000; and in 2014 it says \$901,000. Right?

**Mr Raza:** I have not seen that statement. I should have brought it with me. But does that also show the expenses incurred for that?

**Senator BERNARDI:** Yes, it does. The halal expenses in those respective years were \$219,000, \$212,000, \$161,000 and \$150,000, which means that there were profits in those four years of \$489,000, \$647,000, \$609,000 and \$751,000. That does not seem like an expense recovery exercise.

**Mr Raza:** I do not know the veracity of that.

**Senator BERNARDI:** They are from your financial statements, Mr Raza.

**Mr Raza:** Everybody has different responsibilities in an organisation. Mine is not to do the financial reports. But what I can tell you from what you just told me—\$219,000—is that we have at the moment in the Sydney office four people at an average wage of \$60,000. When you go to the Melbourne office, you have an average wage of \$60,000 and two people, and then there are contract auditors and things like that. Just by looking at it, it does not make sense to me. If you are saying it is there, it is there, but that is my explanation.

**Senator BERNARDI:** It is actually broken down, if you go to the AFIC expenses. These are your financial reports—

**Mr Raza:** Understood.

**Senator BERNARDI:** and they have to be accurate—

**Mr Raza:** Understood.

**Senator BERNARDI:** and you are now telling me that they do not account for things. But it says here 'halal manager remuneration', 'halal supervision expenses'—it breaks it down—and 'workshop expenses'. I am not quite sure what they are. 'Doubtful debts' is there. It mentions donations and various other things. It is all categorised there. And you are telling me that it is not correct.

**Mr Raza:** It does not sound correct to me, because, as I have said to you, there are four people working in the AFIC office at an average of \$60,000 to \$65,000, and there are two people working in the Melbourne office at an average of that, and that alone, just that expense alone, is more than the expenses shown there.

**Senator BERNARDI:** I am not sure what else I can rely on if your annual reports are not correct.

**Mr Raza:** We can get those figures worked out for you, but—

**Senator BERNARDI:** The difficulty is, Mr Raza, that I have written to AFIC on a number of occasions seeking clarification of their financial reports, and I never get a response, actually. I wonder why.

**Mr Raza:** All I can say is that when the inquiries happen in an atmosphere of intimidation and hatred and nonsense calls nonstop to our office, people abusing us—Senator, this is not something that I am sensationalising; this is a fact. Whenever there is news about halal certification, our telephone rings nonstop with abusive calls—and on the answering machine in the middle of the night. In an atmosphere like that, people are hesitant to keep this thing going. If you want the statements just for your own benefit, nobody would object to it, but if it is going to become a public nuisance afterwards then everybody has—

**Senator BERNARDI:** Mr Raza, what we are trying to do is establish what the facts are so we can alleviate any community concerns. If there is nothing untoward going on, we will demonstrate that to the community. You cannot hide behind the fact that the financial figures that I have put to you today, taken from your annual reports, which your organisation has not responded to my previous requests for—you cannot say that that is because the public are not very nice to you and things of that nature. We are trying to assist to alleviate some problems, and yet you are seeming to blame us for the abuse that AFIC is getting because it is not transparent.

**Mr Raza:** Senator, please. I did not mean what you just interpreted for me. What I am saying to you is that, if somebody needs it in an official capacity for official purposes, there is no harm and it should be provided to you. I do not know who is asking for it and who is not asking for it. That is the situation that exists. Everybody is just on the edge all the time: 'Where is this all going? What is happening?'

**Senator BERNARDI:** Mr Raza, I would put to you that if a letter is written to AFIC on my letterhead, signed by me, it is pretty clear who wants the information.

**Mr Raza:** I will find out.

**Senator BERNARDI:** I was unable to obtain a lot of information about halal certification because of the uncooperative attitude of members of the halal certification industry. That is why the Senate has agreed to have this inquiry into food certification, to compare and contrast.

**Mr Raza:** That is fine. If you want, I will make sure. When I go back, I will make an inquiry about what happened to the correspondence. Just for your information, I have only been in this position for about a year now, but I have been involved with AFIC for many, many years, so I know what goes on in there in other capacities. But I have only been in halal certification for one year. If you are saying you wrote letters and no response came, I will follow it up for you.

**Senator BERNARDI:** Thank you.

**ACTING CHAIR:** Mr Raza, I have just a few questions on that. Firstly, I want to summarise what our role here is. The Senate has asked us to go away and answer a series of questions under these terms of reference. That is what we are going to do. We will produce a report at the end of it.

I cannot speak for Senator Bernardi, but I suspect that where his questioning was going to was this broader kind of question: is there space—and I want to get your opinion on this—in terms of better regulation or better reform of the halal certification processes? The bit that for us seems to be a bit jarring—that is perhaps the right word—is that there are a whole series of different certifiers behaving slightly differently, with variations, each of whom is recognised by different nations in different ways through processes that have been established. At the same time, understanding the importance of this to the Australian economy, there seems to be a bit of an opaque coordination role being arranged by the department within all of this. I assume AFIC are the largest certifier?

**Mr Raza:** We are well up there.

**ACTING CHAIR:** As one of the largest certifiers, if not the largest certifier, would you welcome a bit more clarity and more structure around what are and are not certification processes?

**Mr Raza:** The biggest issue that is facing this halal certification is local certification. We have overseas certification. Overseas certification is only of meat products—red meat. That is all that the overseas certification body gives us approval for. It is to certify meat products. So overseas certification is not a problem at all. The problem is with local certification. Definitely there is a need to regulate local certification. If there are people going out there presenting themselves as halal certifiers and then doing all sorts of things which were just mentioned previously, 'We have to certify this and this and this,' there has to be some kind of regulation. Anybody at this stage can go and get themselves—there are a lot of organisations which are registered with DAFF as certifying bodies which do not have any recognition overseas, so they do certification locally. That is where, I suppose, the regulators can come in and regulate that market, and that is where the majority of the complaints are coming from.

**ACTING CHAIR:** So you are saying, Mr Raza—and I think this is quite interesting—that there is a space. You are right that we should distinguish between the international market and the Australian market. The international market does seem to have a fair bit of regulation around it.

**Mr Raza:** Absolutely.

**ACTING CHAIR:** But your opinion is that there is a space for better domestic regulation to make sure that fringe players or—I am using this word, not you—a handful of perhaps con men or whatnot are not misusing the name of halal certification for personal profit?

**Mr Raza:** Yes, there is a space to regulate these certification businesses. There are all sorts of things happening. Every day we get a call: 'This halal certificate has been photocopied from somewhere else and stuck on the wall over there. Is it halal?' Read whose name is on that certificate—which organisation's name it is—and ring them up. If it is our name, I will answer for it. If it is not our name, I cannot answer for it.

**Senator BERNARDI:** Senator Dastyari made the point that there are fringe players in the domestic certification markets that he would characterise it as connen—I would say opportunists—that are seeking to set up a—

**Mr Raza:** And I would agree with the senator and yourself.

**Senator BERNARDI:** So there is an issue with some people taking advantage of a legitimate demand, particularly for overseas markets.

**Mr Raza:** There is definitely.

**ACTING CHAIR:** On that, there are one or two things I want to get my head around. You mentioned before, and I suppose this may be where we will get to with the documents, that the halal certification part of what AFIC does—

**Mr Raza:** Business, yes.

**ACTING CHAIR:** That business is done at cost, or pretty much at cost.

**Mr Raza:** It is pretty much at cost. Say, for instance—I will be very candid with you; I have got nothing to hide—if somebody wants to use a halal logo on a bar of this or that, they will pay extra because they are using our logo to generate business. If they do not want to use it, if they just want to get us to verify that all their ingredients are halal compliant, then it is a different business and fee.

**ACTING CHAIR:** To clarify that, you are saying there are two parts to it—is that right? Are both parts of it done at cost? Or is it that the certification part is done at cost but the branding part is where there is money? Do you know what I mean?

**Senator BERNARDI:** I think there is a big difference and I think it is the one we highlighted.

**ACTING CHAIR:** I am going to give you an example, a hypothetical. My parents used to own cake stores when we were growing up, so let's say hypothetically I have a cake store in south-west Sydney and we sell pies or whatever as well that we make ourselves and I want to have a certificate on the wall that says 'halal'. And, by the way, you can only certify what you know. If they lie to you and the next day they bring in something else, you would not know.

**Mr Raza:** It is certified on the day of the audit.

**ACTING CHAIR:** That is right, and, as with anything, people can say there are no nuts in a product and the day after the audit they may put nuts into it. If I want to just have the certificate, that is done at cost. If I want to use your logo on my poster or on my packaging, then I pay a fee.

**Mr Raza:** No. If you want to stick our certificate on your wall to say this is a halal certified business or a halal accredited business, there is no extra charge for it. But if you want to stick the AFIC halal logo on individual wrappers on each of your products then you will pay extra.

**Senator BERNARDI:** Like you pay for the heart tick.

**ACTING CHAIR:** Yes, like you pay for the heart tick.

**Mr Raza:** By the way, senators, that charge is so minuscule. But then the argument was made that millions of products are made and one minuscule charge becomes a big charge. But I think that is how everybody else does business if somebody uses their goodwill logo to promote a business.

**Senator BERNARDI:** It is a marketing tool.

**Mr Raza:** For the business involved.

**Senator BERNARDI:** Absolutely, and the consumer makes an informed choice, because it is labelled and they may choose to buy it or they may choose not to. But ultimately it is a marketing edge for the business itself, so there is a credibility attached to the certification that they have and various other things. The former president of AFIC was a gentleman by the name of Mr Patel. Last year there were some statutory declarations or affidavits lodged with the District Court of New South Wales making a series of allegations about AFIC, including one that says: 'During my term as President as AFIC, Hafez Kassem, on his return from attending a halal conference abroad, had commented to me that he had had discussions with a Mr Amidan of Majelis Ulama Indonesia'—or MUI—and he had offered to secure halal-certifying rights by paying a bribe to this Mr Amidan.' How do you respond to that sort of affidavit?

**Mr Raza:** If you know the structure of AFIC, there are the politicians who go for this political office that they come through and there are workers like us. We get paid; they do not get paid. In any kind of power struggle, there are things said and things done which may be true and which may not be true. If it is done under oath, who knows? But, unless there is a verification from the people who have been accused of doing these things, who is to know better? This is my view on it: regardless of the personalities involved, as a general principle, it would be abhorrent to me to do this kind of thing.

**Senator BERNARDI:** To pay bribes to secure halal access?

**Mr Raza:** Yes.

**Senator BERNARDI:** I continue to read from the same document. It says that AFIC received approval for certification to Indonesia of food colouring, additives, flavours et cetera.

**Mr Raza:** We still do not have that recognition from them to do the food colouring. There is only one organisation; the Islamic Coordinating Council of Victoria—or the ICCV, as they are known—have the sole rights to do all of the chemicals and the flavourings.

**Senator BERNARDI:** Around Australia?

**Mr Raza:** For the Indonesian market.

**Senator BERNARDI:** For the Indonesian market?

**Mr Raza:** Exports to Indonesia, yes.

**Senator BERNARDI:** It is not deliberately state-based then? Each organisation is state-based. I thought that before you suggested, for meat and other things, that it needed to be on a state basis?

**Mr Raza:** Again, you have to separate between exports and local markets. As Senator Dastyari said, anybody can jump into local markets and start doing it; there is nobody there to stop them. But if there are going to be exports to these countries—Indonesia and Malaysia—there has to be accreditation given by those countries that says, 'Yes, you are accredited to certify flavours, chemicals and this and that,' and then any product that any Australian company wants to export to that country will have to get a certificate from that organisation. At this stage, only ICCV has that accreditation from Indonesia for flavours.

**Senator BERNARDI:** How do you account then for Mr Patel's affidavit in which he makes that statement that AFIC received it?

**Mr Raza:** I am doing it now and that is my information, currently—that we do not have the accreditation from Indonesia to do flavours and other items of that technical nature.

**Senator BERNARDI:** There are quite a number of documents attached to this, which, I think at some point, I may refer to the committee when we have a private meeting to see whether we can go through them, because I think it is important to clear up some of the misconceptions that are out there. You have former presidents of

AFIC, for example, making statements that you are saying are incorrect. He has made them under oath, and I think that is—

**Mr Raza:** I am not saying that they are incorrect; all I am saying is I cannot verify their veracity.

**Senator BERNARDI:** I do not expect you to confirm if bribes were paid or not, because you are not in a position to do that. But certainly you would be in a position, at some point, to confirm whether AFIC has rights to food colourings, additives and flavours, as Mr Patel said.

**Mr Raza:** In my time, I have spoken to all of the staff that have been there for a while, and nobody has given me any indication that this was done. But, at the same time, as we were saying, not everything that happens on that other side—there is a line here; there are the paid staff, and they are doing all the administrative work, and then there are people who hold honorary positions, and they are doing all of these other things.

**Senator BERNARDI:** Perhaps you would be kind enough to take on notice and provide us with the details about whether AFIC does have the certification rights for food colouring, additives and flavours for Indonesia, as Mr Patel has put in his statutory declaration. Because, of course, there are two issues. One is that we need to get to the bottom of the evidence and the veracity of it. Also, if someone has made a false statement under oath that has gone into the court system, then that is another issue as well.

**Mr Raza:** I will find out for you. I will provide the information to the committee if we are at the moment at this point certified to do flavourings and colourings.

**Senator BERNARDI:** Also, just for my benefit can you take me through the process? If I am a company and I want halal certification, the conflicting evidence we have had is that in the case of meat products, for example, the slaughter of the animal has to comply with the requirements of halal. That is fine. We accept that. But what about further down the chain: the processing, the packaging and the transport? Is certification required for any element of that.

**Mr Raza:** The only certification we do is for export meat only. If meat is leaving an abattoir and going into cold storage our people will issue an interim certificate, as it is called, that goes with that product. It is stamped 'halal' on the boxes by DAFF officials. Our people will then see that if there are 100 packages going into cold storage that they are all stamped 'halal'. They issue an interim certificate saying, 'Yes, I have supervised this number being loaded into this truck.' When it reaches the cold store, if our people are working over there as well, they will receive the goods according to the certificate, and when it gets exported they verify that the meat came over here. The final end product for our certification, where the money is charged, is where the goods are put into the containers at the flights and are ready to go. Then the freight providers come to us and ask us to sign the certificate.

**Senator BERNARDI:** So there is an element of certification attached to the entire chain?

**Mr Raza:** To the supply chain, yes.

**Senator BERNARDI:** For export. Your responsibility for that ceases when it is on board the ship?

**Mr Raza:** On board the ship or the plane.

**Senator BERNARDI:** So, when it is on board the final transport?

**Mr Raza:** Absolutely.

**Senator BERNARDI:** How detailed does that get? Does the trucking company need to be certified halal?

**Mr Raza:** No. The person at the point who is loading the truck ensures that the truck does not contain any other non-halal products that can accidentally open and mix with them. It is to avoid contamination. The only thing we make 100 per cent sure of is that the traceability of the halal meat is always there. With the end product we can sign with certainty, 'Yes, that is all halal going overseas in the ship in the container.'

**Senator BERNARDI:** I am just trying to get this right. There is halal certified beef and it is placed in a sealed container, for example, and then placed on a truck that would satisfy your criteria. It then gets put in a cold store, and, once again if it is in the sealed container there is no issue with it.

**Mr Raza:** No.

**Senator BERNARDI:** The reason I asked for clarification is that there is a halal certifier who openly boasts through social media about the need for certification at every single point across the chain, including drivers, trucks, fuel supplies and all of that sort of stuff. If it is true it is of concern to many people. If it is not true, it says something about him.

**Mr Raza:** All I can say to you is that we at AFIC do a lot of certification of export meat—we do the biggest companies in Australia—and we do not engage in those practices you just mentioned. We just have a halal

slaughterman at the plant. If the meat is to be transferred from there we make sure that it is in properly sealed cartons, and DAFF has also verified that they contain halal meat. Then, when it ends up with the freight forwarder they will bring the certificate to us. This is the interim certificate that came from the abattoir to us with this product. They ask us to sign it. We verify that our people issued the certificate and we sign it. The product is then exported.

**Senator BERNARDI:** We are out of time. I want to thank you for attending today. I know it has been a challenge for you. I appreciate your attendance, because a lot of your colleagues have chosen not to.

**Mr Raza:** Senator Bernardi, I thank you very much for listening to me passionately. I know that sometimes it may not have been coherent. But what I have stated today is all the factual information I know—and that is what I have said to you.

**Senator BERNARDI:** All we want to do is establish what the facts are. That is the truth. If we can allay misconceptions about this we do everyone a service.

**ACTING CHAIR:** Mr Raza, you have taken some questions on notice. I think an appropriate amount of time for people to send written responses is normally a fortnight. Is that all right with you, Senator Bernardi?

**Senator BERNARDI:** It is fine with me.

**ACTING CHAIR:** If we do that, because we have to report by the 30th. Could we get the answers to questions on notice by the 17th?

**Mr Raza:** Can somebody please send me those questions, in your wording, so that I can reply according to what you really meant to ask?

**Senator BERNARDI:** I will ensure they are written out and sent to you. We can give you a *Hansard* extract.

**ACTING CHAIR:** If you have anything else to add, could you do it by Friday. Thank you, Mr Raza.

**AYAN, Mr Abdul, Private capacity**

[13:46]

**ACTING CHAIR:** Welcome. Mr Ayan, I know you have travelled up from Melbourne to be here with us today, for which we thank you. I note you have sent us a copy of documents for tabling. I have had a chance to look at them and I am happy that we table them if you are, Senator.

**Senator BERNARDI:** I managed to see the first one only. But I am happy to go with your advice as acting chair.

**ACTING CHAIR:** From what I saw there was nothing that I thought—

**Mr Ayan:** Could I add that I want to submit my book, a proof, called *Accessing the Global Halal Market*. It deals with the issue of certification. It was written in 2013. I submit it to you for your consideration, in the hope that you will return it to me when you finish with it.

**Senator BERNARDI:** The secretary might even be able to buy a copy.

**ACTING CHAIR:** We will accept it but not formally table it, because that means we will have to photocopy it.

**Mr Ayan:** Make it as part of the evidence.

**ACTING CHAIR:** We will accept it in good faith.

**Mr Ayan:** You can submit it as part of the evidence I am presenting. The relevant sections are chapters two, six and seven.

**ACTING CHAIR:** We will formally table chapters two, six and seven. Once again, thank you for travelling up from Melbourne today. The senators have some questions for you but would you like to make a brief opening statement first?

**Mr Ayan:** I will try to give a brief statement. I do not intend in any way to be discourteous, but I have been very critical of this inquiry. You know about it. I am going to be very frank with you and I hope you will appreciate that. We have a predicament here. We have a Senate committee inquiry about third-party certification of various certification schemes. Yet, most people think that it is about Muslims—that the issue is not really halal but is about Muslims. Ninety-five per cent of submissions you have received are submissions of hate, conflict and prejudice, which are unworthy for a Senate committee to receive. I do not know how you are going to deal with it, but you will have to deal with it in one way or another.

**ACTING CHAIR:** Before you continue I might just comment on that. These are terms that were provided to us by the Senate. The fact that a large number of submissions relate to a smaller part of the broader terms is not that uncommon a thing. We have separate inquiries about broad issues. The public interest component tends to be narrow cast. We are doing a big inquiry on forestry managed investment schemes, and 95 per cent of the submissions were about one scheme in Timbercorp. We accept things in confidence, and you are right: there are a very large range of views that get expressed to the Senate. But we have a responsibility and, as we should, we accept them all.

**Mr Ayan:** I accept that you do have a responsibility, but I really question the wisdom of the direction that this inquiry has taken. The Senate ought to have known that it was going to generate a lot of racism and prejudice, which is a threat to the Muslim community. I do not resile from that. Senator Bernardi, in particular, has been very unhelpful in that regard.

Halal certification has a lot of problems. We need to deal with the problems of halal certification. Halal certification is not about religion. It may be based on Islam, but it is about trade and commerce. Let's deal with the issue of trade and commerce in terms of halal certification, and let's sort out the problems halal certification has technically and in terms of issues of corruption, unethical practices, mismanagement and misconduct—issues that Senator Bernardi was alluding to, I suppose, in terms of conflict. If two people who are both working in AFIC give conflicting ideas, which one is true?

I would like to, for example, go to one or two of these issues that the gentleman who was here mentioned and correct some of them from my point of view. On certification charges, I have given you copies of two certification documents. One is called a halal certificate. The other one is called an interim transfer certificate. These are some of the certificates that are used. The halal certificate has a government stamp, an Islamic society stamp and also an MS stamp. There is only an Islamic stamp there, but the others do not appear.

**Senator BERNARDI:** You said an MS stamp.

**Mr Ayan:** MS stands for 'Muslim slaughter'. These are mandatory things that you have to do. The halal certificate in particular is the principal certificate on the basis of which the certifiers construct their charges. They base their charges on that. It does not mean that there are no other charges, as the gentleman who was here may have suggested. There are other charges. For example, I think he may have said registration is not charged for. Well, it is. I know it is. I know some of them do, anyway. They give the halal registered establishment a certificate which says that this is a halal registered establishment under the auspices of that particular certifier. They charge for that. My recollection is that one of the organisations I know charges about \$400 or \$500. You can think what you like. Is it expensive? Is it exorbitant? I do not know.

I am reluctant to criticise commercial-in-confidence agreements between a commercial enterprise and a business providing service to that commercial enterprise. Whether it is an Islamic society or something else, I am reluctant to criticise it.

On the whole—and you have read my submission—I do not think the charges are exorbitant. And I think the halal establishments, the businesses, would be the first to say so. You would have heard a lot of talk or representation, but I doubt you would have heard a lot of people complaining about that. That does not mean that it does not happen; sometimes it does happen, and in my submission I refer to one in particular who sought a certain amount of money, which the establishment thought was excessive, and there was then a problem of how to deal with that issue. It was a very difficult situation for that business.

**Senator BERNARDI:** I appreciate the frankness of your comments, and I want to thank you for coming along today. And this is not personal—about me, or anything else—so I do not take your comments about me personally at all. But your submission I think highlights the fact that there are issues at work within this certification industry. You talk about corruption, you talk about overcharging and overservicing, expensive certification, non-controlled products and labelling and all of those sorts of things, which reflect the concerns of many Australians, I would guess.

**Mr Ayan:** Not always widespread.

**Senator BERNARDI:** No, not always widespread, but there are examples of it.

**Mr Ayan:** That is right.

**Senator BERNARDI:** And the difficulty has been for people like me who receive a lot of inquiries from people, and a lot of allegations and a lot of statements, and it has always been about establishing what is true and what is not true. That is the substantive issues. And, as you many have heard in the evidence earlier, I have written away to AFIC, amongst other institutions, seeking answers to some of the questions so that I can respond to people in a truthful and accurate manner. And when those answers are not forthcoming the antenna goes up.

**Mr Ayan:** Yes—and rightly so, if I may interrupt you.

**Senator BERNARDI:** Okay. So, I appreciate your contribution to this, but I think it does highlight why this inquiry is actually necessary. I know you said you would prefer an independent inquiry, but, believe it or not—

**Mr Ayan:** If we keep Islam out of it—

**Senator BERNARDI:** Well, this is about a practice, whether it is appropriate or not. There are questions for many people about what happens to some of the money. There are questions about some of the con men in the industry and some of the rogues and all that sort of stuff, and you highlight that. So, let's look at this in a positive manner. We want to dispel the myths and the falsehoods. We want to make sure that while it is advantageous to Australian exports—and it is important; I make no bones about that: it is going to help our country—people are not being ripped off along the way.

**Mr Ayan:** I could not agree more.

**Senator BERNARDI:** And that is all we are trying to do. I am happy that AFIC came. I am happy that you have come. But some of the most vocal critics, and the people who say there is nothing to hide, have refused to attend. And I think that is alarming in itself.

**Mr Ayan:** It is very sad. It is alarming. They should have appeared before the committee. That is my view, and I think they should have been leaned upon to appear before the committee.

**Senator BERNARDI:** Well, they boasted all the time about how they were going to—

**Mr Ayan:** Yes. What I hear in the street is that the Muslim community has boycotted the inquiry, and I do not like that.

**Senator BERNARDI:** So, how are we supposed to establish what the truth is if the Muslim community or the certifiers will not participate and will not dispel some of the myths that are out there?

**Mr Ayan:** It is how the whole thing started—the direction. If the Muslim community did not see this as an attack on them they would have been more forthcoming than they have been. But from the beginning they have got that perception, rightly or wrongly. I do not care, rightly or wrongly, I am personally willing to appear before the committee and assist the committee in any way I can.

**Senator BERNARDI:** I appreciate that, Mr Ayan. But there is no doubt, and the evidence has shown, that organisations that participate in halal certification, either providing the certification or even companies that are pursuing certification for their own marketing means, have been subject to a campaign of concern—some would say abuse; you can describe it in any way—that has impacted on their ability to make reasonable decisions. People like the Food & Grocery Council welcomed this inquiry because it would help dispel some of the myths. Immediately, even some of the Islamic organisations did the same and the kosher organisations did the same, as did the organic organisations.

So it was welcomed broadly across the board and yet what alarms me is that they have decided to boycott it because—why?

**Mr Ayan:** Why? Senator Bernardi, you do not know? Really?

**Senator BERNARDI:** I am just explaining that they welcomed it—

**Mr Ayan:** I made it plain in my submission, that one of the reasons why the Muslim community—

**Senator BERNARDI:** because of the submissions that were received.

**Mr Ayan:** You better read my submission to understand at least where I am coming from.

**Senator BERNARDI:** I know that you have been critical and that you have said you want an independent inquiry into it.

**Mr Ayan:** I have been critical. You see, it is the direction that it has taken. It got involved with anti-Muslim groups. It got involved in prejudice. They saw it as a platform to attack the Muslim community. Didn't they?

**Senator BERNARDI:** No. I think people—

**Mr Ayan:** Aren't you close to those groups?

**Senator BERNARDI:** Mr Ayan, the concern is that—

**Mr Ayan:** Sir—your honour—are you close to those groups?

**Senator BERNARDI:** I am not sure what groups you are referring to.

**Mr Ayan:** I am referring to—what is her name?—the Halal Choices.

**Senator BERNARDI:** She gave evidence to this committee, yes.

**Mr Ayan:** You are close to those groups—anti-Muslim groups.

**Senator BERNARDI:** You are close to her—she is sitting behind you!

**Mr Ayan:** You are close to anti-Muslim groups. You asked me, 'What is the reason why the Muslim community does not come?' I am telling you: the perceptions they have are why they are not coming.

**Senator BERNARDI:** Okay, Mr Ayan. And, once again, it is not personal, but—

**Mr Ayan:** Do not pretend that you do not know, because you do!

**Senator BERNARDI:** Mr Ayan, no. I will tell you what I do know. I know that this inquiry was broadly welcomed by the major certification outfits that were encompassed in it. What you are telling me is that the Muslim community have decided to boycott this inquiry because they do not like some of the people that we are seeking to get—

**Mr Ayan:** That is why I am here.

**Senator BERNARDI:** Okay, is that what you are putting? They decided to boycott it because they do not like the fact that we have taken evidence from people who have a differing point of view from them?

**Mr Ayan:** No, it is not that, it is not that, it is not that, it is not that!

**ACTING CHAIR:** I think the irony is—if I can just cut in—

**Mr Ayan:** If we play around with words—

**Senator BERNARDI:** I am not playing with words!

**Mr Ayan:** we are not going to reach an agreement on these kinds of things. That is an issue of prejudice attached to this inquiry—

**Senator BERNARDI:** No—

**Mr Ayan:** And the way the Muslim community sees it, is that you are actually the one behind that in terms of generating this inquiry, asking it to do things that—

**ACTING CHAIR:** I think—

**Senator BERNARDI:** Yes, that is right, because I want to establish what the facts are, and they obviously do not want the facts to be on the table.

**Mr Ayan:** If the direction—

**ACTING CHAIR:** Mr Ayan—

**Mr Ayan:** Sir: yes, if the direction is doing something about corruption, mismanagement or misconduct. But if you go to Islam nobody is going to cooperate—nobody! And I will not cooperate with you either!

**Senator BERNARDI:** I come back to this: how do you establish that there is corruption taking place and—

**Mr Ayan:** Take Islam out. Take Islam out—I am telling you. Take Islam out of it!

**Senator BERNARDI:** Okay. If you want to remove it and have an inquiry into—what?—non-halal certification and corrupt practices, either way—

**Mr Ayan:** I am talking about trade. I am talking Australian—

**Senator BERNARDI:** But you are also being critical of this halal certification scheme—

**Mr Ayan:** I am! I am!

**Senator BERNARDI:** by saying it is ridden with corrupt practices and overservicing, and all of that. So how do you propose we can establish those facts and those details without having an inquiry?

**Mr Ayan:** Let's not get bogged down on this issue, because we are not going to agree on this issue. Let's go to issues that are much more productive than that.

**Senator BERNARDI:** Okay.

**Mr Ayan:** We can deal with corruption, mismanagement, halal certification et cetera . Keep Islam out of it completely. Otherwise we will not—

**Senator BERNARDI:** That is why we are talking about halal certification today.

**Mr Ayan:** Halal certification is more about trade these days than it is about Islam. It has a foundation in Islam, but it is about trade and commerce.

**Senator BERNARDI:** We are saying that involved in the halal certification industry there is overservicing, excessive certification, corruption and other things. They are the allegations that you have made.

**Mr Ayan:** Yes. I could not agree more. That is what is in my submission.

**Senator BERNARDI:** That is what we want to get to the bottom of. How do we clean up the practice? What should we be doing?

**Mr Ayan:** These are the kinds of questions we need to ask.

**Senator BERNARDI:** That is what we are trying to establish.

**Mr Ayan:** I could not agree with you more.

**Senator BERNARDI:** Can you help me?

**Mr Ayan:** Yes, absolutely, anytime. Before we proceed I want to comment on what the gentleman who was here said. What he said was—

**Senator BERNARDI:** The previous witness?

**Mr Ayan:** only ICCV. ICCV does not certify certain—what is it?—ingredients.

**Senator BERNARDI:** No, he said ICCV food colourings for Indonesia.

**Mr Ayan:** They do, and I have seen that they do. I have seen their stamp.

**Senator BERNARDI:** But he said that they do for Indonesia.

**Mr Ayan:** He said they do not.

**Senator BERNARDI:** No.

**ACTING CHAIR:** No, he said they do not.

**Mr Ayan:** He said they do not.

**Senator BERNARDI:** No, AFIC.

**Mr Ayan:** AFIC does not—

**Senator BERNARDI:** No, AFIC do not.

**Mr Ayan:** They stamp packed and bottled products. They do meat, but they also do the other stuff.

**Senator BERNARDI:** That is what his evidence was.

**Mr Ayan:** They do certify those, and I have seen their stamp.

**ACTING CHAIR:** We will check the *Hansard* record, but I think that was his evidence, as well.

**Mr Ayan:** I have seen their stamp. The main certifiers in that particular area are AFIC, Islamic Co-ordinating Council of Victoria, the Australian Halal Food Services in Queensland—and there is a fourth one, I think.

**Senator BERNARDI:** Just to confirm the evidence, I thought he said that AFIC only certified export meat products—

**Mr Ayan:** Yes, that is right.

**Senator BERNARDI:** and when I asked specifically about food colourings and dyes for Indonesia, about which there are allegations of a bribe being paid, he said, no, the only people who do that are ICCV.

**Mr Ayan:** ICCV may only do it for Indonesia. But the thing is AFIC does certify, and I have seen their certification. That is the only thing. It is not recent. It was some time ago. I think it was when I was working on this.

**Senator BERNARDI:** What can we do to clean up the industry?

**Mr Ayan:** To clean up the industry, it is a big problem. It is a big industry. We are not going to dismantle the industry just like that, because we will be in deep trouble if we do. We need certification. We need to have certification. The only way we can do it is to do it from the point of view of reform. If you want to reform a system, you need some people who will help you in that—your authorities, Department of Agriculture, some of the certifiers, some leaders of the Muslim community. You need a broad cooperation of people to say, 'Look, let's do something about this. It's not working very well. It's top-heavy with these kinds of malpractices.' And a lot of the Muslim community would agree. They know about these kinds of things. They may be quiet about it but they know about these kinds of things.

What they have is structural problems. It is the way of the model we have. It is a deficient one. It is not a good one for a professional organisation. In actual fact, one can say they are most unprofessional in terms of their structure. They are unrepresentative in terms of their representation of the Muslim community. You name it, most organisations have got a very low educational and professional profile. I do not have to simply say that. You need to look at the members they have. Take ICCV, for example. The president has no formal schooling. He is almost illiterate. The head of the halal food services, similarly, is almost illiterate. These people are just interested in making the money—and they are very proud of that, you know. That is not something they are ashamed of.

**Senator BERNARDI:** Do they actually go through a process in order to certify something, or is it that you can just pay some money and get a certificate?

**Mr Ayan:** My book comments on these kinds of things. A rubber stamp is the predominant thing. The whole system has been reduced to a rubber stamp.

**Senator BERNARDI:** So you pay your money, you get the stamp, and off you go?

**Mr Ayan:** Forget about the system. It is a very complex system, but the most predominant is the stamp. You have got that stamp. All that you do—

**Senator BERNARDI:** What is to stop anyone setting up a halal certification scheme?

**Mr Ayan:** No, you cannot establish a halal certifying group, because you will have to get accreditation from somewhere. Here, the department of agriculture will not allow you. The authorities overseas would not allow you.

**Senator BERNARDI:** But that is for export. What about domestic though?

**Mr Ayan:** Domestic? It is free for all.

**Senator BERNARDI:** Anyone can open one up?

**Mr Ayan:** And all the ingredient areas, in terms of labelling, are free for all. There is no control over these kinds of things.

**ACTING CHAIR:** Some of the evidence we have been given seems to be that there is a two-tiered system. There is a different system, obviously, internationally than there is domestically.

**Mr Ayan:** Yes, that is right.

**ACTING CHAIR:** The evidence seems to be that, because of the seriousness of the trade consequences of the international market, the department takes a special interest in that. And practices at an international level, because they have serious trade consequences, seem to be regulated.

**Mr Ayan:** That is right.

**ACTING CHAIR:** The domestic market is not regulated—

**Mr Ayan:** No.

**ACTING CHAIR:** and that perhaps is one of the recommendations we need to pursue. I know what a big fan of regulation Senator Bernardi is! But would you share the view that we need to regulate the domestic market?

**Mr Ayan:** I would—not to have heavy regulation, for example, just registration. We need to know who is doing what and how.

**ACTING CHAIR:** Mr Ayan, you had a fantastic submission that went through the terms of reference point by point. Would it be possible for us to ask you—because I am worried that we will not get to it today—if you are able, through your work, to come back to us with a clear set of what a domestic regulation scheme, in your expert opinion, would look like to help form our views? If that is okay with—

**Mr Ayan:** I would cooperate in any way that—

**ACTING CHAIR:** If you were able to help outline that—I know your submission touches on many points.

**Mr Ayan:** Basically what I want is not temporary involvement of government and all that kind of thing. We want to know who these people are.

**ACTING CHAIR:** So a registration scheme?

**Mr Ayan:** We need to know what they do and whether what they do is a good thing, whether they are rorting the system or they are—

**ACTING CHAIR:** I am very conscious of the time. You would be saying at minimum a registration scheme?

**Mr Ayan:** Yes, a registration scheme—

**ACTING CHAIR:** To start with. Secondly, within that registration scheme, to register you would have to outline your practices and what exactly you will authorise?

**Mr Ayan:** That is right.

**ACTING CHAIR:** I think that is an interesting suggestion.

**Senator BERNARDI:** Part of comparing and contrasting is the generally unregulated market that applies to, say, domestic certification for halal versus what we discovered in the certified organic industry, in which there are, I think, seven—I will stand corrected—registered providers that can provide certified organic accreditation or certification, and that is regulated by government.

**Mr Ayan:** Is that similar to the halal certification?

**Senator BERNARDI:** Yes, it is a similar thing.

**Mr Ayan:** Seven of them are certified?

**Senator BERNARDI:** Seven organisations can say, 'You are certified for organic produce,' and there is a chain and things of that nature. It was a similar thing for the halal accredited export abattoirs and things of that nature. But what has happened since the 1982 royal commission is that the halal industry—and it is an industry—has grown like Topsy, as you have acknowledged, so it is no longer just about export and just about trade—

**Mr Ayan:** That is right.

**Senator BERNARDI:** it is about people that are profiteering—

**Mr Ayan:** Absolutely.

**Senator BERNARDI:** gouging and coercing. There are all sorts of claims that are made—I do not know whether they are true or not—in the domestic—

**Mr Ayan:** Shall I interrupt you?

**Senator BERNARDI:** No, not if I am doing well. If I am doing well, let me go! Have you got to agree?

**Mr Ayan:** Shall I interrupt you for a second?

**ACTING CHAIR:** You said 'shall' like it was a question!

**Mr Ayan:** Have you read the *Tempo* magazine article?

**Senator BERNARDI:** *Tempo*? No.

**Mr Ayan:** I had better give you a copy. You have not read it?

**ACTING CHAIR:** No, I am not familiar with it.

**Mr Ayan:** *Tempo* is an Indonesian magazine. *Tempo* has done an investigation. I think I put that in my submission.

**ACTING CHAIR:** On the back page.

**Mr Ayan:** Yes.

**Senator BERNARDI:** We will get it.

**Mr Ayan:** I have got it here. I may present it to the committee for consideration.

**Senator BERNARDI:** I have not got my glasses, so I cannot read it.

**Mr Ayan:** That is a very good one. It tells you all the shenanigans going on within the halal system, particularly Indonesian involvement in it, particularly bribery and corruption. There are admissions. In that article there is someone who admits, 'Yes, I paid a bribe,' and signs an affidavit to that effect.

**Senator BERNARDI:** I have an affidavit from the former president of ASIC saying that bribes were solicited and received.

**Mr Ayan:** That is right, but there is a lot of other evidence also in that document. There are pictures of the documents themselves in that article which show you the depth of corruption in the industry. You had better look at that article. It is a very good article in that sense. The other one you have to look at is chapter 7 of my book. It is a case study of a boning room. In that boning room the system is not working, and there is no pretence by the people in that boning room to make it work.

**Senator BERNARDI:** So it is simply ticking a box saying, 'We have paid the money to get this,' and it does not matter?

**Mr Ayan:** It is the stamp—the 'rubber-stamp syndrome' is what it is called. That is all they do. If people overseas really know these things and believe that this is what is happening, they will not buy that product. In actual fact, it is not halal at all; it is haram.

**Senator BERNARDI:** Isn't this one of the issues? For certain export markets, they insist upon a certain agency or certifier—

**Mr Ayan:** They do.

**Senator BERNARDI:** because they have confidence in that certifier. But also, there has been a suggestion—I am interested in your response—that, where there is an exclusive certifier for a particular export market, the certification fees are not competitive.

**Mr Ayan:** First of all, the government has to do something about that. Even though, with all the overseas exporters, the certifiers are nominated by them or accredited by them, the government must have a say, particularly in terms of professionalism of that organisation, the integrity of that organisation. They call it 'a fit and proper person'. But DA has not really been very candid. I have read their—

**Senator BERNARDI:** The evidence or their submission?

**Mr Ayan:** Was it their submission?

**Senator BERNARDI:** No, it was in evidence—they appeared.

**Mr Ayan:** The evidence they gave before you. They made it as if things are hunky-dory.

**Senator BERNARDI:** I agree with you; we have found a common point here.

**Mr Ayan:** Everything is hunky-dory—it is not. We need to have greater control. We are not going to take away the authority of the overseas countries, because they are our customers. We have to be very careful in the way we deal with them. We want them to buy our products. We are not going to upset those countries. The thing is, we must have a say in these things. We must be able to deregister people. DA has never suspended, warned, sacked, deregistered anybody. Now all these things are happening. It is absolutely unreal.

**Senator BERNARDI:** Did you see the *Four Corners* discussion about halal certification?

**Mr Ayan:** I have. They consulted me.

**Senator BERNARDI:** I think the day after that came out there was an Indonesian religious figure who said the system was being gamed.

**Mr Ayan:** That is right.

**Senator BERNARDI:** They are my words. If a religious figure of one of our serious export partners says that—

**Mr Ayan:** That is right. It is not that they do not know. That is why I urge you to read that article. It is a very good article.

**Senator BERNARDI:** Okay. Let's go to what we do about it.

**Mr Ayan:** It shows, for example, money changing hands. It specifies the type of checks there were. It shows Commonwealth Bank transfers on a particular date between two people—changing hands and going to the account of Amidhan. You could not be more specific than that, really. It shows that. It shows agreements, which there should not have been, for contribution—in other words, 'bribe'—to the Indonesian organisation, MUI, for certification purposes.

**Senator BERNARDI:** So you get the certification contract and then you have to give us money back to build a mosque or whatever.

**Mr Ayan:** That is right. There is a document there which shows that. There is a lot of other evidentiary material.

**Senator BERNARDI:** Is there a significant difference in the certification requirements for halal according to the different strands of Islamic faith—the Sunni or the Shiah or anything else? Is that one of the criteria that comes to the agencies that are chosen?

**Mr Ayan:** It is not really my area, but I think there is. What you are talking about, basically, is—until quite recently—Iran. That is all, really. Iran choose their own supervisors who supervise for them in Australia. I think they do. And that is okay.

**Senator BERNARDI:** But Saudi have their own preferred supplier as well?

**Mr Ayan:** No. They have their certifiers. Indonesia have their certifiers. There are four major certifiers. Not all Muslim countries accredit these organisations as certifiers. There are only four major ones—Malaysia, Indonesia, Saudi Arabia and the United Arab Emirates.

**Senator BERNARDI:** What I am trying to establish is: is it because there is a difference in their requirements or is it, potentially, one of those things where—

**Mr Ayan:** It is the standard. Some of the standards they use are different. It is not different in many respects, but there are some differences. They make a headache for the halal establishments to juggle these kinds of things. You do not need to juggle things. It is a halal certification. It should be based on one standard.

**Senator BERNARDI:** If I have a large abattoir, for example, and I want to export beef products to Indonesia, Saudi Arabia and somewhere else, I may have to get multiple certifications and pay for multiple certifications.

**Mr Ayan:** Yes. You have to—for example, the ICCV monopoly position is that it is the only certifier for Saudi Arabia in the whole of Victoria. No-one else can.

**Senator BERNARDI:** And so that opens up the possibility of unethical or corrupt practices.

**Mr Ayan:** That is right. Absolutely. That is why they ask for the \$80,000—

**Senator BERNARDI:** In advance?

**Mr Ayan:** In advance. The guy panicked and said, 'Who can help me?' They are standard tactics of intimidation. If you do pay and you do not comply, you will not get certification for Saudi Arabia. That is the bottom line.

**Senator BERNARDI:** How do we overcome that? We do not want to jeopardise our export market with Saudi, but you want to make sure that—

**Mr Ayan:** You have to do something about that certifier.

**Senator BERNARDI:** But then there is still going to be a monopoly certification because of the Saudi requirements.

**Mr Ayan:** One major recommendation I make in my submission is to establish an independent oversight office for halal certification to ensure that these certification organisations play by the rules, work closely with the government, report to the government and have representation from the community as well. DA has a little body called halal certifiers, and they mutually reinforce each other and pat each other on the back, and nothing positive or constructive comes out of it. What you need to do is to build that oversight office and give it reserve powers. The important reserve power it would have is to be a certifier of last resort. You are talking about the behaviour or misconduct of that certifier. If you get rid of him then you will not have a problem.

**Senator BERNARDI:** This is the issue.

**Mr Ayan:** All right, but if you have that organisation what the government should do is try to give that reserve power of certification, go to these countries and say: 'We have established this organisation which will have reserve powers. If we lose one particular certifier or a bad certifier is deregistered temporarily, the oversight organisation will provide that certification.'

**Senator BERNARDI:** On a cost-recovery basis rather than a profit basis.

**Mr Ayan:** It can be on a profit basis, because that office will need money as well. While it is doing that job, it is doing a job that needs to be paid for. I think it will clean up many of the problems, but what you need is to get that approved by overseas countries, and by that means you give it legitimacy. It is very important for it to have legitimacy.

**Senator BERNARDI:** I agree. Finally, what do we about the domestic certification market that is growing like Topsy?

**Mr Ayan:** We need to regulate it. Government has to come in and register, or an office that can. If you establish that office, it can be the registrar of those organisations and inspect those organisations. That office will have a lot of functions: supervision, reporting, auditing these organisations and making sure that they play by the rules.

**Senator BERNARDI:** Certification is about knowing that there are not forbidden ingredients, if you will, in foodstuffs.

**Mr Ayan:** Yes, that is right. It is not really about halal; it is whether there are forbidden—

**Senator BERNARDI:** Forbidden ingredients.

**Mr Ayan:** That is right, yes.

**Senator BERNARDI:** So it contains no pork, gelatine or whatever the case may be.

**Mr Ayan:** Yes, that is right—or alcohol.

**Senator BERNARDI:** Yes, no alcohol. I think that is all.

**ACTING CHAIR:** Mr Ayan, thank you so much.

**Mr Ayan:** It is a pleasure to meet you at last, Senator Bernardi.

**Senator BERNARDI:** I am not the devil!

**Mr Ayan:** No, I do not think that.

**ACTING CHAIR:** I note you have taken some stuff on notice. If possible, if you are able to get us a response by the 17th, in a fortnight, it would be fantastic.

**Mr Ayan:** I will do that.

**ACTING CHAIR:** Thank you so much. I also want to thank Hansard and recording, who are listening in back in Canberra as well. It is a quasi public holiday today in Canberra.

**Mr Ayan:** Yes, it is. Senator Dastyari, did you add the *Tempo* in your—

**ACTING CHAIR:** Yes. The reference to it was in your submission. It was titled 'The high cost of halal labels', and there was a sequel article.

**Mr Ayan:** I have the actual articles, and I will give them to you.

**ACTING CHAIR:** Fantastic. That would be great. Thank you. You did refer to them.

**Mr Ayan:** But you will have to return them to me at some point if you can. Thank you very much.

**ACTING CHAIR:** Thank you, Mr Ayan, and thank you for flying all the way up for today.

**Mr Ayan:** I appreciate having met you and having put some names to faces, or faces to names.

**Senator BERNARDI:** I am very pleased you were able to make the journey up today.

**Committee adjourned at 14:29**