

REPORT OF THE
ROYAL COMMISSION
INTO
AUSTRALIAN MEAT INDUSTRY

September 1982

Appendix H

The Hon Mr Justice A.E. Woodward
Commissioner

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APPENDIX H

CASES INVESTIGATED

This Appendix contains the Commission's detailed findings on 35 cases that were investigated, with varying degrees of intensity, during the Commission's sittings. Some general comments on the selection and conduct of these cases have been made in Chapter 2(b). The only point that need be made here is that in many instances a company name has been used as the most convenient heading. In a number of those cases that company has been guilty, through its directors or managers, of some wrongdoing. In other cases the company has not been at fault at all. The list that follows must therefore not be read as a list of wrongdoers.

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CASE 1 - STEIGER'S MEAT SUPPLY (AUST) PTY LTD, 1976-81

1. Steiger's Meat Supply (Aust) Pty Ltd has been licensed to export meat for about ten years. The operating company is a fully owned subsidiary of a public company, Steiger's Limited. The companies are controlled by Norbert Boehm and Walter Steiger. Each of them owns about one third of the shares in the public company. Steiger's operate an export boning-room at Bastings Street, Northcote. In 1981, Steiger's had a turnover of some \$25m. In terms of volume, it would fall in the middle order of Australian meat exporters.

2. No doubt a proportion of Steiger's business has been carried on legitimately, in accordance with existing legal requirements and prevailing trade standards. No doubt also Steiger's engaged in malpractices said to be common in the industry, such as relidding local meat for export, packing cow for bull and 'robbing the pack'. Boehm conceded that much in his evidence, and it is worth noting the Boehm found it necessary after the substitution scandal broke to have some six metal meat inspection stamps ground down and dumped in the Maribyrnong River.

3. However, the activity of Steiger's of particular interest to the Royal Commission was the use of pet meat in product destined for human consumption. Boehm denied throughout that Steiger's had engaged in the practice. Indeed, he denied that Steiger's had ever purchased pet meat at all. The evidence showed those denials to be false. There can be no doubt that Steiger's purchased considerable quantities of pet food which was injected into the human food chain. What quantities were purchased and over what period it is difficult to say.

4. Cisco's Meat Export Pty Ltd also holds an export licence. The active director of this company is Leonard Suszko. The precise relationship between Steiger's and

Cisco's remains unclear from the evidence. It did emerge that Suszko had been engaged in various activities for Steiger's for some years before the formation of Cisco's. Boehm and Steiger financed the purchase of Cisco's land and building, through an investment company, to the extent of some \$500 000.

5. It was denied that Steiger's directors exercised any interest or control in the running of Cisco's or that money had been lent by Steiger's to Cisco's. It was said that the only transactions between the companies related to sales and purchases of meat.

6. The cash books of Steiger's contain many entries posted to Cisco's as "purchases". However, it became apparent from other evidence that the description "purchases" in those cash books could cover a variety of transactions. The cash books also contain entries described as loans and repayments between the companies for amounts of the order of \$100 000. Boehm guaranteed an extension of Cisco's overdraft with the bank by lodging the title of a farm owned by him personally. During a period that Steiger's lost their export licence, a number of Steiger's employees moved over to Cisco's. The two companies each used one Graham Pearce as a buyer. He was a key figure in the pet food transactions. As will emerge, there were other connecting links between the companies. It seems likely that there is a good deal more in the relationship between these companies and their directors than was ever admitted at the Royal Commission.

7. Five persons who played prominent roles in the pet food transactions were Norbert Boehm, Graham Pearce, Leo Suszko, Walter Steiger and Wilhelm Anschitz. Each of these persons gave evidence on oath, most of them on a number of occasions. Each of them told lies, knowingly, repeatedly, blatantly, and in consequence of agreements to do so. Their motives for lying were obvious enough.

8. Unfortunately a number of other persons, who had gained few if any benefits from the illegal transactions, lied in their support of the principals, either out of a misguided sense of loyalty, or in consequence of pressure placed on them to do so.

9. The principals provided no useful evidence as to the involvement of their companies in the pet meat transactions. That evidence came from other sources and, as the story unfolded it presented a worrying picture. The flesh of donkeys, goats, kangaroos, buffaloes and horses, killed in the field and without regard to any consideration of hygiene or public health, was used indiscriminately to produce food for human consumption. The attempt to cover up these operations, and to deceive the police and the Royal Commission, involved perjury, conspiracies to commit perjury, threats to witnesses, attempts to suborn witnesses to give false testimony, the falsification of company records and the destruction of accounting documents. There is little point in elaborating on the tortuous sequence of evidence by which at least a part of the truth was unfolded. But a short account may be useful to describe the methods employed by these operators, and also to demonstrate the lengths to which the principals were prepared to go to conceal their activities.

10. One of the sources of the pet food was Kununurra Pet Meat Supply, a pet meat business in the north of Western Australia, close to the Northern Territory border. It is operated by one John Ellison. He deals mainly in donkeys, together with a few horses and other animals such as camels and bullocks. The donkeys are shot in the wild and about eight pieces of flesh cut from them. These are thrown into a truck and delivered to a portable chiller owned by him. In due course they are delivered to his premises, where bruised flesh is trimmed off and they are packed for delivery. Meat intended for sale in Australia is normally packed into plain two-piece cartons.

11. It is clear from the evidence that quite large quantities of this donkey-meat - certainly hundreds of tonnes - has found its way into the human food chain in Victoria, and perhaps other eastern states. Some of it has probably been exported.

12. About four years ago Graham Pearce (known as "Waxy" Pearce) went to Kununurra to place an order with Ellison. He established his financial credit through a bank in Katherine. Pearce asked that the transactions be recorded in the names "Northcott" and later "G. Brown". The donkey-meat was to be delivered in Melbourne as often as Pearce placed an order by telephone. It was to be paid for by telegraphic bank transfer as soon as the load arrived in Melbourne.

13. The first load was delivered in December 1979 and was paid for by telegraphic transfer direct from Steiger's. No name was recorded in Ellison's invoice book for this load. Save for three loads, the money for all later payments was supplied by Steiger's. However, no doubt to cover the true identity of the purchaser, the transactions were carried out through a business called AWT Trading. This business was conducted by Wilhelm Anschitz. When payment for a load was due, Anschitz would draw cash or a cash cheque from the bank of AWT Trading, go to some other bank and send a telegraphic transfer to Ellison's bank. He used a false name at the transmitting bank, commonly "Hans Bauer". Steiger's in turn reimbursed AWT Trading. During the period June 1980 to November 1981 AWT deposited some \$343 000 received from Steiger's. A part of this money was used for the purchase of pet meat from Ellison. Pearce paid for one load from Ellison through his own account and was reimbursed by Steiger's. Cisco's paid for three loads by telegraphic transfer direct from its account. However, whoever was the purchaser or by whatever methods payment was effected, the purchasers were recorded in Ellison's books as "Northcott" or "Brown".

14. The contract for transcontinental transport was given to K.G. King, trading under the name of DKL Transport Pty Ltd. He took a number of loads in 1980-81 from Perth to Melbourne, the meat having been despatched from Kununurra to Perth by Ellison, using either Gascoyne or Bell's Transport. Two early loads were taken by DKL Transport direct from Kununurra to Melbourne.

15. King was alerted by either Ellison or Pearce that a load was arriving in Perth, and he made arrangements to collect it and carry it to Melbourne. He made about three such trips himself and his two then employees, Robert Brown and Phillip Green, made about seven and three trips respectively. The total quantities delivered certainly exceeded 250 tonnes and may have approximated 400 tonnes.

16. In each case the driver rang through to Melbourne to indicate likely arrival times and to check the place of delivery. In all but two cases, the instruction was to deliver to the premises of G & G Transport, owned by George Gabtschik. The numbers the drivers were given to ring were those of Pearce's home (from where he carried on his primary business as a cattle buyer) and Gabtschik's premises.

17. On arrival at G & G Transport, the invariable practice was to load the goods into other vans, brought specially for the purpose. These vans were painted white but carried no other markings.

18. Pearce was usually there to supervise the transfer. The pet food was then taken to Steiger's or Cisco's. It is possible that a small proportion was resold to a smallgoods manufacturer. Certainly most of it was used by Steiger's, probably for processing into minced meat. Pearce made payment of freight charges to the driver, although on two or three occasions the payment was made by Gabtschik.

19. Steiger's reimbursed Pearce for the payments, made by him or by Gabtschik on his behalf, to King or his drivers. Pearce entered these costs in his invoice book, often as purported purchases of beef, the invoices were approved by Boehm, and then reflected in the books of account of Steiger's as "purchases". Pearce's commission of \$1000 per load was paid and entered in the same manner.

20. Eventually, in mid-August 1981, immediately after the substitution scandal broke, there came a time when King rang Pearce in Melbourne from Port Augusta to tell him of an impending delivery. Pearce told him there was trouble and he could not accept delivery.

21. After several consultations by telephone with Ellison, and abortive attempts to sell the meat in Melbourne or Perth, it was agreed that King should return the meat to Perth and Ellison would reimburse him.

22. After negotiating with his main Perth purchaser of pet meat, Ellison was able to persuade the owner of that company to take the load at normal pet meat prices.

23. The extent of Ellison's knowledge as to the real nature of the transactions and the identity of the purchasers is a matter of doubt. He denied all knowledge of the true nature of the transactions or of the eventual destination of the pet meat. He denied that he knew the names used by the senders of the telegraphic transfers until shortly prior to giving evidence. However it must have been clear to him at the time that Pearce was acting as a middle-man for shadowy principals. The quantities of meat involved were considerable. Only a major pet meat operator could have absorbed them in his own business. Ellison must have known that "G. Brown" was not the real name of a single ultimate purchaser. He was less than frank when questioned by the police, claiming that King had provided the names "Northcott" and "Brown".

24. Ellison claimed that he was not told by the transport operator, or by Pearce, just who in Melbourne was receiving his meat. He says this despite the assertion by Pearce that he told him he was working for Steiger's, a fact which would have been well known in the Northern Territory. Nonetheless, what Ellison claimed may well be true. The pet meat industry is a very secretive one. Even on the legitimate side of the industry, wholesalers, carriers and other middle-men are keen to keep the identity of their clients secret. They are afraid that if producers are able to contact the ultimate purchasers, they will deal directly and cut out the middle-men. They are similarly concerned to prevent competitors discovering their clients and their prices. A number of witnesses made it clear that unnecessary questions are not asked or answered in this industry. Quite apart from these business considerations, unnecessary questions could result in the burden of embarrassing knowledge.

25. I believe that Ellison suspected that his donkey-meat was finding its way into the human food chain; but he had no certain knowledge of this, and if he had been sure of it I think he would probably have refused to sell.

26. My impression is that King was entirely frank in the evidence he gave to the Commission. He said that the circumstances in which delivery to Melbourne was effected led him to believe that the Kununurra donkey-meat was finding its way into smallgoods manufactured in Melbourne. But regular consignments of refrigerated cargo from Perth to Melbourne were too attractive a proposition for Mr King to permit himself any qualms about his part in the transaction. And although he had strong suspicions, he had no certain knowledge.

27. Steiger's had sources of pet meat other than Ellison. During 1980 Pearce arranged for a number of loads of pet meat to be transported from the Northern Territory by DKL Transport. Further loads were obtained by Steiger's through

one Rodney Groux. Groux purchased meat from the Northern Territory during the seasons 1979 and 1980, eventually purchasing meat solely for Steiger's, either on a commission or resale basis. Normally this meat was delivered to Blue Moon Cold Stores. It included quantities of pet meat, mostly buffalo, donkey and horse. The pet meat was subsequently delivered to Steiger's. Sometimes it was relidded before delivery. It is difficult to know the precise quantities involved. Groux deposed to several loads of pet meat delivered from this source by reference to documents still in existence. However, those documents were incomplete. It would appear that this pet meat was put through the mincing machine at Steiger's premises. Groux assisted in this operation on one occasion.

28. Nor did Suszko restrict himself to obtaining supplies from Ellison. In about July 1981, Cisco's purchased two loads each of 600 cartons of kangaroo meat from Lansdowne Meat Industries Pty Ltd. He said this was to be a regular purchase of 600 cartons every 6 weeks. The arrangements for the purchase were made with Mervyn Lee and Hank Rosens, directors of that company. Suszko requested that Cisco's name not be associated with the purchase, and the purchaser in the company records was named as Spot Pet Foods, a non-existent company.

29. Later Rosens, at Suszko's instigation, requested the carrier to destroy a delivery document which inadvertently named the true place of delivery of the pet meat. When approached by the police, Rosens lied about the identity of the purchaser. Later, Rosens, Suszko, Boehm and Gabtschik met at the Chateau Commodore, where Boehm was living, and concocted a story to cover up the transactions. Rosens agreed to find a method of covering up the telegraphic transfers from Cisco's for the payment for the pet meat, and to that end raised documentation to suggest that the transfers related to some other transactions.

30. After the substitution scandal broke, routine species testing revealed the presence of horse and kangaroo-meat in Steiger's product. The activities of Steiger's and Cisco's became the subject of intense police investigation. It would appear that the principals thereupon embarked on a number of steps designed to prevent evidence emerging as to the pet meat transactions. Pearce telephoned Ellison and told him to burn his books. King was contacted and told by an anonymous person to say nothing to the police. Boehm suggested to Gabtschik that he destroy such of the G & G invoices as related to the use of those premises for the unloading of the trucks, and this was done. Whilst the police, pursuant to a search warrant, were seizing the books of account at Steiger's premises, one Catherine Tyrrell, an employee of Steiger's acting on Boehm's instructions, removed the company's cash books from the premises and hid them at the home of her mother, Mary Tyrrell.

31. No doubt these steps were thought sufficient to cover up Steiger's transactions. But Suszko had a particular problem. Cisco's three purchases from Kununurra had been paid for by telegraphic transfer direct from its bank. Since it seemed possible that these payments might be discovered by the police, it was appreciated by Suszko, and by Pearce, that they were vulnerable on this score.

32. They concocted the story that the moneys - totalling over \$50 000 - had been paid by Cisco Meats on Pearce's behalf. They represented loans by Cisco which were still outstanding, but which were to be paid back from Pearce's commissions and other earnings, particularly from hides. This patently false story involved Suszko lending \$50 000 to a man in financial difficulties, for a transaction about which he knew nothing, with no documentation and no identifiable benefit for himself. In support of this story, some months later Suszko brought into being one unsigned single-page statement of account, one line of which purported to reflect the existence

of the loan. It was the only record of the purported loan which existed in the records of the company.

33. This story had to be bolstered by an apparent transaction between Pearce and some other person. The story concocted, with the help of a friend of Suszko and Boehm, one Joseph Weninger, and a pet meat seller named Monty McIntosh, was that Pearce, having been introduced to McIntosh by Weninger, had sold the three truck-loads of pet meat to McIntosh, but McIntosh having discovered defects in the meat, had refused to pay for them.

34. Suszko also arranged with his bank for the return to him of some hundreds of cheques drawn on Cisco's account during the six months before September 1981. They disappeared in December 1981, and have never been found. Only Suszko knows what an investigation of those cheques would have disclosed.

35. Boehm and Suszko became aware that the Kununurra transactions would be dealt with at the sittings of the Royal Commission in Perth. It was plain to them that there were areas of potential danger, and further attempts were made to hide these transactions. Approaches were made to King and Ellison to attempt to find out what the police might know and to seek to ensure their silence. At Suszko's request, Groux met with Boehm. Boehm expressed his concern, and offered Groux \$100 000 to assist in concocting an appropriate version of events and to keep silent about his part in the pet meat transactions.

36. On 22 March 1982, a few days before the evidence was to commence in Perth, Boehm, Suszko, Gabtschik, Groux and Pearce met at Boehm's flat at the Chateau Commodore in Melbourne to conspire to devise the story that was to be told at the hearings of the Royal Commission in Perth. Three problem areas were discussed. Firstly, Suszko was concerned that the police may have traced the three telegraphic transfers

by which Cisco's had paid Ellison. The answer to this was to be that Cisco's had paid the money on Pearce's behalf and that the three loads had gone to Monty McIntosh who had destroyed them. Secondly, there was the risk that the truth would emerge that there had been about a dozen loads additional to the three loads paid for by Cisco's. The solution to this was that Pearce was to say that he was the purchaser, and that he had resold these other loads to another purchaser. This was designed to cover up Steiger's purchases.

37. The third difficulty was that of perjury. The problem here was not that of committing perjury. That did not trouble Boehm, Suszko or Pearce, though it may have worried Gabtschik. The problem was whether they might be caught committing perjury. The answer to this, it was agreed, was never to make positive answers, but to answer "I cannot recall", "I am not sure" and so forth. Subsequently the evidence became littered with answers of this type, even in reply to the most mundane questions. Nothing was to be recalled which might in any way become an embarrassment.

38. Boehm, Pearce and Gabtschik gave evidence in Perth. Broadly, their perjured evidence followed the plan agreed upon at the Chateau Commodore. Doubts had been expressed at that meeting as to whether Pearce's version of events would stand close scrutiny. If his version had sounded dubious at the meeting, at the hearing of the Commission it sounded ridiculous. There is no point in elaborating the story here, beyond saying that it involved \$20 000 deals made by Pearce in a Newmarket pub with a man called Bernie, whom Pearce had never previously met, whose surname he never learned, and whose business he never identified. Boehm, Suszko and Gabtschik gave what lying support they could muster for Pearce's version, punctuated by purported lapses of memory.

39. Unknown to the conspirators, events were in motion which were to blow apart the conspiracy. Shortly after the

substitution scandal, Groux had decided to co-operate with the police, and he was reporting to them the outcome of his meetings with Suszko and Boehm. He had told them much about Steiger's activities and he was to tell more. King and his drivers had already made detailed truthful statements to the police. Persistent police investigations had revealed the existence of AWT Trading, and an accountant was matching the telegraphic transfers and other documents recovered from banks against Ellison's accounts. Cheques drawn by Pearce and Steiger's for payment to King had been recovered and matched with entries in Pearce's invoice book. Ellison had not burnt his books; nor was he prepared to depart significantly from the truth in the witness box. A bank officer remembered "Hans Bauer" making a telegraphic transfer, and later was to identify Anschutz as being that person.

40. McIntosh had duly lied to the police but, faced with testifying on oath, decided to tell the truth. The remaining load of pet meat in the coldstore had been discovered, and the documentation relating to it was still in existence. Gabtschik duly committed perjury in Perth but, unable to stand the pressure, and suspecting that he was now becoming deeply involved in a plot in which his previous role had been peripheral, he also relented and told the truth. The owner of the truck which Pearce had alleged he had used to cart the pet meat testified that at the relevant time he did not even own the truck. In consequence of a series of police raids, the Steiger's cash books were found at the home of Mary Tyrrell. Lee and Rosens decided they were out of their depth, and subsequently testified to Suszko's involvement in their pet meat transaction with him.

41. In consequence of these developments, a large part of the truth about the activities of Steiger's and Cisco's did emerge. But it was a costly and time-consuming effort.

42. In the result, I am satisfied that Steiger's and Cisco's during the years 1979, 1980 and 1981 were involved in purchasing pet meat destined for human consumption in considerable quantities, certainly some hundreds of tonnes. I am unable to say with any confidence that the evidence revealed their full participation in this type of transaction.

43. In this regard there was a significant area of evidence denied to the Royal Commission. Anschitz was called to produce the books of account of AWT Trading. It was believed that an examination of these books would have revealed a good deal about Steiger's pet meat substitution operations. Anschitz failed to produce the books. They have not yet been obtained. However, a consultant accountant attached to the Royal Commission had reconstructed the cash books of AWT Trading from bank documents. By means of cross-referencing with Ellison's books of account, he had been able to trace the Kununurra transactions. But there were numerous large cash transactions, amounting to some hundreds of thousands of dollars, which remained untraced. Anschitz refused to answer questions when called as a witness, and was duly prosecuted and fined for this refusal. When Anschitz failed to reappear at the Royal Commission a warrant was issued for his arrest. The warrant was not executed and Anschitz has never reappeared at the Royal Commission.

44. It did emerge that, shortly after the warrant for Anschitz's arrest was issued, Anschitz was taken by Boehm to a jewellery shop conducted by one David Olenski. Olenski said he had met Anschitz on one previous occasion, some seven years before. Boehm asked Olenski to help Anschitz. The help Anschitz required was a false passport, his own passport having expired. Olenski denied that he procured a passport for Anschitz. Just why Boehm and Anschitz thought that Olenski might be able to render this sort of assistance to so fleeting an acquaintance did not emerge. Olenski is alleged to have told one Charles Wyatt that Anschitz had left Australia by boat from

Sydney. Boehm, Steiger, and Suszko are currently facing various criminal charges. They are on bail. It is worth noting in passing that, as I understand it, none of them has been required to surrender his passport.

45. An obvious inference from these facts is that Anschutz possessed information seen as particularly dangerous to Steiger's interests. Indeed, Boehm had told Groux in April that he was very concerned about Anschutz giving evidence. In the absence of any credible explanation of the transactions of AWT Trading by Anschutz, Boehm or Steiger, it is not possible to make a positive finding as to the level of pet meat substitution engaged in by Steiger's through that source.

46. Doubt also exists as to the level of such activities through other sources. It is known that Steiger's had at least one other source of supply of pet meat not previously mentioned. In July 1979 Steiger's purchased a load of pet meat from one Phillip Earl Maitland, a pet meat operator based at Adelaide River in the Northern Territory. The deal was arranged by Pearce. Maitland testified that there were a few other loads. He was uncertain of the number. The names Northcott and Brown were used on telegraphic transfers.

47. One transaction deserves mention in detail. In late August 1979 Maitland despatched a load of undyed pet meat to Melbourne. The truck was driven by one Merchant. Before Merchant left, Maitland instructed him to telephone Pearce if he got into trouble or needed money. He also instructed him to ring "Norbert" (Boehm) when he was close to Melbourne to obtain instructions as to where to take the meat. Merchant said he had been provided with the telephone numbers before delivering a previous load of pet meat. It emerged that the Northern Territory Police had been interested in Maitland's operations for some time and, when the truck reached Tennant Creek the police inspected the load and removed a carton containing undyed pet meat.

48. Merchant then continued his journey, but because of problems with the truck, he proceeded to Adelaide. He telephoned Pearce who told him "not to ring him again and to get rid of his telephone number as things were getting too hot". Merchant had further trouble with the truck, and eventually off-loaded the pet meat with a coldstore in Adelaide. There Merchant was questioned by inspectors from the South Australian Meat Corporation and police officers from the South Australian Stock Squad. In the course of that interview, Merchant produced the diary in which he had recorded the telephone numbers of Pearce and Boehm. It was obvious to all concerned that this load of pet meat had been destined for the human food chain, and the South Australian authorities were active in preventing this occurring in South Australia or elsewhere. Maitland was subsequently prosecuted and fined in the Northern Territory for having failed to dye the pet meat.

49. However, it does not appear that there was any investigation of the obvious roles played by Pearce and Boehm in this transaction, as revealed by Merchant. That this was important is obvious enough in retrospect, but must also have been obvious at the time. In late August, the Northern Territory police had alerted the Victorian Department of Agriculture that the load was on its way to Victoria. They in turn relayed the information to the Victoria Police and to DPI in Melbourne. No file was raised by the Department of Agriculture. Nor was any file raised by DPI, either in Melbourne or in Canberra. The matter was not reported to the Commonwealth Police. The South Australian Stock Squad have stated that they relayed the information obtained from Merchant to the Northern Territory Police.

50. There is no record of the precise information contained in Merchant's diary, or of his record of interview having been conveyed to DPI, the Department of Agriculture, the Victoria Police or the Commonwealth Police, if in fact that occurred. Nor is there any record of Pearce and Boehm having

been questioned about the matter, if in fact that occurred. Nonetheless, both DPI in Melbourne and the Department of Agriculture were aware that Steiger's were a prime suspect, probably because of information given by Groux to the Northern Territory police at about that time. It is worth recording that on the 27 August 1979, shortly before the departure of this load, DPI in Melbourne had reported to the Commonwealth Police they had been advised that Steiger's had been boning and packing product in the evenings and at weekends, and requested an investigation. This allegation had originated from union sources. There was police surveillance of Steiger's on two occasions, with negative results. There the matter rested.

51. Three observations can be made. The first is that a vigorous co-ordinated investigation of this event in September 1979 may well have resulted in information which would have put a stop to the substitution activities of Steiger's over the following two years. Secondly, this incident highlights how essential it is that State and Federal authorities appreciate the importance of the transmission and co-ordination of information and that there be a structure which ensures that this occurs. Thirdly, this is an illustration of the charmed life - free of prosecution or searching investigation - that Steiger's enjoyed throughout this period, whatever the reason for that may be.

52. At an early stage of the Commission's hearings evidence was given by a number of witnesses about an allegation made by the Secretary and other officials of the AMIEU that work was performed at Steiger's premises in the middle of the night on 5/6 February 1976. There was no evidence that the boning work alleged to have been performed involved any substitution of species, although it did seem likely that the sheep carcasses involved came from some non-export works.

53. At a much later stage of the Commission's work, Gabtschik gave evidence from which it can be inferred that the

carcasses did come from a local boning-room, and in the light of the subsequent admission by Boehm that Steiger's engaged in this malpractice, it seems very likely that this is what was going on.

54. The Union allegation, broadly expressed, was that boning work was carried out at Steiger's on the night in question from about midnight until it was interrupted by Union officials about an hour later. This claim was flatly denied in sworn evidence from both the proprietors of Steiger's and several senior employees who could have been expected to be present or at least have knowledge of the events.

55. The explanation given by all these persons was that a number of additional cleaners were on the premises doing a special periodical cleaning operation, and this had confused the Union officials who were never close enough to see the exact nature of the operation.

56. Following written allegations by the Union that boning operations had occurred in the absence of any meat inspector, an inquiry was conducted by the Department of Primary Industry and, when this did not satisfy the Union Secretary, by the Commonwealth Police.

57. Both these inquiries reached the firm conclusion that no boning had occurred on the night in question.

58. In the light of all the evidence placed before me, I am completely satisfied that those findings were wrong and that the Union allegations were substantially correct. I find that some 8-10 boners (with subsidiary labour, amounting to a total of over 20 people) worked that night for just over an hour. When interrupted by the news that Union officials were in the vicinity, they stopped working immediately and escaped over the back fence - some immediately and some after hiding for a

time. They did so because they were afraid of losing their livelihood as the result of a suspension for breaking Union rules.

59. It follows from what I have said that the proprietors of Steiger's gave a generally false account of the proceedings of that night, as did some of their employees called to give evidence. There are a number of factors which have led me to this conclusion.

60. In the first place there is the circumstance of the black ban placed on Steiger's the day after this occurrence, based on the observations of the Union officials of evidence of boning. It was explained to the Steiger's workers at a stop-work meeting the next morning. No-one at the meeting admitted to having worked the night before; but that is not surprising in view of the apparent general understanding that the probable penalty for working outside award hours was a twelve-months suspension from the industry.

61. On the other hand it is hardly credible that the workers would have accepted the closure of their factory for five weeks (as it turned out) by their Union if it arose from a mistaken and baseless belief that work had been performed out-of-hours when in fact no such work had been done. The shop steward and others would undoubtedly have protested their innocence, and that of their management, and demanded that they be allowed to work.

62. In fact it is clear that no protest was made at any time and work did not resume until a letter was received by the Union from Steiger's management which contained an undertaking not to work out of hours.

63. Another important factor in leading me to the firm conclusion that boning work did in fact take place that night was the explanation given by Mr Walter Steiger to the

Commonwealth police when he was questioned by them. He gave an explanation, concerning the cutting out of briskets, the details of which are not worth recording. But the fact that the senior partner in the business gave an explanation to the police which was quite inconsistent with his earlier and later explanations (to the Department of Primary Industry and to me) must throw grave doubts on the honesty of all his statements.

64. In choosing between the evidence of the Union officials and the Steiger's partners and employees I found the Union story generally convincing, although I have no doubt that, after almost six years, there were some inaccuracies in their accounts. Several aspects of their evidence, which had the ring of truth, were flatly denied by Steiger's witnesses. One of those witnesses later admitted to perjuring himself on a peripheral matter and I was unimpressed by most of the others. However, some may in fact have had no personal involvement on the night in question.

65. Suffice to say at this point that any lingering doubts in my mind were dispelled by the evidence of two witnesses - one not anxious to give evidence and the other most reluctant - who both said that they in fact worked as boners that night. The evidence of each was completely consistent with the other's and the Union officials'.

66. The substance of the evidence of the DPI inspector posted at Steiger's was that he arrived at work early that day, around 4.00 a.m., pursuant to a special arrangement between Steiger's and the Department for an early start.

67. He said he carried out his routine hygiene inspection, saw nothing untoward, and on becoming aware shortly afterwards

of the allegation of boning out-of-hours, reached the conclusion that it could not have occurred because -

- (a) there was no sign of recent work in the boning-room or of clean-up operations (such as water on the floor)
- (b) the freezers were frozen up, suggesting that no cartons had been added to them since work ceased the night before, and there was no evidence of fresh cartons in the freezers, and
- (c) there was no sign of the quantity of bones which would have resulted even from an interrupted period of work.

68. This report, supplemented by that of a senior Inspector, dated 18 February, which referred to the plant inspector's finding "no bones, fat, water on the floor, cartons present etc", led to the formation of a departmental view, which was summed up in a communication of Dr J.A. Hart of 2 March, that "the allegations were inadequate to proceed further in view of the lack of supporting observations by the inspector ...". Nevertheless the persistence of Mr Curran, the Secretary of the AMIEU, led to the re-opening of the inquiry and its referral to the Commonwealth Police.

69. This was done in a letter dated 3 March 1976, which referred to Mr Curran's claims as "allegations of malpractice" and went on to explain that the default lay in failing to notify a Departmental officer of the time work was intended to commence if that work constituted "export operations". If non-export meat was being processed for the local market, that would be a breach of US requirements for a US registered establishment.

70. In spite of this accurate and prosaic description of the legal situation, the letter concluded with a reference to allegations of "illegal operations" and the somewhat enigmatic statement that "the alleged malpractice could have other

implications for the Department in respect of staff involvement". The reports of the inspectors, declaring that no irregularity had occurred, were enclosed.

71. It is clear from the evidence that this less-than-enthusiastic referral to the Commonwealth Police met with an equally lukewarm reception and compliance. The officer assigned to the task, Senior Sergeant Raymond Brown, interviewed the three union officials and took a brief statement from them. He also interviewed the plant inspector and Mr Steiger and, having been assured by them that no boning took place on the night in question, he put in a report which accepted their statements.

72. In cross-examination a number of useful inquiries which he might have made were put to him and he was invited to agree that it had been a poor quality investigation. He was naturally reluctant to admit this, but I have no doubt that this was a fair description.

73. In fairness to Sergeant Brown, however, it must be said that he had, as he saw it, more important inquiries than this on his rather full plate. This task had low priority and he had no expertise in the meat industry. It seemed that no crime, in the true sense, was alleged. The facts claimed might not even have amounted to a breach of any Australian regulation. He was assured by the Government inspector on the spot that nothing untoward had occurred. It is perhaps not surprising that in these circumstances he did no more than go through the motions of making an investigation.

74. However, in considering the adequacy of the police investigation, it was not reassuring to hear at a much later point in the evidence, the admissions made by Senior Sergeant Brown that for a considerable period after this investigation, he regularly received free meat at Steiger's premises.

75. It is necessary to deal with the role of the meat inspector in these events. It is clear that out-of-hours work was planned for the night in question, yet the management sought permission for an early start and the inspector said he duly turned up at 4.00 a.m. The union officials' evidence had him arriving at about dawn - near 6.00 a.m.

76. Even on the inspector's version there must have been signs either of boning or of cleaning - boning is a messy, fat-spilling operation. Yet the inspector says he saw no such signs.

77. It is to be noted that the inspector concerned later admitted receiving cash payments from Steiger's on about five occasions. He contended it was for work done by him on the chain. I do not believe that. I think it likely he was paid on numerous occasions, and that he was paid to turn a blind eye to malpractices engaged in by Steiger's. It seems likely that this was one such occasion.

78. I have dealt with the facts of this episode in more detail than they intrinsically deserve because they typify a number of aspects of the meat industry as it existed before the shake-up of August 1981. These include -

- (a) a general unwillingness of Commonwealth Government authorities to act decisively to investigate allegations, particularly if the source of the allegations was the Union,
- (b) the unhealthy relationship between establishment proprietors and the inspectorial staff assigned to their premises,
- (c) an attitude on the part of senior officers in the Department of Primary Industry that not much could be done to detect malpractices in the meat industry, and in any event they were matters for the police, and

- (d) a lack of expertise, and often a marked lack of interest, on the part of police officers asked to investigate allegations of malpractice.

79. The scale of the illegal operations at Steiger's over this period was such that detection by even reasonably alert meat inspectors posted to those premises, or by any determined police investigation, would seem to have been inevitable. An entry in a police file dated 6 July 1977 notes that Steiger and Boehm had been interviewed, had denied breaching the export regulations, and concludes "would appear not to be truthful". A report dated 22 July 1977 lists Steiger's at the top of a list of ten companies said to be the main offenders in the export of meat not obtained from registered premises. It notes also that when the then current investigations had ceased "those companies intend to resume their illegal activities".

80. After the union raid in 1976 no meat inspector ever reported any suspicious activity at Steiger's, nor did the police force detect any illegal activity. Boehm admitted that he was always afraid that he would be caught carrying out those malpractices to which he admitted (that is, malpractices other than pet meat substitution) but denied that he ever made arrangements to obtain advance information about investigations. He denied any knowledge of the provision of free meat to Australian Federal Police officers; one officer admitted to the receipt of free meat over a considerable period of time. He denied ever making cash payments to any meat inspector; two meat inspectors testified that they did receive cash payments.

81. The inescapable inference is that Steiger's needed protection against detection and made arrangements to procure that protection.

82. The exact nature of these arrangements, so far as officers of the AFP were concerned, was the subject of a good deal of evidence before me.

83. It was alleged by one officer who had been approached, and confirmed by another, that there was said to be an arrangement for two officers at a time to be entitled to receive free meat from Steiger's in return for early warning of police activities.

84. The officer who was alleged to have made this approach, looking for a partner for himself, was said to have named the two officers who had preceded him in the arrangement. Although the officer concerned flatly denied any such approach or conversations, it is significant that one of the officers he is said to have named admitted that there was an arrangement for himself and another officer to collect free meat, but denied that this placed them under any obligation to Steiger's. The second officer named admitted getting meat from Steiger's, but insisted that, except on one or two occasions, he always paid wholesale prices for it.

85. Since these matters are still being investigated by the Internal Investigation Division of the AFP, and charges may be laid against some of the five or six officers alleged to be concerned, I do not believe it is necessary or appropriate for me to refer in detail to the cases against individual officers.

86. I am however satisfied that, over a period of about four years, Steiger's entered into arrangements for the supply of free meat to a succession of AFP officers in the hope, if not in the knowledge, that this would lead to early warning of any police inquiries which seemed to be headed in the direction of the company. I am not able to say with confidence exactly which officers were compromised in this way. Nor can I say whether Steiger's received any direct return for its investment, although I think it is likely that it did.

CASE 2 - HAMMOND WHOLESALE AND RETAIL MEATS, 1980-81

1. Richard Vincent Hammond worked in the meat industry for a number of years. With various partners he operated meat wholesaling businesses selling meat on the Victorian domestic market until about 1977 when he went into partnership with Alistair Jason Lincoln and others in a firm called Jakes Meats. He retired from that business in the middle of 1979. In the following year he spent some time in Queensland and in the Northern Territory. From May until August 1980 he worked at the Tennant Creek abattoir operated by Souery's (NT) Pty Ltd. He was employed as a consultant to set up the boning-room at that works.

2. In October 1980 Hammond started a business as Hammond Wholesale & Retail Meats and became tenant of premises at the Protean works at Richmond. His holding consisted simply of a boning-room, registered as export premises 140C, for which he paid \$150 per week rent, later rising to \$250 per week. He said in evidence that the rental charged was very cheap for an export boning-room. The Protean company (Protean Holdings Ltd) said that the low rental which it charged operators of the several boning-rooms at its Richmond works was a bait, in the sense that it would thus be able to increase the number of animals killed at Richmond and have its other facilities at Richmond used more. Those who used its boning-rooms at Richmond were expected to put the boned-out product into its freezers and, of course, they were charged for that use.

3. While carrying on business as Hammond Wholesale & Retail Meats, Hammond deliberately and systematically packed into export boneless meat cartons, horse and kangaroo-meat fit only for consumption by animals. Between October 1980 and July 1981 he sold at least 30 full container loads of meat for export to the United States and some 900 cartons (equivalent to about one and a half full container loads) to Australian

manufacturers. Hammond said in evidence that at the height of his operation about half of the meat he sold was pet meat.

4. The extent of his fraudulent activity can be judged from the facts that he was paid about \$890 000 for the meat he exported and that in the ten months he operated his business he bought not less than \$160 000 worth of pet meat, perhaps much more. Most, if not all, of this pet meat was prepared and packed at premises other than the boning-room he leased from Protean; I think it unlikely that Hammond ever prepared or packed pet meat at that boning-room.

5. In his evidence Hammond claimed that the idea of using pet food in substitution for beef only came to him after he had spent six or eight weeks in legitimate boning activities at his Protean premises and discovered that it was not a paying proposition. From all the surrounding circumstances, I think it is much more likely that he went into the business with every intention of using pet food as a substitute for much of the 'beef' which he was planning to export.

6. In particular, Hammond began operations at Protean about 5 October 1980. He placed his first meat at a freezer other than Protean Richmond, namely Box Hill Ice, on 16 October, and had his first dealings with a pet food supplier not later than the end of November. The first transfer certificate which he altered to cover the insertion of pet meat into the export stream was dated 16 October. It is likely, however, that this was altered some time after it was issued - possibly as late as the following February - so this date may not be significant.

7. The timing of his decision to substitute pet meat for boneless beef is probably of little importance. It is quite clear that within a very short time of his opening up this business it had become a criminal operation.

8. As I have said, Hammond estimated that at the height of his operation half of his product was pet meat. I have no doubt that there were times when at least half of his product was pet meat; it may have been much more. Just what proportion of his total output consisted of pet meat I cannot say. However, it is clear that the suppliers of pet meat with whom he dealt were not always able to keep up with his demand. No doubt had he been able to buy more pet meat he would have used it.

9. He began by purchasing pet meat from two brothers called Marsh who operated a knackery and wholesale pet meat supply business under the name "Laverton Pet Supplies". Initially, he was purchasing approximately one tonne of horse-meat each day and, after a comparatively short time, he added to this order approximately two tonnes of kangaroo-meat. The only explanation which he offered to the Marsh brothers for these large purchases was that he required them for greyhounds. Upon his own estimates it would seem that these quantities would be sufficient to feed some 3000 greyhounds each day and it therefore seems unlikely that the Marsh brothers were deceived by this claim.

10. The state of mind of the Marsh brothers must have been put beyond doubt by the arrangements which were made for delivery of the product. After the first three days, during which Hammond picked up the meat from Laverton Pet Supplies, an arrangement was entered into by which delivery took place by the transfer of the meat from one truck to another in the back streets of Richmond. The place at which the delivery occurred was changed regularly according to Hammond, although Mr Ivan Marsh admitted to only three different places. It is impossible to believe that the Marsh brothers were not fully aware that improper use was being made of the horse and kangaroo-meat which they supplied.

11. No doubt it was for this reason that the Marsh brothers entered none of their transactions with Hammond in the product movement records which knackery operators were then, and are now, required by law to keep. I doubt if they knew that their product was being packed for export to the United States. But they certainly knew that something shady was going on; they believed that exportation was involved and they suspected that the meat was intended for human consumption. So much was generally admitted by Mr Ivan Marsh, who managed the business for his brother - although he constantly reverted to saying that he did not really know what was going on.

12. It is not clear exactly how much horse and kangaroo-meat the Marsh brothers sold Hammond. He paid them \$45 840 by bank cheque and a further sum which may have been as large as \$20 000 in cash for meat he bought. The payments by bank cheque alone would represent nearly 38 tonnes of horse-meat.

13. Some time after Christmas 1980, probably in January 1981, Hammond stopped dealing with the Marsh brothers. He said this was because they could not supply the quantity he needed. In about April 1981 he started to deal with L.J. Pet Foods of Dandenong. Apart from one transaction in about March 1981, when he bought 400 cartons (about 10 tonnes) of kangaroo-meat produced by Jesser Meats of Adelaide, the evidence does not reveal any other purchase of pet meat by Hammond between the time he stopped dealing with Laverton Pet Supplies and started dealing with L.J. Pet Foods. Hammond says that, apart from the 400 cartons of kangaroo-meat, he bought no pet meat in that period. I find this hard to accept.

14. Hammond drew very large amounts in cash from his business bank account throughout the time he operated the business. Excluding cash drawings for less than \$1000, he drew more than \$145 000 in cash from the business bank account between October 1980 and August 1981. He could give no

convincing explanation for where this money went. In these circumstances I cannot exclude the possibility that he did buy pet meat from sources other than those he disclosed.

15. Between April and July 1981 Hammond bought about 73 tonnes of kangaroo-meat and 23 tonnes of horse-meat from L.J. Pet Foods. He paid about \$100 000 for that meat, almost all of it by bank cheque. He gave a false name to L.J. Pet Foods (as indeed he had to Laverton Pet Supplies) but unlike his earlier dealings with the Marsh brothers, he arranged for collection of the meat from the premises of L.J. Pet Foods. The operators of L.J. Pet Foods showed little curiosity about the identity of a customer who represented some 25 to 30% of the turnover of their business, and less curiosity about the use to which this customer wished to put the large quantities of pet meat he was buying. Nevertheless, I cannot confidently say that those men knew or ought reasonably to have known that Hammond was using the meat he was buying from them for any illegal purpose.

16. Hammond gave evidence that the pet meat which he obtained was, for the most part, free of any dye which would have marked it as being unfit for human consumption. He estimated that only about 20% of the meat which he purchased was affected by dye and said that he had little trouble in trimming this dye off. In the same way he stated that, although some of the meat was supplied in bags marked "Not fit for human consumption", a great majority of it was not.

17. The two pet meat suppliers - Laverton Pet Supplies and L.J. Pet Foods - both said that the kangaroo-meat they supplied was not dyed, there being no requirement that it should be. However, they both maintained that their horse-meat was dyed as required. The strip-staining then required would still have left large areas of the meat untouched by dye. They both claimed that their product was packaged as required and marked "Not fit for human consumption". I am unable to reach any firm

view on this point, but I have no confidence that the Marsh brothers' truck-to-truck deliveries would have been properly packaged.

18. The evidence suggests that most, and probably all, of the pet meat bought by Hammond was prepared and packed on unregistered premises. He started using an old factory leased for the purpose, but later worked at his own home garage and, I believe, also worked for a time at the home of his brother. The meat was trimmed and packed into export cartons which were then stamped with production dates and an 'Australia Approved 140C' stamp.

19. Hammond had bought this stamp and a Department of Agriculture stamp without any difficulty. It had long been the system that 'Australia Approved' stamps were obtained by the proprietor of the export establishment when he saw a need for such a purchase. The stamp should have been handed over to a government official, but this did not occur in this case and may not have occurred in other instances.

20. Once the stamps had been applied to it, the carton bore all the outward appearances of boneless beef which had been approved for export. All that was necessary then was for Hammond to insert this product into the export stream.

21. Hammond said that he did this in three different ways. Soon after he started business from the Richmond boning-room he began to send cartons of meat to Box Hill Ice Works rather than the Protean Freezer. In addition to those cartons he also sent cartons of pet meat which were packed as edible meat fit for export and which Hammond had prepared in the way set out in para 18. Box Hill Ice Works was registered as an export establishment but no DPI inspector was stationed there permanently until after August 1981. An inspector was

assigned to a number of export premises in that area and he would go to Box Hill only when called on to inspect and seal a container of meat for export.

22. At that time, a DPI transfer certificate should have accompanied any meat moving from one export establishment to another. In the case of premises at which no inspector was stationed, the management of the premises was expected to receive and keep transfer certificates accompanying deliveries of export meat. Hammond sent loads of meat which purported to be export meat to Box Hill Ice Works without transfer certificates. I am satisfied that the proprietor of Box Hill Ice Works, Mr Peowrie, knew that no transfer certificates existed for much of the meat Hammond delivered to his works at this time and knew that Hammond was engaged in some dishonest conduct, probably the substitution of local meat for export meat. I am prepared to accept that it had not occurred to him that the meat concerned might be horse-meat or kangaroo-meat.

23. When it became apparent early in 1981 that some meat exported by Hammond to the United States had been rejected because of its poor quality and that an investigation of some sort was likely to occur, Hammond set about forging transfer certificates to the extent which he considered would be necessary to justify the amounts of meat which he had delivered to Box Hill Ice Works. It is clear that he did this by adding digits to genuine transfer certificates which were being held at the ice works. I am unable to determine whether these forgeries took place with the connivance of Mr Peowrie or any other employee of Box Hill Ice or whether Hammond carried them out unknown to the employees of that company.

24. One troublesome aspect of the evidence relating to these forgeries is that the inspector whose duties included supervision of Box Hill Ice Works between 1979 and February 1981, said that at the time of supervising loading of a container of meat for export, his practice was to reconcile

the numbers of cartons recorded on inwards meat transfer certificates with the numbers leaving the works, even though he was not required by regulation or departmental practice to carry out such a reconciliation. He said that he would then cancel certificates he had used in accounting for product leaving the works. He said that he would have followed his practice in relation to Hammond's product.

25. However, not one of the many certificates produced to me, relating to transfer of Hammond's product from Protean to Box Hill, bore any such cancellation mark. I am satisfied that no such reconciliation was made and I reject the inspector's evidence on this point - a point about which it is improbable that there could be an error of recollection. Had any reconciliation been attempted, it would have been apparent that there were many more cartons of Hammond product in store than were recorded on transfer certificates. It was this inspector who had introduced Hammond to Box Hill Ice Works. These facts, when taken together with Hammond's past conduct in corrupting a meat inspector at Jakes Meats, may excite suspicion; but on the evidence available to me I am unable to determine whether the forgery of transfer certificates, or the introduction of meat to Box Hill Ice Works without certificates, took place with the connivance of any DPI inspector.

26. Having forged the certificates kept at Box Hill Ice Works, Hammond also saw the need to alter as many as possible of the copy certificates kept at Protean. It is not clear exactly how many he changed either at Protean or at Box Hill, because they cannot all be found, but he said that he was able to alter the copies at Protean in the DPI Inspectors' Office during normal working hours. He says that he was able to do this without the complicity of any person from DPI. In any event, the forgeries at Box Hill accounted for not less than 3000 cartons which it can be assumed contained pet meat.

27. The fact that transfer certificates dealing with movement of Hammond product from Protean to Box Hill had been forged was discovered in March 1981, and Hammond was questioned both by officers of DPI and Federal Police officers. I refer to this incident in more detail later. The fact that his forgeries had been detected did not in any way deter Hammond from his illegal conduct. However it did cause him to change his method of introducing pet meat into the export chain to one by which he could obtain genuine transfer certificates to cover the pet meat which he was introducing.

28. He says he did this by taking the meat to the Protean Company in his truck, backing it up to a loading bay, and then calling for a Commonwealth inspector to issue a transfer certificate. He relied on the inspector assuming that the meat had just been legitimately boned-out in Hammond's boning-room at the premises and freshly loaded into the truck. Hammond said in evidence that on some occasions he did in fact add such meat to the quantities of pet meat brought from his unlicensed work-place.

29. It seems strange that he could have felt sufficiently secure in this practice to carry it on day after day and, in fact, escape detection. This is especially so because the amount of work actually done at his Protean boning-room fell away in the months of May, June and July 1981 to the point where he was only employing one boner. Nevertheless, he says that inspectors were prepared, time after time, to give him certificates for the meat which he presented at the loading ramp - usually around the lunch hour.

30. At the least this shows an extraordinary lack of awareness on the part of inspectors of what was happening at the works to which they were posted. Again, Hammond's past conduct at Jakes Meats in corrupting a DPI meat inspector leads to consideration of whether corruption occurred in this case, for it cannot be said that the facts as described by Hammond

are inconsistent with corruption. That Hammond considered the possibility of corruption in related circumstances is clear. In May 1981 he approached the freezer foreman at Protean and at least one DPI inspector and offered to "make it worth their while" to permit introduction of cartons into Protean's store without DPI transfer certificates. The foreman and the inspector rejected the overture. However, on the evidence available to me I can say only that I am unable to determine whether transfer certificates were obtained with the connivance of any DPI inspector.

31. Hammond described a third method of introducing pet meat into the export chain. He said that he used this on a few occasions towards the end of his activities.

32. He would deliver 50 or 60 cartons of pet meat to Protean, unload it from the truck and move it to the point where he would normally have left meat coming from his boning-room to be placed into the Protean freezer. The practice was for such meat to be left at a given point with a covering note indicating the quantities involved. The meat was then taken from that point by Protean employees and placed in the Protean freezer. Although this method also required a certain amount of nerve, I find it easier to understand that this could have been successful because it did not require the direct involvement of a DPI inspector.

33. In August 1981 United States authorities discovered horse-meat in a consignment supplied by Hammond. They notified Australian authorities and an order was issued that Hammond's meat was to be retained at Protean for examination. This instruction was conveyed to Hammond in a phone call from a DPI officer in Canberra.

34. He immediately decided to try to get the incriminating horse and kangaroo-meat, which had been introduced to the Protean store by the method just described, out of harm's way.

In order to do this he first approached the freezer foreman and asked his assistance to remove some of his product after DPI inspectors had left the premises. This was refused. He then went to a senior officer of the Protean Company, Mr Alan White, and again said that he wanted to replace some of his meat in the store with other meat. White however, would not agree to this proposal.

35. Hammond next approached an Associate Director of Protean, Mr John Unglik, and told him that he thought it would be "wise" if certain of his meat, which had been made the subject of a retention order, were to be replaced by other meat without the knowledge of DPI inspectors. Mr Unglik gave evidence that nothing was said to him to the effect that the meat concerned was pet meat and he assumed that the meat was either intended for local consumption and had been infiltrated into the export stream or involved some misdescription and was below the quality described on the label. However, the action contemplated was so obviously dangerous to the Protean Company and there was so little reason for Protean to become involved in it that I find it hard to believe that Hammond did not confess to Unglik that the meat was pet meat and that its discovery would give Protean an irrevocably bad name.

36. In any event, Unglik issued instructions to White and to McGrath, the freezer foreman, that the meat was to be replaced with meat either from Unglik's former company Samson, or from a company known as Kavalek. Unglik had first obtained the permission of Mr Kavalek to use his meat for this purpose. It is obvious that in doing so he must have taken Kavalek into his confidence. Unglik admitted, in giving his evidence, that he had realised that a relidding operation would have to take place before Samson's or Kavalek's meat could be substituted for Hammond's. White, on the other hand, denied that he had understood that relidding would be involved in the operation. However, his evidence on this point was entirely unconvincing and I am satisfied that he knew as well as Unglik that the

replacement of Hammond's meat with other meat must involve the exchange of lids. In fact Unglik swore that White did know and on this point I prefer his evidence.

37. The general tenor of Hammond's evidence before the Commission was that he and he alone devised and implemented the scheme of introducing pet meat into export packs of meat. Precisely when the scheme was devised is unimportant. However, whether others participated in devising the scheme may be important.

38. Almost all of the meat Hammond exported (27 of the 30 full container loads) was sold through Edward Souery & Co Pty Ltd, a meat trader of Melbourne. As I have mentioned previously, an affiliate of that company, Souery's (NT) Pty Ltd had employed Hammond in 1980. In 1980, the principals of the Souery Group were John Rose, Terence Meehan and Mervyn Lee. Lee left the group in February 1981 and set up a meat trading business with Hank Rosens which is now called Lansdowne Meat Industries Pty Ltd. During the time he was with the Souery Group and after he left that group, Lee appears to have been closely connected with Hammond in several ways.

39. Edward Souery & Co Pty Ltd made some cash advances to Hammond in respect of shipments of meat which he sold through that company. The practice of making advances started with the first container sold by Hammond to Souery in October 1980 but appears not to have been followed after February 1981. In any event, the advances made to Hammond appear to have been made in the ordinary course of business. Apart from this there is no evidence that Hammond received any other financial assistance from any outside party either in setting up or carrying on his business at Richmond. Although Hammond was unhelpful in his evidence about how equipment used in his boning-room was paid for, there is no material which would suggest that he received any assistance in that connexion.

40. The question of the nature and extent of Lee's relationship with Hammond both before and after Lee left the Souery Group, is more difficult. Lee and Hammond visited Jesser's premises in Adelaide and the premises of Mernda Meats in Melbourne and inspected production of kangaroo-meat at both places. Lee says that these visits were for purposes of perfectly legitimate dealings in pet meat, or kangaroo-meat produced for human consumption, and that Hammond was there to provide his expertise in practical aspects of the production of meat.

41. Taken alone, these incidents are of little significance. However, when coupled with the curious incident in December 1980 when Lee produced a carton of kangaroo-meat in the Souery company board room and asked a number of people whether it could not pass as beef, the matters I have referred to appear to be more significant, especially if it was Hammond who brought that meat to the company on that day, as some witnesses suggested. In addition, uncontested evidence was given that in March 1981 Hammond, Lee and a former employee of the Souery company had a long discussion in which Lee and Hammond proposed ways in which meat produced by Hammond could be introduced into Souery company cartons and sold as Souery product.

42. In his evidence, Lee acknowledged that in March 1981, when Hammond and he went to Jesser's premises in Adelaide, he started to become suspicious that Hammond wanted to use the kangaroo-meat which Hammond was buying from him for purposes of human consumption. I am by no means satisfied that this was the first time at which Lee entertained the belief that Hammond was proposing to introduce pet meat into the human consumption chain. I believe that Lee knew at least by the time of the incident in the Souery board room that Hammond was considering such a possibility. I am unable to reach any firm conclusion on when Lee first became aware of Hammond's intentions, but I think it is probable that by December 1980 Lee knew that

Hammond was proposing to use pet meat in substitution for meat for human consumption. However, apart from the fact that in about March 1981 Lee sold Hammond the 400 cartons of kangaroo-meat produced by Jesser Meats to which I have already referred, there is no evidence before me of any other action by Lee which may have assisted Hammond in the carrying out of his fraudulent practices.

43. Apart then from the fact that persons whom I have mentioned knew, or had reason to suspect, that Hammond was engaged in or intending to engage in illegal activities and did nothing to prevent the continuation of those activities, the evidence called before me suggests that Hammond's activities were not promoted by a third party, but were actions he took on his own behalf for his own dishonest gain.

44. I turn now to consider the discovery in March 1981 that transfer certificates dealing with movement of Hammond product from Protean to Box Hill had been forged. In December 1980 and January 1981 two containers of boneless lamb produced by Hammond were refused entry to the United States of America by the USDA. In accordance with usual practice, the USDA advised the Australian Veterinary Attache in Washington, who in turn transmitted that information to DPI in Canberra. Periodically DPI in Canberra notify VOIC's of all USDA rejections of product produced in establishments within their region. On receiving the relevant notification, Dr Gleeson, VOIC for Victoria and Tasmania, sent one of his Senior Veterinary Officers to investigate the cause of the rejection of Hammond's product.

45. The Senior Veterinary Officer, Dr Toes, had been the supervising veterinary officer of a number of establishments which included Establishment 140C. On being told of the rejections of boneless lamb supposedly produced by Hammond, Dr Toes' immediate reaction was that Hammond had not boned any lamb at all in the previous five months of operation. His

subsequent investigations showed that Hammond had boned some lamb, but not nearly enough to account for two full container loads.

46. Because the consignments had been rejected for unsound condition he decided to check DPI records at the freezer store from which the containers were loaded, namely Box Hill Ice Works. There he obtained the transfer certificates relating to cartons of boneless lamb, as well as some other certificates dealing with movement by Hammond of boneless beef to Box Hill Ice Works. Later that day he compared the details he had obtained from those certificates kept at Box Hill with the duplicate copies kept at Protean and discovered that the figures on the white copies kept at Box Hill were different from those on the pink copies kept at Protean. The difference was almost 1400 cartons. After some further enquiries, Dr Toes spoke to Hammond and asked whether he could explain the discrepancies between the original and copy transfer certificates. Hammond said he could not.

47. The discrepancies Dr Toes found were discrepancies not only on certificates relating to lamb but also on certificates relating to beef. He reported his findings to the VOIC and the matter was referred to the Australian Federal Police. Officers of the AFP interviewed Hammond and one of his drivers. Both of them refused to answer the questions asked of them. The police sought advice from the Deputy Crown Solicitor's Office as to whether there was sufficient evidence for a prosecution. Advice was tendered orally to the effect that there was not sufficient evidence for that purpose. There the matter rested. No further action was taken by DPI or by AFP. The police made no further enquiries into the matter; the Department took no step to pursue what a senior veterinary officer believed to be a clear case of forgery of documents used, as he thought, to disguise the introduction of locally killed product into the export chain; the Department took no step to increase surveillance of Hammond's operations; the

Department took no step to inform its inspection staff that Hammond had been suspected of committing a serious offence.

48. Of course, in hindsight, this lack of action is deplorable. Had the obvious steps been taken, further substitution by Hammond may well have been prevented and perhaps his past activities might have been revealed. Even accepting, as I do, that none of the officers concerned had any ground to suspect any substitution of species, I am of the view that the events which had occurred and been detected, warranted at least increased surveillance of Hammond's activities at Protean and Box Hill and close attention to all transfer certificates which he sought or presented. No such steps were taken.

49. Two further matters must be mentioned in relation to Hammond. His Counsel attempted to show that the pet meat which he packed as edible meat was clean and wholesome. It was not. It was badly contaminated by ingesta, faeces, grease and dirt and some of the meat tested was found to be rotten.

50. Secondly, on the first day this Commission sat, Hammond, by his Counsel said that he was anxious to assist the Commission in its enquiry. At the end of his evidence Hammond himself asserted again, in effect, that he had been frank and open in his evidence. I reject this. My assessment of his evidence is that he was deliberately evasive and untruthful on a number of matters, particularly in relation to anyone who had assisted him in his activities. His evidence was constantly tailored to fit what he believed the police or the Royal Commission already knew. Although I believe he has told the truth on some matters, I have felt unable to accept his evidence at face value on any point. His evidence is not to be trusted unless it is corroborated by a reliable witness or supported by observable facts.

CASE 3 - JAKES MEATS PTY LTD, 1979-81

1. Jakes Meats Pty Ltd of Forsyth Road, Laverton, Victoria, operated a registered export boning-room which bore the registration number 1317. Although little is known of the early history of the company, other than that it commenced business as an exporter of meat in about early 1978, it appears to have been established by R.V. Hammond, J. Cameron and A.J. Lincoln. In the later years of its operations the company was under the control of Alistair Jason Lincoln and it is with these years, in particular from mid-1979, that I am concerned.

2. In 1979, Jakes Meats was processing mainly sheep. Estimates of witnesses as to the proportions of mutton and lamb in the sheep meat production varied from "only mutton" to "one in eight sheep would have been lamb". Whatever the precise proportions might have been, I am satisfied that from mid-1979 onwards, most of the 'lamb' carcasses which were brought into the boning room were mutton from local abattoirs. Because of a price differential which was stated as being about 60¢ per kilo, Lincoln appears to have determined that he would substitute as much local mutton for the more lucrative export lamb as he could manage without attracting any unwanted or uncontrollable attention from meat inspection authorities. The size of the operation can be gauged by Lincoln's own admission that he substituted mutton for lamb "on a fairly large scale".

3. He reduced the risk of detection by bribing a DPI meat inspector who was posted at Jakes Meats for a period of nine months between November 1979 and October 1980. He paid the inspector \$200 per week, and permitted him to submit false overtime claims, in order that the inspector would turn a blind eye to the meat substitution and warn him of the arrival of veterinary officers and other "visitors" from whom he wished to keep the knowledge of the substitution. Lincoln regarded the securing of the co-operation of the resident meat inspector as

sufficiently important to cause him (unsuccessfully) to offer bribes to at least two other meat inspectors who were stationed at the boning-room at different times.

4. The actual substitution took place in two different ways. During those periods when the meat inspector whom he had bribed was stationed at the establishment, the process was conducted openly and, after removal of brands which identified the meat as being locally killed mutton, the mutton was packed in export cartons bearing the description 'boneless lamb' or 'bone-in lamb'. At times, however, either because of the presence of an inspector who was clearly unwilling to co-operate with Lincoln in his meat substitution activities, or because of the need to fulfil quickly an order for lamb, Lincoln would retrieve cartons of mutton from a coldstore which he used regularly for the storage of his products, and, normally after hours, relid the mutton as lamb.

5. The meat substitution and relidding of the product invariably involved the falsification of entries in the company's records and, on occasion, the alteration and forging of meat transfer certificates. Despite Lincoln's evidence that he "can never recall forging a transfer certificate", I believe that he did so alter and forge these certificates on many occasions in order to conceal the meat substitution.

6. The relidding operations occurred on an average of two or three times per week and involved from 30 to 200 cartons of meat on each occasion. Although accurate estimation of the quantity of meat which was relidded is difficult, one witness stated that, whilst he was working at Jakes Meats (between March 1980 and March 1981), "approximately 6 containers which would be about 600 boxes per container unit came into Jakes Meats under a 4 month period".

7. Not only did Jakes Meats rely upon the co-operation of its staff and a meat inspector to enable the substitution to be effected, but it also seems to have obtained the assistance of the coldstore (or at least one or more of its employees) in the carrying out of its illegal activities.

8. Two of the coldstore's employees gave evidence as to their knowledge of the removal from the coldstore to Jakes Meats of 279 cartons of meat, which had been placed under retention by the Victorian Department of Agriculture, in July 1981. The meat, which had been retained by the Department because of a lack of necessary documentation, was improperly removed from the coldstore at the request of Lincoln. I am satisfied that both employees who gave evidence knew that the meat was under retention and its movement from the coldstore was thereby prohibited (although the legality of such a prohibition was open to doubt). To this extent, I reject the evidence of those employees.

9. This transfer to Jakes Meats, which, I suspect, was to enable Jakes Meats to dispose of a product which they knew or suspected contained horse-meat (as was later established by species tests conducted on some of the cartons), was symptomatic of the degree of co-operation which had existed between the two establishments since 1979. Someone from the coldstore facilitated Jakes Meats' substitution activities by often delivering, out of hours, cartons of meat to be relidded and by occasionally allowing such operations to take place at the coldstore. It seems highly likely that on those occasions the person or persons concerned supplied the frozen cartons to Jakes Meats knowing that illegal relidding of product was about to occur. However I cannot express a concluded view on this matter because I have not heard evidence from either management or employees of the coldstore on its role in Jakes Meats activities - other than in respect of the removal of retained meat in July 1981.

10. The catalogue of malpractices which occurred at Jakes Meats was not limited to the substitution of mutton for lamb, the relidding of product in order to effect such a substitution, the forging of meat transfer certificates, the falsification of company records and the bribery and attempted bribery of DPI meat inspectors.

11. Evidence was led that local beef was substituted for export beef and that buffalo-meat, produced for human consumption in the Northern Territory, was substituted for export quality boneless beef or bull. In addition, I was told that on occasion feral goat had been boned and packed in cartons marked 'boneless lamb'. I accept this evidence.

12. One witness, an ex-employee of Jakes Meats, claimed to have seen buffalo, horse and unbled meat coming into the establishment in 1979 and 1980. In the light of his assertions as to the condition of the buffalo-meat, namely that it required the trimming off of "dirty fat, grass, twigs, gum leaves and bull ants", I assume that the witness was intending to convey the impression that the buffalo-meat referred to was pet meat. Not surprisingly, Lincoln denied the use of pet meat in his operations although his denials as to the possible use of buffalo-meat were less emphatic. He was asked "Did you ever purchase any buffalo?" He replied:-

"No. Well, as I said, I have never knowingly bought it, I do not think anyone in the meat industry could say they have not purchased it because if you bought frozen meat no-one would know what was in the carton, but I have never knowingly purchased buffalo or horse-meat or kangaroo."

13. A further witness, Joseph Catalfamo, the director of Jason Meats Pty Ltd, gave evidence that horse-meat found in cartons of meat which Jason Meats had exported to the United States of America as beef, had been supplied to his company by Jakes Meats as beef. Although Lincoln admitted supplying

cartons of meat to Jason Meats which he knew were to be relidded and exported to America, he denied that the cartons contained anything other than export quality beef.

14. After a close examination of the evidence of all witnesses who touched upon the question of Jakes Meats' involvement in species substitution, I am unable to say with confidence that the company was knowingly involved in such substitution or in the use of pet meat in its production.

15. The ex-employee who gave evidence of his observations at the establishment had only a limited opportunity to make those observations and, generally, relied on gossip which he picked up in a local hotel to reinforce his fleeting observations. Although it is probable that the horse-meat which was discovered in Jason Meats' exports was acquired from Jakes Meats, I am unable to determine if that horse-meat was knowingly supplied by Jakes Meats. It remains a possibility that Jakes Meats had, itself, been duped by an unscrupulous meat supplier.

16. Evidence was led which tended to suggest that there was a business connection between Steiger's Meats and Jakes Meats. It was suggested by one witness that, on occasions, Steiger's would "place product" with Jakes Meats and that on one particular occasion Jakes Meats declined to accept a load of buffalo-meat simply because Lincoln "would not look at the load until Norbert came back (from Manila) because he only dealt with Norbert direct". This has been denied by Lincoln and I am unable to ascertain, on the evidence before me, where the truth of that matter lies.

17. It is clear on the evidence that for many months Jakes Meats was involved in a wide range of serious malpractices. The Department's almost complete failure to act is partly explained by the evidence that Lincoln's corrupting

influence had reached into a senior level of the department's Melbourne office, as well as to an inspector at the works. This, however, does not satisfactorily explain why at least two DPI meat inspectors who rejected Lincoln's approaches, and therefore should have realized that the establishment to which they had been posted needed careful watching, did not either report the bribery attempts or detect the continuing wrongdoing.

CASE 4 - JASON MEATS PTY LTD, 1981

1. Mr Joseph Catalfamo, a Director of Jason Meats Pty Ltd, has been involved in the meat industry since 1962. During that time he has worked in both the retail and wholesale sectors of the industry and has leased, in succession, Oakleigh Abattoirs and premises in the Richmond abattoirs. When at Oakleigh Abattoirs, he was involved in a joint venture with Samsons Meat Co. Jason Meats Australasia was the trading company formed as a result of that association. Although Oakleigh was a non-export abattoir at the time, Catalfamo sold beef to Jakes Meats Pty Ltd and Samsons - both export establishments. In about October 1980, Catalfamo ceased his involvement in the Oakleigh venture and resumed trading at Richmond. In March 1981, Jason Meats took over export establishment 622 at Abbotsford.

2. On 4 September 1981, the export registration of establishment 622 was cancelled after identification in the USA of horse-meat in cartons of boneless beef identified as having been produced at that establishment. However, Mr Catalfamo, who gave evidence before the Commission, denied that he had ever been knowingly involved in horse-meat or kangaroo-meat substitution. He stated that all product originating from Jason Meats premises had always been pure beef or veal although he could not vouch for product that he may have bought frozen. He claimed that the meat which turned out to be horse-meat, found in Jason's cartons in the USA, had been purchased by his company from Mr A.J. Lincoln of Jakes.

3. Catalfamo told me that, soon after he became involved in the export side of the meat industry, he became associated with Lincoln. Later, he travelled to the USA with Lincoln where Lincoln obtained an order for him. Then, at Lincoln's request, he purchased, in addition to some other product, 42 cartons of boneless beef from Jakes. Those cartons had been prepared in the Oxford Cold Store freezers and were delivered

to the premises of Jason Meats by a truck from Oxford Cold Stores. The meat was accompanied by an export transfer certificate and the cartons were clearly marked, being consistent with the type of carton used for export purposes and bearing the 'Australia Approved' stamp. At Catalfamo's direction, Jason Meats employees removed the lids from those cartons and replaced them with Jason's lids. The cartons were restamped and then transported back to Oxford Cold Stores. 15 of those cartons were sold to Russell Brothers, Sydney and subsequently shipped to New York. The remaining 27 cartons were sold to Edward Souery & Co. All 42 cartons bore production date of 28 May 1981.

4. After Catalfamo was notified on 4 September 1981 that his company had been deregistered, he went to USA to investigate the allegation that meat produced by his company was contaminated. He went to a freezer in Fort Wayne, Indiana, where his product was held and found that the contaminated cartons were of a corrugated cardboard variety made by Cargo Newpack Industries. Jason Meats had always used solid cardboard boxes from James Hardie & Co. He also noticed that the liners used in the suspect cartons were a single sheet of plastic, while Jason Meats had always used a gusset bag. The suspect cartons all bore the production date of 28 May 1981.

5. Mr Lincoln in evidence agreed that he had supplied Jason Meats with meat but stated that all that meat had been produced in Jakes' boning-room and was not meat brought in from a local establishment or meat that had been relidded.

6. While, on the evidence, it seems clear that the contaminated meat found in Jason's cartons was purchased from Jakes, I am unable to say with confidence whether anyone at Jakes was aware of the true nature of the meat. It is possible that that company was also an unsuspecting receiver of

contaminated meat, although it must be noted that that hypothesis is inconsistent with Lincoln's own evidence referred to in the previous paragraph.

7. Mr. Catalfamo admitted to having, on at least three occasions, bought meat from a local works and relidged it for export.

8. While Mr Catalfamo was only involved in the export meat industry for six months, he, like other operators who gave evidence before the Commission, thought it necessary to pay certain members of the meat inspection service. He told me that, in one instance, a relieving inspector at Jason Meats made it so difficult for the works to operate on his first day there that Catalfamo approached the inspector on the next day and said, "There is give and take in this industry". The inspector is alleged to have replied simply, "I take". Catalfamo stated that as a result of that conversation he gave \$100 to the inspector.

9. The inspector has denied having such a conversation with Catalfamo or ever receiving any money from him. He did, however, recall being critical of operational hygiene at the works and said that it was possible that Mr Catalfamo had held a grudge against him as a result of that incident. I see no reason to disbelieve Catalfamo's evidence on this matter.

10. Catalfamo also told me how, in order to get away with 'robbing' packs of scotch fillets, he paid another inspector irregular sums of about \$100. In all he him paid between \$1000 and \$1500 over a period of about 20 weeks. These payments were made at the instigation of Catalfamo in appreciation for the inspector "turning a blind eye", and were not demanded by the inspector concerned. This inspector, when giving evidence before the Commission, also denied that he received any payment whatsoever from Mr Catalfamo. He said that he was aware that on occasions Catalfamo 'robbed the pack', but that he had tried

to police this practice. He was unable, however, to suggest any reason why Catalfamo would lie to the Commission on this subject. I fail to see why Catalfamo would come before the Commission and falsely allege that he had paid the inspector in order that he could regularly break the Exports (Meat) Regulations. Such an admission was clearly contrary to his own interests and again, having observed his demeanour while giving evidence, I see no reason to disbelieve him.

11. Thus, during his six months of operations at Jason Meats, Catalfamo was, on his own admissions, guilty of substituting local for export meat and of bribing meat inspectors. However I do not believe he was knowingly involved in any substitution of pet meat for meat for human consumption.

CASE 5 - E.C. & K.M. WILLIAMS NOMINEES PTY LTD, 1975-81

1. One particular exporter, Eric Charles Williams, gave evidence that when his company, E.C. & K.M. Williams Nominees Pty Ltd, established its export business in 1975, it was common knowledge in the industry that, if you wanted an export boning-room to run smoothly under the strict regulations that existed, you had to keep inspection staff on side. Williams managed this by providing them with free meat and gratuities on a weekly basis and generous Christmas bonuses. Sums varying between \$50 and \$200 were given by Williams or his manager to the head inspector at the time, who would then distribute the money as he saw fit. The money was handed out in envelopes marked I/S standing for 'Inspectors' Sling'. Apparently 90% of the inspectors stationed at their establishment at Pipe Road, Brooklyn, accepted these payments. However it seems that some inspectors may have declined the payments, and others were not approached, as they did not make it difficult for the plant to operate. However, in view of the fact that between 50 and 100 inspectors would have been involved with that establishment over its period of operation, it seems the number of inspectors accepting a 'sling' was quite high.

2. Williams provided me with the names of some of those inspectors whom he personally paid. One of those persons when called to give evidence denied ever receiving any such payment, but was unable to offer any explanation as to why Williams would implicate him untruthfully. Since Williams was giving evidence against his own interests and with obvious reluctance, I have no doubt that Williams did in fact make the payments as he stated.

3. Williams also told me that, in appreciation for information provided by Mr Tom McGrath, a Grade 4 meat inspector attached to the Melbourne office of the DPI, he made roughly half-yearly payments varying between \$100 and \$600 to McGrath. This information for which he paid, while sometimes

of a technical nature, also included advice as to when, as Williams said, things were getting "pretty hot". The information was extremely useful to Williams as, over a period in 1979 and 1980, his company engaged in substantial relidding operations.

4. These operations usually occurred after hours when the inspectors had gone home, but on occasions took place during working hours. A number of local suppliers would deliver meat to the works after the inspectors had gone home and as many as fifteen of Williams' labourers (and sometimes office staff) would then repack the meat in Williams' export cartons and shift it over to the adjacent coldstore. On occasions, local meat that arrived at the works has been packed in Williams' cartons with the lids inside out. An allegation was made that some goat meat was being repacked as lamb during these operations. However I am not prepared to find, on the evidence put before me, that this actually occurred.

5. Williams and his boning-room manager swore that the majority of the inspection staff were not aware of these substitution practices. However this may be, I have no doubt that the local suppliers were aware of the fact that their meat was going for export. In one case, the local supplier would telephone Williams' establishment before delivery in order to check that the inspectors had left the premises. Other suppliers would leave their vehicles outside until they had checked. The loads that arrived from the local suppliers were said to have varied in size between 400 lbs and 6000 lbs.

6. The relidding operation was also facilitated by easy access to the DPI master stamp and establishment stamps. Both the Williams', Ballarat and another exporter's stamps were used. At the height of the operation as many as 20 pallets of 42 x 60 lb cartons were being repacked in one night and, during certain periods, the repacking took place every night and sometimes early in the morning. In order to help cover the

after-hours production, Williams arranged for the exaggeration of weights on the documents accompanying legitimate bodies of beef, lamb or mutton.

7. When relidding took place during the day, inspection staff were apparently either in their office or over at other premises in the Pipe Road complex. At the time, four or five inspectors would look after a complex of four or five boning-rooms, plus the freezer.

8. If the inspectors were unaware of the relidding operations, what did Williams gain in return for the gratuities he was paying? According to Williams the inspectors bent the law in other ways with export meat, for example, allowing him to pack mutton as lamb or upgrade the quality of meat. The boning-room manager told me that, although the inspectors accepted payments from Williams, they still had to "cover their backs by having their room up to standard because there was nothing to stop a vet walking into that room and tearing strips off him (the inspector) if his room was not right". On the evidence before me on this point I think I should accept the fact that most of the inspection staff were not specifically aware of the after-hours illegal operations carried out by Williams.

9. There is, however, one matter that particularly concerns me in regard to the payment of inspectors, and that is that the inspectors who received payments from Williams also supervised other very similar establishments in the same complex. Were they also receiving similar payments from those operators? One of the other operators in the complex gave evidence at the Commission and denied ever making any cash payments to inspectors stationed at that works. I can only say that I find it most unlikely that one operator in the complex was making regular, generous payments while the others contributed nothing.

10. It is, of course, easy to see why Williams was able to carry out his operations without detection if he was on such close terms with McGrath. On one occasion McGrath, in a telephone conversation, made it known to Williams that one of his employees, identified as 'Steve', had told the VOIC, Dr Gleeson, that Williams was engaged in relidding. On another occasion, a man employed by Williams, was told that they were about to be raided by the Australian Federal Police. That employee said that, as he was going to Ballarat that evening, Williams asked him to get rid of the lids left over from a relidding operation and to dispose of some stockinette bags which were also left over. He took them in the boot of his car to Ballarat where he threw them over a small bridge into a creek bed. He told me he believed that on that occasion all the dockets from local meat were removed from the works by the company accountant, although the accountant, who gave generally helpful evidence, has not admitted this allegation.

11. On a number of days over a period of about six weeks in 1980, Williams also carried out his relidding operations at a boning-room he leased in Fitzgibbon Street, Richmond. That boning-room was licensed by the Department of Agriculture. The conditions there, as seen on one day and described by a former employee of Williams, were appallingly unsanitary. Mr Williams denied that employee's description of that establishment and stated that, as far as he was aware, the boning-room was visited by Department of Agriculture inspectors on a daily basis. This has not been confirmed by the Department of Agriculture, which has stated that inspections took place in January 1980, when the premises were being used by a company known as SBJ Wholesale. Operations were suspended for two days towards the end of the month because of insufficient attention to cleanliness. After the end of January, the premises were locked and appeared to be unused each time they were visited.

12. It would seem that Mr Williams' leasing of the premises was not notified to the Department, and it so happened

that his operations did not coincide with any visit by officers of the Department.

13. Local meat was delivered to Fitzgibbon Street, boned out, packed in Williams' export cartons with the lids inside out and then moved out to the Pipe Road coldstore.

14. It is clear from the evidence that malpractices were rife at the Williams' boning-room. Meat for local consumption was frequently substituted for export meat, the age and quality of meat was quite often fraudulently misrepresented and cash bribes were paid to meat inspectors.

CASE 6 - JACK DAWSON EXPORTS PTY LTD, 1979-80

1. Evidence was given by one of the principals in the operation of a family meat works. That works exported meat until approximately two years ago when it relinquished its export licence.

2. This principal, who can conveniently be described as the manager, told me that in the past, at certain times of the year for economic reasons, it was common for meat exporters to pack cow beef with bull export beef. He estimated that at times 60% or more of what their family company had been selling as bull beef had in fact been cow beef. The company also managed to pack a good deal of non-export beef in export cartons. In order to carry out these practices, the manager found it convenient to pay certain DPI inspection staff to turn a blind eye.

3. The manager came to an arrangement with one meat inspector in 1979 to pay him a cent a pound on the beef coming into the place that was locally produced. While the manager proposed the actual terms of the arrangement, he had been given the clear impression by the inspector that he could do with an extra bit of cash. In all, he paid about \$400, and the inspector in evidence before me has confirmed the existence of this arrangement. The inspector has since been dealt with, by a Court of Summary Jurisdiction, for this and other offences.

4. According to the manager, he also paid another inspector who was stationed at their works in 1980. That inspector had said he wanted a "part of the action", and made it clear that he meant a benefit over and above the free meat which he and other inspectors obtained. The manager felt obliged to pay this inspector because he was putting the "pressure on". According to the manager, the payments made to this inspector varied between \$50 and \$100 on an irregular basis. In all, he would have paid in excess of \$500.

5. The evidence of the manager was, in essence, that these two inspectors and other inspection staff stationed at the works or visiting the works were aware of the blending of cow beef and bull beef and failed to take any action to stop that practice. Eventually the company relinquished its export licence. One of the factors leading to this decision was the meat inspection service. The manager said it seemed to him that they (the inspection staff) were "getting more out of it" than he was.

6. Another principal also gave evidence to the effect that he was aware of payments being made to the second inspector.

7. That inspector said in evidence that these allegations were untrue. He said that he had not been approached to accept money nor had he ever been paid money by the manager. The gist of his evidence was that the manner in which he conducted his duties at the meatworks had caused the manager to become resentful towards him and thus come to the Royal Commission and tell lies about him.

8. On the question whether cow-meat was in fact packed as bull beef, he said that he was not aware of it. He was, at the time, responsible for another establishment as well and, on occasions, was absent from this works for periods of up to two and a half hours. He agreed that he would have been able to distinguish a bull carcass from a cow carcass but said he relied on management, and transfer certificates held at the works, in order to establish what meat was coming in and out of the works.

9. I can only say that I accept the manager's evidence that payments were made and reject the proposition that the inspector was not aware of the blending of cow beef and bull beef that was taking place at the works. I cannot accept that the manager had any motive for lying about these matters when giving evidence.

10. The manager also recounted to the Commission an incident which occurred some seven or eight years ago, when he had cause to relid out-dated cow crops with his own cartons. When he proceeded to carry out this operation at a coldstore, an A Grade inspector caught him in the act. When this happened, the owner of the coldstore put his hand in his pocket and indicated an intention to offer a bribe. However, the inspector brushed him aside, saying that he would deal with the manager. The inspector admonished the manager, but took no other action in relation to the matter. The relidding operation did not proceed. The manager suspected that the owner of the coldstore may have passed money to the inspector at a later time.

11. There was no further evidence called in relation to this matter and I am unable to reach any conclusion as to whether money did later change hands. Since the inspector concerned has admitted accepting money on other occasions, and since no action was taken against the participants in a serious breach of regulations, I think it is quite possible that bribery occurred.

12. Returning to the events of more recent years, it is clear that the packing of non-export meat in export cartons and the fraudulent misdescription of product were both common occurrences at this works. So also was bribery of meat inspectors.

CASE 7 - SMORGON CONSOLIDATED INDUSTRIES, 1982

1. In May 1982, the Victorian halal meat supervisor for the Australian Federation of Islamic Councils noticed a meatworks employee cutting off the 'Australia Approved' brand from certain striploins which were being packed at Smorgon's works at West Footscray. The brand he saw removed bore the establishment number for the West Footscray works but he also found pieces of fat on the floor bearing 'Australia Approved' brands for Smorgon's establishment in New South Wales. Fearing that non-halal meat was being substituted for halal meat he complained to the management and to Australian Federal Police officers who happened to be at the works on a separate matter. (I should say at once that the supervisor's fears concerning halal meat appear to me to have been unfounded). The police were given an explanation by the packing room foreman for what had happened. The foreman said in evidence that that explanation was false and invented by the works manager.

2. I was told that the company received some striploins from its New South Wales and Queensland plants which had been prepared for the Middle Eastern markets and frozen. That meat was not exported within the time required by those markets and it was proposed to repack it for export to the US. Repacking was necessary because the meat had to be in cartons bearing the US Common Code Cypher rather than full trade descriptions. The meat was 1st Quality but had been packed as 'boneless beef' without reference to the sex of the beasts from which it was derived. It was to be repacked as Steer Striploin. It was said that the company was given permission by DPI to repack the meat and implicitly, if not explicitly, permitted to repack as steer even though not so described originally.

3. In order to repack the meat, some of it was partly thawed overnight. This tempered meat was in the packing room when the packing room foreman was told that officers of police were visiting the works. He gave instructions to clear away the

meat. It was said that that instruction was given fearing that the police might regard the repacking of the meat as steer-meat as wrong. It was said further that the forewoman supervising the persons packing the meat then panicked and ordered two packers to take off the brands and put the tempered meat in with some fresh striploins produced at West Footscray that day, simply to be rid of that tempered meat before the police came. If that version of events were accepted it would explain how some brands for the New South Wales and Queensland plants were removed; it would not explain how the West Footscray plant brands were taken off. Indeed the management of the works said in evidence that the removal of the West Footscray brands was a mystery.

4. The evidence called before me does not enable me to say what happened on this occasion beyond the fact that brands were removed without authority. It may have been an act of panic by an employee. I cannot be sure. When the removal was discovered, the meatworks management invented a false story about the circumstances of the removal and persuaded subordinate employees to attempt to deceive investigating police officers. The works then compounded that deception by instructing their employees to say nothing further to police without consulting the company's legal advisers. These matters can only excite suspicion that the meatworks had something substantial to hide.

5. However, just as significant as the fact of the removal of brands is the fact that this was done without either of the meat inspectors assigned to the packing area being aware that it had been done. Indeed neither inspector appears even to have been aware that repacking of meat from other works was proceeding. It seems that even the most elaborate security arrangements can break down when inspectors on the job are not alert to what is going on around them.

CASE 8 - PROTEAN HOLDINGS LTD, 1971-81

1. In the course of evidence relating to the removal of Hammond product from the Protean coldstore, it was admitted that, over a ten year period, the Protean company had deliberately broken Exports (Meat) Regulations by exporting offal produced in its City Abattoirs - which were not registered as export premises.

2. This had been done in order to boost company profits by exporting offal for which there was no sale on the domestic market - except perhaps as pet food. At times, all the offal produced at the City Abattoirs could be sold on the local market. But when the throughput rose to higher levels, during certain seasons or in particular marketing circumstances, there was a surplus of offal for domestic consumption.

3. At such times, the Protean company simply sent a load of offal in cartons to its Richmond export-registered coldstore and, at some opportune time which might be weeks later, changed the lids, which bore Department of Agriculture stamps, for lids bearing Department of Primary Industry 'Australia Approved' stamps.

4. These were obtained simply by stamping more lids, before they were made up, than were actually required that day at the Richmond Abattoirs. After the inspectors went home, the export lids were made up and, in the coldstore area, substituted for the domestic lids by staff working overtime.

5. This practice was, of course, known to and approved by the senior management of the Protean company. Little risk of detection was involved because at any given time there would be substantial quantities of meat for the domestic market in the Richmond coldstore. Meat inspectors took little interest in the coldstores (apart from noting damaged cartons needing

replacement) until an export container, or other batch for delivery, was being made up.

6. In mitigation of the long-running transgression in this case, all that can be said is that the offal involved was a wholesome product, suitable for the domestic market, and produced entirely by the company's own labour under the supervision of Department of Agriculture inspectors.

CASE 9 - MARVIC MEATS, 1980

1. Evidence was called concerning an allegation that Marvic Meats, an independent boning-room establishment, had during 1980 been involved in the substitution of horse-meat for beef. This allegation arose out of a conversation that a foreman, employed by Marvic Meats, had in September 1980 with Mr Lionel Noon, who was then employed by Smorgon Consolidated Industries. The foreman told Noon that Marvic's were boning horses after hours. Noon assumed that the horses must have been obtained from a particularly nearby knackery.

2. Noon later repeated the foreman's comment to Mr Leon Quirk, the works manager at Smorgon's. Quirk recalls Noon telling him that horses were being slaughtered at the knackery and then transported to Marvic's boning-room for processing. Noon told him that the boning-out did not take place until the normal day's operations had been concluded, and the DPI inspector had left the works. He recalled Noon saying that there were 400 live horses in close proximity to the knackery, waiting to be slaughtered. Quirk was shocked by the information and passed it on to Mr Jack Morris, General Manager of Smorgon's. Morris was so concerned that he arranged that same day, with Quirk, to drive around the general vicinity of the knackery to see if, in fact, there was a mob of horses there. They found that there were some horses in paddocks in the area, but no obvious large mob of horses waiting to be slaughtered. In fact, it was not possible to tell whether any of the horses seen were on the knackery's land.

3. Then in early November 1980, Quirk and Noon met socially with the Marvic foreman. During the course of the day, the foreman asked Quirk whether things were busy at Smorgon's. When Quirk replied that Smorgon's were neither busy nor slack, the foreman replied, "You should get into the horse business, but the bloody bones are hard to get rid of". That comment was not pursued by either Noon or Quirk.

4. When the Marvic foreman gave evidence, he did not deny having made the statements but rather asserted that his comments would have only been meant as a joke. He said that Marvic Meats had never boned horse-meat, or any other meat not permitted on export establishments. He stated that it was an efficient and well-run establishment. However he admitted that, at times (and this was confirmed by a director of the company), Marvic had relidded local meat as export meat after hours, substituted cow for bull and engaged in the practice known as 'robbing the pack'. The last two practices, he agreed, would sometimes have been with the knowledge of inspection staff.

5. Through his Counsel, the foreman was presented to me as a flippant, happy-go-lucky person who "clowns around a lot". I accept that this may be an appropriate description of him, but note that notwithstanding Noon's nine or ten-year friendship with the foreman, he treated his comments as being quite serious. I find it difficult to accept that there was no truth at all in the admission and implied admission, even if the statements were made for effect on each occasion.

6. Mr Morris also treated the foreman's statements seriously. On 1 October 1980, Mr Morris, Mr Jack Gilbertson and Mr Peter Greenham, as representatives of the Meat Exporters Association of Victoria, attended a meeting at Australian Federal Police Headquarters with Detective Chief Inspector Elkington and Chief Superintendent Morrison. The main purpose of this meeting was to discuss the exporters' growing concern at the numbers of export-class cattle being slaughtered at non-export works. In conversation, Morris told the police that horses were being shot standing up with .22 rifles, dressed, quartered, placed in an unrefrigerated meat truck and conveyed to Marvic's boning-room after hours, when the inspector had gone home. Morris also said that he felt that the truck belonged to the particular knackery. Morris said in evidence that the source of his information was Quirk.

The account seems to have gathered detail as it was passed from person to person.

7. It appears that the manner in which Morris described this operation gave both Elkington and Morrison the distinct impression that it was historic and not a current situation. Both admitted being somewhat sceptical about the allegation. According to Elkington, no definite times or other circumstances were mentioned and it was agreed that when anything further was learned of the matter, the information would be passed on to the police. No definite steps were taken by the police to investigate this allegation. It was noted amongst all the other allegations that were being made at that particular time and passed to two officers who were directed to assess and investigate all the information as given. Those officers were Detective Senior Constable McKenzie and Detective First Constable Thomas.

8. Chief Inspector Elkington described the investigation as "a general look at the meat industry" by the two detectives. He went on to say that, while he agreed that the complaint made by Morris was of a quite new dimension, he had presumed that if the substitution had actually occurred it would have been picked up by the meat inspection service and then brought to the notice of the Australian Federal Police. With the benefit of hindsight, this can be seen to be an erroneous view. He also pointed out that the CIB, of which he was in charge, was experiencing extreme staff shortages at the time. However, McKenzie and Thomas did subsequently attend at Smorgon's and spoke to Morris and Quirk. Arrangements were made for Quirk to contact the source of his allegation to see if he could get some concrete information. McKenzie did not hear from Morris or Quirk again, but later, in the course of other investigations, he carried out a four-and-a-half hours observation on the particular knackery one weekend and noted no activity whatsoever.

9. In the event, the truth of the statements made by the Marvic foreman has not been clearly established. The knackery owner, when called to give evidence, denied that he had ever sold meat to Marvic Meats. The director of Marvic Meats denied ever having horse-meat on the premises. It is regrettable that a thorough investigation of the matter was not carried out at the time. Notwithstanding the difficulties then being experienced by the Australian Federal Police, I am of the view that this was an allegation of serious malpractice which was not dealt with in an adequate or effective manner.

CASE 10 - TIBALDI SMALLGOODS (AUST) PTY LTD, 1981

1. In late July 1981 the Victorian Health Commission noticed in returns made to it that Salmonella Newport had been isolated as the organism responsible for several cases of severe gastro-enteritis. The number of such cases continued to grow in the last days of the month and early August.
2. An intensive inquiry was put in train and by 10 August the Commission was confident that the cause was salami sausages produced by a particular Victorian company.
3. A public warning was immediately issued, naming the company's product. This was done without even notifying the company (which seems to have been somewhat discourteous).
4. In negotiations over the following days the company, which enjoys a good reputation in the industry, displayed a responsible attitude. It promptly recalled all suspect product, which was immediately destroyed because, although it was possible that only one batch was affected, the sausages were not batch-coded and it was not practicable to perform microbiological tests on every sausage.
5. Later-produced salamis undergoing maturation were batch-tested, and found to be free of salmonella, before being released. Five of the workers at the factory were found to be carrying the salmonella organism, but this was probably because they had eaten the affected salami while at work. The factory was closed for a time and cleansed thoroughly, under the supervision of the Department of Agriculture, before it was allowed to re-open. Affected workers were, of course, not permitted to resume work until they were free of the organism.
6. Although the Health Commission is satisfied that the company's salami sausages were the main, and perhaps the only,

cause of the Salmonella Newport outbreak which occurred in several states at this time, the company has never conceded that its sausages were responsible.

7. Certainly the Health Commission has been unable to point with certainty to the way in which the salamis became contaminated. It seems that the most likely explanation is that the organism was introduced in a consignment of meat, probably pork, delivered to the company by some meatworks. It has not proved possible to trace the consignment or the meatworks.

8. It should be made clear that there is nothing to suggest the substitution of any form of pet food in deliveries to the company. All species tests of the company's product showed only the correct species being used.

9. As this matter was only reached in the last stages of the taking of evidence, I did not think it appropriate to spend time trying to establish the fact of the company's responsibility. That is the subject of litigation elsewhere and it was possible to draw all available lessons from the episode without undertaking the lengthy task of deciding to what extent, if any, the company's produce was implicated.

10. Because the company has already suffered severely from adverse publicity, and was not to be given a chance to lead evidence in an effort to establish that it was not responsible for the outbreak of salmonellosis, I acceded to a submission that this evidence should be taken in confidential sittings.

11. However I believe that, in the event, there was nothing in the evidence adduced, when considered as a whole, which went to the discredit of the company; and so I have directed that, from the time this report is published, the transcript of evidence and exhibits relevant to this matter should be considered part of the public record.

12. The lessons to be learned from this episode fall conveniently under the following headings.

Quality control of manufactured meat products -
especially uncooked products

13. It is clear that the quality control system used by the company in question was inadequate. The company concedes that it was too informal and not sufficiently rigorous. In particular, more regular microbiological testing is necessary for products in which the meat is cured rather than cooked.

14. As a direct result of this outbreak the industry is collaborating with government authorities to produce a "Code of Practice for the hygienic manufacture of dry and semi-dry sausage". This code will not have the backing of any punitive sanctions, but will no doubt be observed by all the larger producers of such sausages. Many different types of such sausages are produced; some of them are made in very small quantities in shops serving particular ethnic groups in the community. It seems that no more rigid control than the publication of an agreed code of practice is practicable.

Batch-coding

15. It is essential, for recall and trace-back purposes, that all such products bear a batch number. This will quickly enable the manufacturer to identify the date of production and, one would hope, the source of ingredients used in the batch. A check of records for that batch may indicate some defect in the production process. At least the loss to the producer through recall procedures and adverse publicity will be minimized if a limited quantity of suspect production can be identified.

16. A 'use-by' date on the product seems to be desirable also, but that is part of a much wider issue which has not been studied by the Royal Commission.

Recall procedures

17. In spite of some allegations to the contrary from the Australian Consumers Association, (which contributed a very detailed and helpful submission on this matter) the evidence shows that the steps taken by the company to recall suspect product were swift and comprehensive. Placing a time limit on returns for purposes of compensation, in order to ensure prompt action, was a reasonable step for the company to take - particularly since the time limit was not enforced in practice.

18. The question remains whether it is sufficient to leave the action of recall to the good sense and responsible conduct of the company concerned. At present the Health Commission has power to seize goods which may be dangerous to health; but it has no power to recall them from retailers or the general public, nor can it order the manufacturer to take such action.

19. In my view, no further powers are necessary. No manufacturer could afford to ignore an official request for recall, unless he was very confident that his product had been wrongly suspected of being defective. In the unlikely event of a recall request being refused, I believe that the authorities can achieve all that they need by way of public warnings and, if necessary, seizures of product. With so many alternatives available, the public is not knowingly going to consume a suspect food product.

Control and co-ordination of government action

20. The incident under review provided an interesting test of co-operation between a number of government departments and instrumentalities, both State and Federal. It seems that, after some initial difficulties and misunderstandings, the co-operation worked well. However I accept the submission of the Victorian Department of Agriculture that, in all such cases, it is essential for one department or agency to have a central and co-ordinating role in carrying out inquiries and corrective measures.

21. There will usually be one department or agency which clearly has the greatest interest in the problem, and the others should offer all possible assistance while accepting the co-ordinating role of the authority having the greatest concern. The onus will then be on that authority to establish both proper lines of communication and co-ordination procedures.

CASE 11 - THORNTON ABATTOIR, 1967-79

1. The evidence presented to the Commission in respect of a certain meat inspector employed in the Victorian Department of Agriculture principally concerned his improper receipt of monies, and alleged lack of diligence in the performance of his inspectorial duties, during the course of his posting to the Thornton Abattoir for a period which commenced in January 1977.

2. In his evidence, the inspector admitted having received payments from the respective proprietors of the abattoir in the relevant period. One of those proprietors, who gave evidence, estimated total payments to the inspector as being in the region of \$1000. The inspector disputed that the total figure was as high as that, and said that \$500-\$600 would be a more realistic figure. The other proprietor, a sub-lessee of the first, did not give evidence before me, although a police interview with him in which he admitted making "two or three" payments to the inspector was tendered in evidence.

3. The precise amount of these payments is of little present interest; what is important is the effect of those payments on the standard of inspection carried out by the inspector.

4. The first proprietor gave as his reason for the payments his desire not to be in debt to the inspector for assistance given by him when the business was in its formative stages.

5. The nature of this assistance was described as being, "over and above his call of duty" as a meat inspector. When asked to give examples of the type of assistance given, the proprietor said, "I would say (the inspector) always assisted the young fellows in just simple things like how to back off, or how to steel a knife". And later, "...we had a line, and if cattle got stuck in the line, I would say there would be times

when he would push some of those cattle into the chiller". All the evidence given by this witness, of work requiring hundreds of dollars worth of compensation, was as thin as this.

6. The inspector described assisting in the establishment of a system to improve production and hygiene standards, monitoring hygiene standards, instruction of employees on how to sharpen knives and in the correlation of heads with the bodies of slaughtered animals.

7. I am of the opinion that the assistance in fact given by the inspector went beyond the matters I have mentioned and extended to work of a labouring nature on the chain. I am reinforced in that view by the quite definite evidence of a slaughterman employed at the works at the time, which is supported in some measure by the following passage from the proprietor's evidence -

"I believe we had people away and we had a shortage of labour and we were attempting to cover that shortfall. I think that is how the original situation began".

He also said,

"If we were busy and (the inspector) was involved in extra work above his duties of inspecting, I believe he was entitled to it".

8. There is some evidence that inspection of meat processed at Thornton suffered as the result of the inspector's time and efforts being diverted from his official duties.

9. I refer to the evidence of the Principal Veterinary Officer of the Meat Inspection Branch concerning two consignments of meat to South Australia, one of which was rejected because of, "the condition of the truck, the condition of the meat, rusty slides, and non-incision of lymph nodes"; the other load was not rejected, although the meat was said to have been in a similar 'sour' condition due to improper chilling. These observations of the South Australian inspector were confirmed when the rejected meat was returned to Victoria.

10. Aside from those specific instances, there is evidence from a meatworker of slaughtermen cutting glands, failing to scalp the heads of slaughtered animals and overlooking matters of hygiene in order that the chain might proceed more speedily.

11. There would thus appear to be some basis for concluding that the quality of inspection at Thornton suffered as the result of the inspector doing various jobs on the chain during busy periods at the abattoir, thereby reducing the need for the employment of another hand. Naturally enough, this practice was condoned and rewarded by management.

12. The state of the evidence in respect of two other matters raised in connexion with this inspector, namely the possible falsification of overtime claims and the appropriation of a condemned beast, is such that I am not disposed to make a finding adverse to him. All these matters have been referred to police and if more detailed inquiries support those allegations they will no doubt be dealt with appropriately.

13. The matters dealt with above only came belatedly to the notice of the Department of Agriculture - in February 1982. They were dealt with efficiently by the Department and promptly and properly referred to the police.

CASE 12 - CASTLEMAINE BACON COMPANY

1. A person formerly employed as a meat inspector by the Victorian Department of Agriculture, who had himself been convicted of theft from the smallgoods factory where he was sent as an inspector, made allegations about certain malpractices engaged in there by other meat inspection staff.
2. Those allegations included receipt of free or discounted meat; poor inspection procedures; misuse of regulations to coerce management into instituting or maintaining benefits in the nature of free meat; and falsification of overtime records. There was not sufficient substance in any of these allegations, other than the first, to warrant spending time on them - coming as they did from such a doubtful source.
3. The former inspector maintained his own innocence in spite of the conviction for theft already referred to. The evidence in support of that charge had come from other meat inspectors stationed at the works.
4. Although the activities of this inspector were the subject of a good deal of the evidence before me, as the matter has been the subject of decision by a competent tribunal I do not propose to review that evidence here. I must however say that the failure of the senior meat inspector to report the thefts was reprehensible. I am surprised that no departmental action was taken against that officer.
5. Senior officers of the Department acted promptly and decisively when the matter came to their notice.
6. The managing director of Castlemaine Bacon, and three meat inspectors who were stationed there over the relevant period, specifically denied that free or discounted meat was

given to meat inspection staff. They did, however, describe the sale of meat to staff, inspectors and other persons at wholesale prices or a little less. I am not satisfied that any distribution of free, or heavily discounted, meat occurred.

CASE 13 - TIMBOON SLAUGHTERHOUSE, 1977-78

1. A regional supervisor of meat inspection, employed by the Department of Agriculture of Victoria, stated before me that, in December 1977, he had been removed from duty in the area he was responsible for and given a "non-job" at head office in Melbourne. He claimed that this was as the result of a raid, organized by him, on a person with political affiliations, whom it was believed was engaged in illegal slaughtering activities at an unlicensed slaughterhouse at Timboon.

2. The Principal Veterinary Officer of the Meat Inspection Branch confirmed that he had directed the supervisor to play no part in the actual raid on the premises, giving as his reason an unfortunate history of disputes between the owner of the slaughterhouse (which had previously operated as a properly licenced, commercial concern) and the supervisor, and the fact of a number of other complaints from both local politicians and operators in respect of the supervisor. The cumulative effect of these, it was felt, could have resulted in unfortunate repercussions for both the officer and the Department.

3. The raid took place, successfully, on 4 December 1977 and on 16 December the supervisor was advised of his transfer to Melbourne. On 16 February 1978 the supervisor was reinstated in his former position after an extensive departmental investigation.

4. Then, in late February, the owner of the slaughterhouse and his local member of parliament called upon the then Minister for Agriculture at his office; also present were senior officers of the Department.

5. As the result of this meeting, the Minister arranged the attendance of all interested persons at the slaughterhouse

in early March 1978. There was some difference in the evidence, as between the Minister and a senior officer who was in attendance, about the exact purpose of the proposed visit. It was the officer's understanding that the Minister intended to give directions as to what improvements should be required to be carried out on the slaughterhouse to enable it to be relicensed. The requirements to which the proprietor was objecting had been laid down by senior veterinarians in the Meat Inspection Branch. The Minister, in his evidence, rejected the proposition that he had gone to adjudicate, stating that the purpose of the visit was to bring the parties together, to view the procedures employed at the slaughterhouse and see if the difficulties could be sorted out after discussion between the parties.

6. In the event, with one exception, the requirements which had been imposed some eighteen months previously by the Department were agreed to as being appropriate. A letter spelling out these matters was later forwarded to the proprietor under the hand of the Minister.

7. The owner of the slaughterhouse was, in due course, convicted and fined in the Magistrates' Court on a charge relating to unlawful slaughtering, arising out of the investigation on 4 December 1977.

8. The owner has never since carried out the required renovations or sought to have the licence reinstated. There is thus nothing to suggest any improper exercise of power by the Minister in favour of the slaughterhouse owner.

9. From the evidence placed before me, which included not only the oral evidence but also documentary evidence, including extracts from departmental files, it seems clear that the supervisor had an unfortunate, at times officious, manner when dealing with some operators. Indeed, the supervisor himself acknowledged this up to a point. Conversely, there was much

evidence placed before me to suggest that he was diligent and generally capable in the performance of his duties.

10. I believe that pressures had built up, some of them exerted by Members of Parliament on behalf of constituents involved in the meat industry, in an attempt to get the Department to slow down its upgrading programme for meat establishments. That fact, coupled with the local supervisor's rather inflexible attitudes, exacerbated matters in his area to a point where the Department thought it prudent to remove him for a period to let things settle down.

11. There is no evidence to suggest the Minister influenced the decision to have the supervisor transferred; the demonstration at the slaughterhouse occurred some time after he had returned to his area. I believe the Department's actions in this matter were entirely proper.

12. There is one further aspect of this matter to which I should advert. That concerns the inspector's allegation that during the slaughterhouse inspection the Minister took him aside, out of earshot of the others present, and had a conversation with him. The supervisor alleged in evidence that in that conversation he was told "I am sick to death of hearing your name and I do not want to hear about you anymore or I will have you dismissed. Be a tourist. Continue to go around, but be a tourist"..

13. There was no dispute that a private conversation in fact took place. The Minister, however, categorically denied that he had used the words attributed to him, and said that in taking the supervisor aside he had sought to prevail upon him to change his manner in dealing with people in the industry in order that the aims of the Abattoir and Meat Inspection Act 1973 might be properly carried out. A senior departmental officer, who saw the Minister and supervisor in private conversation, gave evidence that the supervisor told him

immediately afterwards that the Minister had instructed him not to do his duty. The senior officer told the supervisor he must carry out his proper duties at all times.

14. Although it is unusual for a Minister to talk directly to a comparatively junior Departmental officer about his conduct, I do not believe that, in all the circumstances of the case, it was improper for him to do so. I make no finding or comment about the Minister's choice of words.

CASE 14 - WOODCHIP MEATS, 1978

1. This matter came before me as the result of a police investigation, commenced in February 1982, in respect of a Victorian Department of Agriculture file referred to them by Commission staff. The departmental file contained only two folios and revealed the detection by meat inspectors of an apparently illegal boning-room at Swan Street, Richmond early on the morning of 22 March 1978. The persons working there refused to identify themselves to the inspectors but did state the name of the proprietor of the establishment. The inspectors then made an examination of the premises and left to attend to other matters, intending to return an hour or two later. Upon their return, which had been delayed for various reasons, the birds had flown. The premises were kept under observation for a time and no activity was seen, but there, to all intents and purposes, the matter rested from the Department's point of view.

2. The police investigation revealed that over a period of about four years a man had conducted at least four illegal boning rooms in the Melbourne metropolitan area. These operations were carried out in disused butcher-shop premises which had been leased by the man under various aliases.

3. It is difficult to estimate the scale of the operations which were carried out by this man. However when subpoenaed to give evidence he said that he paid about \$7000 in one month to one supplier of whole carcasses. I therefore believe that this was quite a substantial enterprise.

4. The witness stated that meat boned out at those premises was sold to local hotels, restaurants and markets. He denied that he supplied meat to the export trade, although the meat inspector who discovered his activities described the packaging of the meat as being consistent with it being destined for the export market.

5. The witness gave as his reason for operating in this illegal way his inability to find the capital necessary to bring an independent boning-room up to the standard required by the State licensing authority. He said also that he operated under assumed names partly in order to avoid the payment of taxation.

6. Throughout the four years of his operations he was never prosecuted by either local health authorities or the Department of Agriculture, although it appears that he did at times come to their notice. It is not immediately clear why no action was taken, although it may be that the type of operation involved fell close to the border-line between the two departments and this enabled him to stay in business for a time before moving on to a new site. He certainly changed the address of his operation regularly over the period, probably when detection seemed imminent.

7. Police involvement in departmental investigations is a matter that I will canvass in another part of the report and so I do not refer to it specifically in connexion with this matter, except to point out that the investigation of this case could have been handled more effectively and cheaply if it had been pursued at the relevant time rather than some four years after the events in question.

CASE 15 - KYABRAM ABATTOIR, 1979

1. In 1979 a certain meat inspector employed by the Victorian Department of Agriculture, was carrying out meat inspection duties at the Kyabram abattoir, which at that time was conducted as a service abattoir, killing animals on behalf of butchers and meat wholesalers.
2. It came to the notice of the Department that the inspector was alleged to have taken from the abattoir certain condemned lamb carcasses, the property of a wholesale butcher who had lambs slaughtered there.
3. A departmental investigation resulted in six charges under the Public Service Act being brought against the inspector. He admitted the truth of those charges and received a \$100 fine, a severe reprimand and was transferred to another establishment.
4. There was a conflict on the evidence before me, first, as to whether the lambs taken by the inspector had been properly condemned by him as having some defect rendering them unsaleable, and secondly, as to the precise number of lambs actually taken.
5. In respect of the first of those matters, the weight of the evidence leads me to say that I believe the lambs were properly condemned in the circumstances. The local butcher who cut up the lambs for the inspector said, "You could bone them out and sell them for sausages, but you certainly could not sell them to a customer".
6. On the second issue I am inclined to think that the inspector took more lambs than the five or six which he admitted, but no evidence was placed before me indicating that he was involved in any commercial enterprise. I accept that such lambs as were taken were for his own domestic consumption.

7. Whilst certain differences had occurred between the manager and the inspector in relation to the conduct of the abattoir, it was generally conceded that the inspector had performed his duties satisfactorily.

8. There remains one final aspect of this matter upon which I should express some views. During the course of the evidence concerning the departmental handling of this matter, Dr Rees, Principal Veterinary Officer, in charge of the Meat Inspection Branch, admitted a reluctance on the Department's part to involve police in departmental investigations. This arose from an unfortunate experience, referred to elsewhere, when an important departmental inquiry was compromised by a leak to the press, for which police were blamed.

9. At a later point in his evidence, Dr Rees stated that the Department now acknowledged the need for a close working relationship between its officers and the police in regard to investigations of any serious breaches of regulations or the general law.

10. In my view this was clearly such a case, and the police should have been involved.

CASE 16 - J. BERNHARD

1. In October 1979, the Victorian Department of Agriculture received a complaint from the Melbourne Zoo that meat purchased by it from a Mr J. Curtis as boneless beef had turned out to be kangaroo.
2. This complaint led to the Department investigating the activities of Mr J. Bernhard, who it seemed was the 'J. Curtis' who sold the kangaroo-meat to the Zoo. It appeared, upon investigation, that Bernhard was buying kangaroo-meat from Queensland and horse-meat in Victoria, ostensibly for distribution to retail pet shops, but was selling at least some of the pet meat to dim sim manufacturers. His importations and sale of pet meat often involved the use of aliases, rented boning-rooms and leased or borrowed trucks.
3. Despite Bernhard's detection by Department of Agriculture officers early in 1980, and being questioned by them on at least four occasions during that year, it appears that he continued to sell kangaroo-meat to manufacturers of food for human consumption until at least October 1980. Efforts by the Department to prosecute Bernhard were thwarted by an opinion from the Victorian Crown Solicitor's Office in June 1980 that inadequacies in the relevant legislation effectively precluded the laying of any substantive charges. These inadequacies have been remedied by the Meat Control Act 1981.
4. It proved impossible to have Mr Bernhard called before me and the evidence contained in the departmental records and led before me does not enable me to determine accurately the scale of his operations, although it appears that he purchased at least 85 tonnes of pet meat in Queensland and NSW in 1980. Similarly, the absence of evidence as to the course of dealings between Bernhard and his purchasers and, in particular, the price at which he sold them the pet meat, prevents me from determining whether they knew, or ought to have guessed, that they were purchasing kangaroo-meat.

CASE 17 - HALAL SLAUGHTER AND CERTIFICATION

1. I have referred in the body of my report to various types of malpractice associated with halal slaughter and certification: forging of AFIC certificates, obtaining of AFIC certificates by falsely representing to AFIC that animals had been slaughtered according to Islamic rites when they had not, corruption of Muslim slaughtermen and forging of consular seals and signatures. It is appropriate in this part of my report to give more detail in relation to some of these malpractices.

2. One large meatworks operator obtained halal certificates from AFIC for millions of dollars worth of meat by presenting interim certificates signed by a registered slaughterman who in fact had not slaughtered the animals which were the subject of those interim certificates.

3. The size of the operation can be gauged from the fact that, when found out, some \$2m worth of meat certified in this way was still held in cold-storage. The operator had paid a registered AFIC slaughterman to provide false certificates at a rate of 20¢ per carton certified. It had paid him more than \$38 000 in the space of just over ten months. The slaughterman presented his false certificates to the state Islamic Council office which issued final certificates without question. The matter came to light only by chance when an employee at the state Islamic Council tried to ring the man at work only to be told he did not work there.

4. One of the senior executives of the company was called to give evidence to the Commission but he refused to answer any question related to this matter on the ground that his answer might tend to incriminate him. His counsel sought to argue that such refusal was lawful. The matter arose in the last days of regular sittings of the Commission, but before the High Court had heard argument in *Hammond v Commonwealth and Others*, referred to in Chapter 2 above. It was clear that not only

would consideration of the detailed and necessarily lengthy submission which his counsel sought to make occupy considerable time of the Commission, but also, if I were to rule against the submission, the witness would seek to test my ruling in the courts, with the inevitable result that there would be no time for the Commission to take his evidence, even if the courts were to rule against his claim to privilege. In those circumstances, I decided not to press the witness further. Counsel for the company indicated that a like stand would be taken in the case of all other employees of the company who were to be called to give evidence on this subject. In the circumstances they were not called to give evidence.

5. I regard it as unfortunate that a very large meatworks company should adopt such an unco-operative attitude. The stated underlying reason was that the company was being singled out for examination, and in danger of being made a scapegoat for the industry's misdeeds in relation to halal slaughter and certification, and that in consequence the company could suffer severe commercial prejudice. I accept readily that companies other than this engaged in malpractice in this area, and perhaps on a scale as great as this company's. Nevertheless this company's failure even to attempt to explain or justify its past conduct can lead me to but one conclusion: that it deliberately engaged in a systematic series of frauds for no reason other than financial gain.

6. Another meat exporting company went a stage further than the forging of AFIC halal slaughter certificates: it forged the seal and signature of the consul of a Middle Eastern country. That exporter was not a meat producer but dealt only as a trader. It ceased business in 1981.

7. In 1980 it exported chilled meat to the Middle East by air. Trade in chilled product requires speed and therefore quick production of the documents which must accompany each consignment. The principal of the exporter said that, because

neither AFIC nor the consulate in question could always produce the documents required quickly enough to allow air freight of chilled meat, forged documents were sometimes sent with consignments. Although there may have been such delays, I do not accept that this was the real motive for this conduct.

8. In the case of AFIC certificates, the exporter arranged for the printing of blank forms of certificate and for production of a stamp purporting to be the AFIC identification stamp. It used these forms and the stamp to provide false halal certificates. In addition it had stamps made which enabled it to stamp documents as if properly produced for legalisation by the consul for a Middle Eastern country. The signature of the consul was then forged.

9. The person who had charge of the exporter's Middle Eastern operations said that documents were forged only in order to meet air freight deadlines and that in those cases, genuine documents were prepared later and used to obtain payment for the consignment. I do not accept this. I do not believe that genuine documents were produced as substitutes for earlier forgeries. Nor do I accept that pressure of time was the motive for forging the documents.

10. In my view the documents were forged to disguise the fact that non-halal meat was being sent as halal and to avoid fees otherwise chargeable in respect of the documents that were forged. Both the principal of the exporter and the person in charge of the exporter's Middle Eastern operations knew of the forgeries and both participated in the execution of the scheme.

11. The exporter dealt in air-freighted chilled meat for only about six months and during that time sent up to six tonnes of such meat per week. Not all of this meat was accompanied by false documents, but some meat sent by sea was. In those circumstances I am unable to say just how much meat was accompanied by false documents.

CASE 18 - EDWARD SOUERY (NT) PTY LTD, 1980-81

1. Souery's (NT) Pty Ltd commissioned its abattoir at Tennant Creek in 1980. As with other works in the Northern Territory, the Tennant Creek abattoir operates seasonally: from about April until the end of November. For the whole of its operations during the 1980 and 1981 seasons, Souery's paid sums of money to DPI inspectors by way of what the company called a "gratuity". No payments were made in the 1982 season. One of the directors of the company (Terence Meehan) said that the payments had become too high and that with this Commission sitting "it was just not on".

2. The total sums involved were very large. For the last two months of the 1980 season and the eight months of the 1981 season, the amount paid totalled about \$34 000. The company made the payments secretly and disguised them in its books of account as 'handling charges'.

3. I have no doubt that the fact of the making of the payments was known to all members of Souery's board. John Rose, Managing Director of the company swore that he knew nothing of these payments; but, apart from the inherent improbability of the proposition that such large payments could have been made without the knowledge of as active and astute a company executive as Rose, there is clear evidence both from the senior inspector at the plant and a former manager of the plant that Rose knew what was happening. In my view Rose deliberately lied about this matter. This, taken with the fact that the payments were disguised in the way I have mentioned, leads me to infer that the management of the company not only appreciated that what was being done was contrary to Public Service regulations, but also believed that the company was gaining some improper advantage by making the payments.

4. Until June 1982 Ronald Stow was the senior meat inspector at Tennant Creek. During 1980 he and the next most senior inspector were paid \$100 per week. Other inspectors served at the works on six week tours of duty. In 1980 the company used to give Stow enough to pay each of those inspectors at the end of his tour of duty \$30 for each week he had worked. In 1981 Stow and his second in charge each received \$150 per week. Other inspectors were paid at a rate of \$50 per week. Stow said that only one inspector assigned to Tennant Creek in 1980 or 1981 refused to take the money; his money was shared by the other inspectors.

5. In addition to making cash payments in this way, the company also regularly authorized payment of overtime to inspectors when that time had not been worked. In accordance with the Department's usual practice the cost of that overtime was recovered by DPI from the company. It was suggested on behalf of the company that its management was unaware of the practice of inspectors submitting false overtime claims. While it is possible that the directors of the company were not aware of this practice, I think it unlikely. In any event, I have no doubt at all that successive works managers at Tennant Creek knew of and condoned this practice; had Souery's directors known of it, I have little doubt that they too would have condoned it.

6. Apart from the making of cash payments and authorizing of false overtime claims, in 1981 the company also gave each inspector 25 to 30 lbs of meat, free, at the end of his six weeks tour of duty.

7. How did these arrangements come to be made? Stow told me that he had worked at another Territory works - Alice Springs - as a Grade 2 inspector where similar arrangements for payment of gratuities existed. When Tennant Creek was being built, Stow approached the man whom he believed would be appointed manager at the works and enquired whether gratuities

would be paid. On being told an arrangement could be made, Stow applied for the job of senior inspector at Tennant Creek. In fact another man was appointed as manager, but the anticipated arrangement was put into effect.

8. Stow said that the payments were made in return for inspectors trimming bruising from carcasses rather than stopping the chain for an employee to do the trimming. Bruising is in fact a very significant problem in Territory cattle and it may be expected that the amount of trimming to be done at Tennant Creek is significant and some is done by inspectors. However, I cannot accept that this was the only reason underlying the request for, or the making of, cash payments.

9. When, in 1982, the company told the senior inspector that future overtime claims submitted by inspectors would be checked, there was a sudden rash of stoppages of the chain by inspectors. In my view, a fear of this kind of retaliatory action contributed to the making of the decision to make the payments. Moreover, I consider that the company found it commercially advantageous to have a group of inspectors who not only would not stop the chain unnecessarily, but also would turn a blind eye to some practices. The packing of the trim packs referred to in the next case may have been an occasion when the inspectors at Tennant Creek failed to perform their duty. If so, that failure cannot be entirely divorced from the making of the payments to the inspectors.

10. The evidence before me is that the first approach about making payments was made by Stow, not by the management of Souery's. Stow made the approach because he had experienced a similar system at Alice Springs and it was his belief, well founded as it happens, that the management of Katherine meat-works had also made regular payments to inspectors. (See Case 20). It is difficult to say how or why the system of making of payments first started in these central Australian

works. I cannot say whether Katherine was the first works at which payments were made but certainly the practice there started as early as 1963. The reason given for starting those payments at Katherine was the poor living conditions which inspectors had to endure, but it persisted long after that justification had passed.

11. Once started at one works, the system of payments spread to others. Given that the inspection staff at all these works were drawn from a single pool, and changed frequently, perhaps that spread was inevitable. But the reason which first motivated the management at Katherine to start making payments to inspectors there did not obtain at Tennant Creek in 1980. Payments cannot be justified on that ground. Inspectors expected the payments and management dared not refuse them. Inspectors regarded the payments as recompense for real or imagined hardships in the posting. Management then used the payment to secure advantages they should not have had.

12. Stow said that the fact that payments were made to inspectors at Tennant Creek became well known among inspectors in South Australia, from where the Tennant Creek inspection staff was drawn, but that it was not known outside the inspectors. Taking only the 1980 season, some 60 inspectors worked at Tennant Creek, drawn from the 80 to 90 who worked at the SAMCOR works. It can safely be assumed that all 60 of those who worked at Tennant Creek knew of the system. Indeed, I expect that most, if not all, of the 200 or so inspectors in the South Australian/Northern Territory region knew of the fact of payments if not of the details. There was no evidence before me that this practice at Tennant Creek was known to the DPI VOIC or regional director in South Australia, let alone officers in DPI central office in Canberra. If such a practice did in fact persist for two years on such a scale without senior officers of the Department getting wind of it, it can only show that those officers had little real knowledge of what was occurring at this or other works for which they were responsible.

CASE 19 - EDWARD SOUERY (NT) PTY LTD, November 1981

1. In November 1981 part of a consignment of cartonned beef produced by the Edward Souery abattoir at Tennant Creek was rejected in the USA for "off condition" and "unspecified contamination and pathological defects".
2. This discovery gave rise to a series of inquiries and other events which pointed up a serious problem at the abattoir, an even more significant problem relating to the transport of meat over long distances in a hot climate, and weaknesses in the control of suspect meat moving between the Territory and other states.
3. The problem at the abattoir only came fully to light when a number of cartons were thawed and inspected by DPI officers in Adelaide. This inspection established that some cartons contained pieces of bone, hide, blood clots and other trimmings which should obviously have been discarded as inedible. One veterinary officer described them as "floor sweepings and rubbish".
4. The most probable explanation for this extraordinary state of affairs - which would not be likely to have escaped detection by the purchaser of the meat - was that the boning-room foreman was being paid a bonus of 3¢ a carton and became so obsessed with maintaining a high throughput that he would put anything into a carton to make up the numbers. If not directly responsible, he must at least have given very poor supervision to the workers under his control. He was dismissed.
5. In fairness to the company it should be said that it is difficult to get and keep good quality meatworkers in Tennant Creek. The labour turnover is high and slow, unskilled workers quite often have to be employed. In such circumstances the quality of supervision, of course, becomes crucial. Since it is hard to believe that any meat inspector would have passed

the cartons in question, they may have been filled at some time when no inspector was present.

6. The quite separate problem of 'off condition' may have originated in the meatworks, where there were difficulties with refrigeration at different times in 1981. These difficulties were compounded by the fact that meat inspectors were without proper thermometers for measuring carcass temperatures for several months. This was caused by bureaucratic problems between Tennant Creek, Adelaide and Canberra. The Adelaide office should have made the necessary purchases as a matter of urgency.

7. However it seems more likely that the fault lies with the refrigerated transport used by the company. In some cases this transport was organized by the company itself, but quite often the shipping company supplied containers and made the arrangements.

8. It seems that a commonly used system of refrigeration is to 'snow shoot' insulated containers. This involves inserting a substantial quantity of carbon dioxide through an opening in the container after the meat has been loaded into it. If the time of transport is lengthy, or if the door of the container does not seal tightly, it may be necessary to top up the carbon dioxide en route.

9. The difficulty is that most containers have inadequate provision for determining the condition of the load - which may vary from point to point, depending upon proximity to openings and the nature of the stow. Further, it seems that some drivers, keen to complete their journeys, will take a chance on the sufficiency of the carbon dioxide and neglect to top up when they should.

10. Fully refrigerated transports, with automatic temperature recording devices, are the ultimate answer to this

problem. In the meantime, tighter controls over the actions of drivers, the condition of containers, and the strength of the trays on which they sit (because sagging can produce distortion and defective sealing) could greatly reduce the problem.

11. So much for the causes of some meat from the Tennant Creek abattoir proving to be unfit for human consumption. The next question to be considered is what was done about it.

12. Any attempt to describe the sequence of events is hampered by the poor quality of the records kept by the Department of Primary Industry and by the wide variety of types of meat and offal which were produced by the abattoir at the relevant time. The various types of meat are not always described consistently in correspondence and other records.

13. What is clear is that, immediately after the 'off condition' meat was discovered in the United States in November, supplies of the company's meat held in the Adelaide Cold Stores were ordered by DPI to be retained and were made the subject of a defrost inspection. This meant that a certain proportion of cartons, chosen at random, were thawed and inspected by DPI officers.

14. At this time the Adelaide Cold Stores were holding just under 10 000 cartons from the Tennant Creek abattoir. Of these some 5400 were destined for export and 4400 for domestic consumption.

15. By this time the abattoir had ceased to kill beef in any event, and had started to slaughter an experimental run of horses for export, so there was no need to take special action there. Even the horse-meat operation terminated, because supplies ran out, in the first days of December.

16. As a result of the defrost inspection it seems that most cuts of meat were found to be in good condition as were

most offal packs other than tripe. The greatest problem areas were the packs of trimmings which were variously described as -

Whizzard beef trims

Beef trims 90% visual lean (VL) Special

Beef trims 85 VL

Beef trims 75 VL Special

Beef trims 75 VL Local

Beef trims 75 VL Canner

Beef trims 50 VL Local (Sausage trims)

17. On 27 November Dr Crogan, the Senior Veterinary Officer in Adelaide, who for a few weeks was acting as Veterinary Officer-in-charge for South Australia and the Northern Territory, telexed the Souery company to inform it that all bulk packed meat products (which included all the trimmings) were rejected for export. The telex went on to say that "All rejected product shall be referred to appropriate local authorities for suitability for local consumption".

18. Later, Dr Crogan, in an internal minute dated 4 January 1982, summarized the decisions taken as a result of the tests at Adelaide Cold Stores as follows -

Passed for export to USA

All cuts except shanks

All beef hearts, tongues and cheek meat

Passed for domestic consumption, subject to

State inspection

Beef rumps

To go to pet food

Shanks

Beef lungs

All tripes

19. This minute did not refer to trimmings, but a hand-written note dated 14 January by Dr Crogan reported that on 8 January the Veterinary Officer-in-charge had ruled that the approximately 4000 cartons of beef trimmings at Adelaide Cold Store "be eligible for pet food only".

20. A week later the head office of the DPI in Canberra was writing to the Adelaide office saying that the Souery company had been making representations about its trimmings packs and while conceding the poor quality of the special trims, it thought that the 50 VL sausage trims and the 85 VL trims were suitable for release on the local market. The local canner trims were listed as being rejected for export but their further fate was not referred to in the letter.

21. The total quantity of trimmings cartons was stated as being 3500 in Adelaide and 2000 in Brisbane.

22. The detailed defrost reports showed only minor defects in whizzard trims and 85 VL trims, but a number of major and critical defects in 50 VL trims and 75 VL local canner trims. The 90 VL trims were not tested.

23. A telex from Dr Crogan to the Department of Agriculture in Victoria showed the approvals for possible domestic consumption as -

1200 cartons 85 VL beef trims, and
12 cartons whizzard beef trims.

Not approved were -

1481 cartons 75 VL special beef trims
2057 cartons 50 VL local beef trims
and 117 cartons of other 75 VL and 90 VL beef trims.

24. Similar information was given to the authorities in NSW and Queensland and it was left to them to determine whether they would accept the 1212 approved cartons or any of the non-approved cartons into their domestic markets when the

Souery company made application to them. The company had undertaken to bring the results of the tests to the notice of the State Departments.

25. The Victorian Department of Agriculture apparently would not consider any of the meat. The NSW Department agreed to consider 50 tonnes of the 50 VL sausage beef trims, and 10 tonnes of 75 VL trims, in spite of major and critical defects, but rejected the consignment after further inspection in Sydney. In fact the NSW Meat Industry Authority took such a poor view of the quality of the product that it determined to accept no further meat from the abattoir pending further consideration of the matter.

26. Although DPI records are not clear on the subject, it seems that the Queensland Department of Primary Industries also rejected product from the Tennant Creek abattoir at this time.

27. The extraordinary thing is that, while this was going on, meat inspectors in Adelaide, with the approval of Dr Crogan, were signing transfer certificates to the Territory covering, among other things, shanks, 75 VL beef trims and 90 VL beef trims. These had all been refused approval for human consumption and yet the certificates showed them as being fit for such consumption. They were carried from Adelaide on six occasions between 21 January and 26 March 1982 amongst a total of just under 2000 cartons.

28. After further tests in Darwin the 75 VL beef trims were condemned but, in the meantime, a considerable quantity of the meat consigned to Darwin, unaccompanied by any proper warnings, had been distributed to Souery's outlets in Darwin and sold.

29. A strange series of events concerning officials of the NT Department of Health occurred at the end of March.

30. After receiving information from the Department of Primary Production concerning the rejection of Souery product in Brisbane, Sydney and Adelaide, a health inspector condemned the meat being held at the coldstores in Darwin.

31. On 5 April, a senior health inspector was rung by an executive of the Souery company and went to visit him in his motel room where, on the basis of representations made to him by the executive, and production of DPI meat transfer certificates, he cancelled the condemnation certificate.

32. Only later in the morning did he make telephone inquiries of veterinary officers in Adelaide, one of whom described the meat as "rubbish and floor sweepings". Yet the senior health inspector took no further action for ten days, when he inspected some of the meat and, on the basis of his own observations, condemned the 75 VL trimmings, but declined to take any action concerning the other meat because it was covered by valid certificates showing it as fit for human consumption and he did not have the expertise to over-ride those certificates.

33. This case points up a number of lessons for anyone having responsibility for the supervision of the export meat industry. These include the dangers of incentive payments designed to increase through-put, the need for competent and close supervision over inexperienced boning-room workers, the problems of refrigeration in a very hot climate, the vital importance of accurate records of departmental recommendations and decisions, the need for full and accurate communications between inspection services about meat movements, and the need for health departments to have some objective standards by which to judge the fitness of meat for human consumption.

CASE 20 - KATHERINE ABATTOIR, 1974-77

1. Several issues were raised concerning the operation of the export-licensed abattoir at Katherine in the years 1974-77.
2. In the first place it was alleged that DPI meat inspectors stationed there received weekly cash payments of the order of \$17-\$20 from the management of the abattoir in 1974. These were, of course, additional to any public service travelling and living allowances payable by the Commonwealth.
3. In fact it is now clear that such weekly payments were a regular feature of the abattoir from the time it opened for business in 1963 until 1975. The payments increased over the period with changes in the value of money, but were of the level alleged in 1974. It seems that some inspectors had qualms about accepting the payments but, certainly in 1974 and probably in earlier years, they all did.
4. The payments were originally intended as compensation for the poor living conditions which meat inspectors, like most others connected with the abattoir, had to put up with when the works were opened. Only caravans and hostels were available then. However the payments continued after the conditions improved to a point where most workers were living rent-free, with free electricity, in reasonable accommodation provided by the abattoir management. The inspectors at this time also received any meat they required at a nominal price of 5¢ per pound.
5. With different groups of inspectors receiving these financial payments each year, it seems strange that news of it did not filter through to senior officers of the DPI in Adelaide before 1974. However, there is no evidence of any inquiries being made before that year.

6. In 1974 the then Veterinary Officer-in-charge for South Australia and the Northern Territory did question inspectors about rumours he had heard of the receipt of cash payments. Now retired, he told police officers who interviewed him on behalf of the Commission that all inspectors had denied receiving payments and he had believed them. He repeated this in a prepared statement to the Commission. However he responded to a subpoena to give evidence with a medical certificate indicating he was not well enough to attend the Commission.

7. An inspector who received the payments in 1974 gave frank and convincing evidence on the subject and said that, when questioned by the VOIC, he had admitted the payments. He had not been further questioned about them, but had been told never to accept such payments again. I see no reason to doubt this evidence. A senior veterinary officer also gave evidence that he interviewed the general manager of the abattoir in 1975. He admitted making payments to inspectors and refused to give any undertaking to stop the practice.

8. The VOIC made no record of the rumours or of his interviews with inspectors or of the senior veterinary officer's conversation with the general manager. He did not tell anyone in Canberra of the matter. He apparently thought that he could put an end to the practice simply by speaking to the inspectors. It seems from the evidence that he failed to do so in 1975, but the new management of 1976 did not continue the practice.

9. It is necessary to comment that the Commission only heard of the matter through a chance remark of a senior veterinary officer in Adelaide. He later showed signs of regretting having mentioned the matter, and the regional director tried to suggest that the whole affair was a storm in a teacup and that the senior veterinary officer had imagined all or part of his story.

10. This attitude by the senior officers of the Department in Adelaide is disturbing, because it leaves open the possibility that similar payments have occurred elsewhere and suggestions of their occurrence been disregarded.

11. Certainly many inspectors shared in these tax-free payments at Katherine over the years. It would be strange if they had not thought of the possibility of exacting similar payments from the managements of other isolated abattoirs such as Mudginberri and Point Stuart. However there is no evidence of such payments having occurred.

12. Other allegations made concerning the Katherine abattoir in 1974-77 did appear on departmental files. The first concerned the false labelling of cow-meat as steer-meat. There can be no doubt that this did occur in both 1975 and 1977. It seems that in 1975, cow-meat was, at times, simply placed in cartons bearing a steer-meat label. This was observed by at least one inspector, but no action was taken and there is no reference to such an occurrence in DPI files.

13. In 1976 the abattoir was under new management and experiencing problems in other directions. There is no suggestion of misdescriptions having occurred in that year.

14. However in 1977 someone went to the trouble of interfering with a 'C' (for cow) stencil so that the label could later be altered to an 'S' (for steer). Photographs and pieces of carton showing how this was done were available to DPI in 1977 and some pieces of carton were put in evidence before the Commission.

15. The veterinary officer at the abattoir wrote to the VOIC for South Australia and the Northern Territory reporting this discovery, and stating that cow-meat being packed as steer "has repeatedly been detected by DPI staff" at the abattoir. He said that corrective action had been taken - presumably

compulsory relabelling - but it is clear that he had not previously reported the practice to his superiors.

16. A week later, hundreds of cartons were inspected at a Darwin coldstore and the labels were found to have been altered in this way.

17. The manager of the abattoir was asked to explain the altered labels and suggested several possible explanations, none of which impressed the DPI officer interviewing him. In spite of this the VOIC recommended that the management be warned of the seriousness of the matter but that otherwise it should be dropped. However a few days later the management was again caught boning 30-40 cow bodies as steers. A contemporary report from the veterinary officer at the works shows that "the matter was taken up firmly with the manager".

18. A letter was then sent to the head office of Northern Meat Exporters, the owners of the abattoir, by the VOIC stating that the matter had been referred to DPI Head Office in Canberra, the altered stencil "was enough to have your American licence revoked" and in spite of this a further serious substitution of cow for steer had occurred. The letter went on to say an extra inspector would be appointed for a week to watch for infringements, the company should take firm action to stop such occurrences which "cannot be allowed to continue" and the Department would be interested to know what the company proposed to do about it. The company does not seem to have replied to this letter.

19. Senior DPI officers in Canberra directed that any cartons with altered labels could not be sent to USA, but could go to destinations where "indication of sex is unimportant".

20. The second allegation on DPI files concerned the employment of meat inspectors as cleaners. In 1977 it came to the notice of the senior inspector that at least one or two

inspectors were supplementing their income by working for the firm which had the contract to clean the abattoir at the end of each day.

21. One of the inspectors involved gave evidence, claiming that he had only worked in this way on two occasions and that he had done so to help the cleaning contractor, who was a friend. He was, however, paid on each occasion.

22. The other inspector seems to have worked regularly as a cleaner, over a period of some weeks at least. On one occasion he failed to attend a meeting with the VOIC, SA and NT, claiming a prior engagement. Soon afterwards he was seen cleaning the slaughter-floor.

23. When questioned later, he simply denied the allegations and no action was taken against him. As the other inspector concerned said in evidence, "I think the upper echelon of the Department" (probably referring to senior officers in Adelaide) "really did not want to know very much about it and wished to have the incident closed as quietly and quickly as possible". This is certainly what happened.

24. The final incident worth noting, which occurred at the Katherine Abattoir at this time, concerned the delisting of the premises (for export to USA) in 1976. It seems that the visiting USDA reviewer was generally unhappy about the establishment in that year. It had just come under new management, there had been industrial problems, and standards may have slipped. The reviewer may therefore have been looking for points to criticize, but on this particular visit he had no trouble finding them.

25. All the workers at the abattoir, including the contract cleaners, apparently went on strike and began a 'party' which lasted for a day and a half. The slaughter-floor was left untouched at the end of a day's work and, when the

reviewer came two days later, the place was filthy and maggots were very much in evidence.

26. A senior veterinary officer, describing to the Commission this scene which had greeted him and the reviewer, said that DPI staff had been "a bit remiss" in not carrying out the normal hygiene check which precedes each day's work.

27. This case provides a good illustration of the reluctance over the years of senior officers of the DPI, at both regional and head office level, to take decisive action against managements caught flagrantly breaching regulations or inspectors accepting unlawful payments or not doing their jobs properly.

CASE 21 - WILD BOAR ABATTOIR, DECEMBER 1979

1. An allegation was made in evidence that pet meat had been packed as buffalo-meat for human consumption at the abattoir at Wild Boar, on Marrakai Station, about 100 km South-East of Darwin, in December 1979. If this had occurred, it would have been a very profitable operation; pet meat was worth no more than 30¢ per kilo at the time and certified buffalo-meat brought \$1.40 or more per kilo.
2. Certainly it would have been easy enough for such a substitution to occur. The operator of the abattoir was permitted to establish a pet meat operation only 150 metres from the licensed abattoir. And although a Department of Primary Production inspector was stationed at the abattoir throughout the buffalo killing season, it was normal practice to permit the pre-stamping of batches of cartons the night before they were required, and to leave the stamp in the carton room overnight. It would have been a simple matter to stamp more cartons than were required for the licensed operation and take them across to the pet meat chiller. It seems that the inspectors took only a passing interest in the pet meat operation, which was conducted intermittently. They certainly did not inspect it closely or regularly for any signs of wrongdoing.
3. The pet meat, which was in fact horse-meat, could easily have been carried to Darwin in 'certified buffalo-meat' cartons and placed in a coldstore with cartons of genuine buffalo-meat. No certificates were issued at Wild Boar for meat going into Darwin coldstores. They were only issued when the meat left the coldstores for an identified destination in another state. There was no supervision of meat arriving at the coldstores and, in most instances, the only records of meat at the coldstores were those kept by the owner of the meat.

4. In fact the specific allegation made by a worker on the spot was that DPP stamps were left behind by an inspector when the certified buffalo killing ceased for the season, and they were then used to stamp cartons of horse-meat which were being packed as buffalo. Certainly a stamp appears to have been used at the end of the season which was slightly larger in size than others and which cannot now be traced.

5. However, having considered all the available evidence on the matter, I am not satisfied that any malpractice actually occurred at Wild Boar. Since other litigation, unrelated to the meat industry, is pending in relation to events at Wild Boar at the time, I think it is better that I should not comment in any more detail on the issues or the witnesses involved.

6. In the course of the Darwin sittings an allegation was made, and closely investigated, that there had been an attempt to suborn a witness who gave evidence of events at Wild Boar. Having considered the evidence, the demeanour of the witnesses concerned, and the inherent probabilities of the matter, I am not satisfied that any such event occurred.

CASE 22 - VETERINARY OFFICER,
NT DEPARTMENT OF PRIMARY PRODUCTION, 1980-81

1. Evidence was given about a veterinary officer of the Department of Primary Production who had answered an advertisement seeking suppliers of pet food in the Northern Territory.

2. As a result of this he became involved in introducing several meat buyers - Max Rutherford, Robin Swift and Rodney Groux - to pet meat and certified buffalo-meat producers in the Darwin area.

3. Up to a point, it would be within the proper functions of a veterinary officer of the Department to foster business opportunities for meat producers. What would not be proper would be for the officer to receive payment for such services.

4. It is clear that the officer did receive such payment. He visited the Steiger's company in Melbourne in December 1980 at the suggestion of Rodney Groux and had his fares from Sydney (where he had been visiting relatives) paid for by Steiger's. The company also paid the hotel bill. I also accept evidence given that he was paid \$200 in cash by Rutherford, for services rendered and expenses incurred.

5. The position is complicated by the fact that the veterinary officer's father runs a trucking business in Brisbane. The business had been doing badly and the veterinary officer had lost money which he had invested in it.

6. He says that his main concern throughout his dealings with Groux and Steiger's was to assist in negotiating carrying contacts for his father - to take pet meat or certified buffalo-meat from Darwin to Melbourne, with back-loading of better quality meat or other goods from Melbourne to Brisbane and Darwin.

7. It is true that his father accompanied him to Steiger's in Melbourne and that his fares and accommodation were also paid. I am satisfied that the veterinary officer was anxious to obtain work for his father's company.

8. However I cannot believe that this was the reason which motivated Steiger's to pay the monies which it did. Nor do I accept that transport, rather than meat supplies, was the main topic of conversation during the meetings with Norbert Boehm and Walter Steiger which were held on this occasion.

9. Although I believe that the arrangement of meat supplies was the reason for the trip, nothing came of it. This seems to have been because the veterinary officer was looking for a firm commitment by Steiger's, which he could arrange for others to service in a way which would bring him in a steady income by way of commission, without the expenditure of a great deal of time. He was also seeking business for his father's company.

10. Steiger's, on the other hand, wanted to keep its options open - to buy loads of meat as required at the best possible price from the most convenient market. It was not the normal practice of the company to enter into extended commitments.

11. I believe this was the reason that negotiations foundered and the veterinary officer was saved from entering into arrangements which, as things have turned out, might have been profitable in the short term but could have had other dire consequences for him.

12. I am satisfied that he was induced, by the financial difficulties which he described, to engage in conduct which was unprofessional and potentially much worse. He took payments for services rendered, from both Rutherford and Steiger's, which

went beyond compensation for his out-of-pocket expenses. However his relationships with these persons did not develop, as they might have, to a point where he could today have been facing criminal charges.

13. In addition to his work for Rutherford and Groux, I am satisfied that the officer concerned acted in a role for a Brisbane company which was similar to that of a commission agent. Over a period of many months in 1980, he was in constant telephone communication with this company, passing on information about the availability of pet meat from named operators. It is not clear, however, that any actual sale resulted from his activities or that he was ever reimbursed for his time and trouble. Here again he was probably saved by circumstances from, at least, a breach of public service regulations. I am satisfied that his work for the company went well beyond his public service duties.

CASE 23 - W. POPE & CO, 1979-80

1. One of several allegations concerning this company which the Commission looked into related to the production of suspiciously large quantities of lamb and bull-meat.
2. All lambs intended for slaughter in Western Australia are required to be declared to the Western Australia Lamb Marketing Board (WALMB) and, as they are slaughtered, they become the property of that Board. This means that precise figures of lambs slaughtered should be capable of being reconciled with the output of any given operator in the industry.
3. Over a ten month period, W. Pope & Co produced lamb products from some 4000 more lambs than could be accounted for in WALMB records.
4. The only explanation for this given by the company at the time, and by DPI officers in evidence, was that the company bought mixed lines of sheep, had them all killed as mutton without declaring any lambs among them to the Board, and then reclassified the lambs when they reached the company's boning-rooms. This reclassification was done by the DPI inspector on the spot, who had received the approval of the Veterinary Officer-in-charge of Western Australia for this process.
5. It was clear that any such procedure was a deliberate breach of the Western Australian law on the subject, carried out simply to save money. This was understood by the VOIC and it seems extraordinary that he was prepared to authorize the meat inspector's involvement in the deception.
6. Another serious aspect of the whole arrangement is that it is hard to believe that some 4000 lambs could be accounted for in this way. It is difficult to identify lamb

carcasses merely by visual inspection and I suspect that substantial numbers of hoggetts, and probably older sheep, were reclassified as lambs by this process. Alternatively, the company may have packed large quantities of mutton as 'lamb' without any pretence of reclassification.

7. The bull production story followed lines similar to the lamb production. Again it seemed that, over a period of months, some 4000 more bulls came out of the W. Pope and Co boning-rooms than went in. Again the meat inspector conceded that he had reclassified many steers, which seemed to have "staggy" characteristics, as bulls. At this time bulls brought a significantly higher price in the trade W. Pope and Co was supplying.

8. For present purposes a stag can be defined as a male beast which has been castrated relatively late in life, or suffers from some physical abnormality which makes it incapable of breeding. It is permissible to classify such animals as bulls.

9. There was evidence that quite a few steers from the northern parts of Western Australia have such characteristics. However it is hard to see how a large number of them could have escaped being classified as bulls at the slaughterhouse - where there is great pressure to so classify them because of higher wage rates attached to bulls - and yet been properly reclassified at the boning-rooms.

10. Yet this is what the meat inspector was doing, with the apparent approval of his superiors, over a considerable period of time. But even he conceded that not all the bull-meat packed could be explained by the occurrence of "staggy" characteristics. Some meat having no claim to being so classified must have been packed as bull-meat.

11. When these two matters were brought to the attention of senior DPI officials in Canberra, the VOIC was directed to stop the reclassifying of carcasses at boning-rooms and to confer with the WALMB to establish procedures which would prevent the Board's compulsory acquisition of lambs being circumvented.

12. Earlier, a technical officer of the Australian Meat and Live-stock Corporation had tried to interest the VOIC in other observations he had made at W. Pope & Co, including the packing of cow-meat as steer-beef and as veal, and the incorrect use of labels. He received no co-operation.

13. This is a serious case of a company, with a poor reputation for the quality of its product, being aided by the Commonwealth inspection service to circumvent the lawful requirements of a State authority, not to mention export regulations concerning description of product.

CASE 24 - METRO MEAT LTD, 1976-78

1. In 1976 the meatworks at Katanning was having problems with its cleaning process. A number of unskilled workers were employed, many of them having little understanding of English. The local labour market was very tight, so nothing could be achieved by attempting to change the cleaners employed.

2. In these circumstances the management of the day hit upon the idea of employing a meat inspector to supervise the work of the cleaners, and show them how it should be done.

3. The senior meat inspector, Mr Deslandes, was approached and agreed to put the proposition to the inspectors. At first one inspector, and then two others, agreed to undertake the work. Mr Deslandes later also worked. They did not wish to pay tax at a high rate on their additional earnings, and so all these officers worked under false names.

4. The veterinary officer at the works was consulted about the arrangement and approved of it. However he may not have realized that the men were working under false names.

5. The work continued, with meat inspectors alternating each week, for several months. It seems from the evidence that different inspectors interpreted their obligations in different ways but, generally speaking, they attended at the works for several hours each evening to supervise and demonstrate the proper cleaning methods.

6. There came a time when the work was being shared between one other inspector and Mr Deslandes himself. The basic rate of pay was about \$120 per week and so Mr Deslandes was working every second week, but being paid a weekly salary of about \$60, according to his own evidence.

7. Eventually (probably early in 1977) Mr Deslandes was left as the only inspector involved. This situation arose after the works manager had decided that the scheme had served its purpose and the payments were no longer necessary. However the manager at Katanning arranged that Mr Deslandes should continue to be paid, although he had agreed that it would not be necessary for him actually to attend at night unless a problem arose. Mr Deslandes, in his evidence, conceded that in the last year or so of the scheme's operation he would not have attended the works during the cleaning operation more than once or twice at the most. He might not have been at all. It seems that, as well as the works manager, the veterinary officer may not have known of this new arrangement. The works manager did learn of it later.

8. A taxation group certificate in the name of 'F.H. Wise' - the alias mainly used by Deslandes - shows payments when the works were operating in the financial year 1977-78, namely from August to May, of \$3754, from which \$787 had been deducted for taxation. This gave Deslandes a weekly income, after tax, of about \$75 per week.

9. All that the manager claimed to expect, in return for this payment, was that there would in fact be no serious delays in commencing work each morning as a result of faulty cleaning.

10. Throughout the two years or more that the scheme operated, three inspectors, on overtime payments, carried out the pre-operational hygiene checks between 6 and 7 a.m. When their roster dictated it, an officer who had been paid to supervise cleaning the night before could find himself in the morning checking his own work. This is not as strange as it sounds, because defects can show up in the cold light of morning which are not apparent when areas are warm and wet the night before.

11. It seems that the arrangement did produce the desired result of teaching the cleaning team how to achieve the required standards of cleanliness. And there is no evidence that the pre-operational hygiene checks were not carried out conscientiously during the period in question.

12. However, the creation of mutual obligations between inspectors and the meatworks, as a result of the payments being made under false names to reduce taxation liabilities, was most unhealthy. Even more important, the continuing payments to Mr Deslandes after he ceased to perform any function to earn them, was clearly a corrupt arrangement.

13. It is not clear just what the manager hoped to achieve by these payments, other than a generally sympathetic approach to any problems his company might encounter. However it must be noted that his successor terminated the payments and suffered no ill-consequences for doing so.

14. Another allegation affecting the same company during the same period related to the substitution of mutton for hoggett in a very large order for the Middle East, extending over several months.

15. It seems that the order came at a time when drought conditions had prevailed for quite a while and stock were in poor condition. The veterinary officer at Katanning, after checking with his superiors, said that a tolerance of 5% of sheep could be permitted in a hoggett line. This, it seems, was generally accepted as being a tolerance of 5-10% and became, in practice, whatever the works could get away with.

16. I am satisfied from the evidence of the grader and the ticket-writer, which received some corroboration from other witnesses, that quite high proportions of aged sheep were at times bagged as hoggett. The management's view was, in effect, 'If it gets past the DPI inspectors, its hoggett'.

17. The attitudes of the DPI inspectors and the plant veterinary officer seem to have been inconsistent. The evidence suggests that, at times, they took their responsibilities seriously, and rejected a line of sheep as being too old, or insisted that management employ a 'mouther', to check the teeth of animals killed. At other times it is clear that a high proportion of mutton was being bagged as hoggett, without interference from inspectors.

18. It is in this sort of situation that payments made by the company to Mr Deslandes appear in a particularly unfavourable light.

19. It seems that, in addition to his cash payments, Mr Deslandes was also receiving payments in kind. All workers were allowed to take a cut of meat when eating lunch on the premises. But, when beef was being produced, Mr Deslandes used to take a substantial cut of meat most days. In fact the foreman of the boning-room was instructed to give him whatever he asked for. It seems that when he asked for as many as ten cube rolls in one week - far more than he could possibly need for family consumption - the instruction was changed to 'not more than one per day'.

20. This arrangement for free meat has now been terminated and the arrangement when evidence was given was that each inspector, like the salaried staff, received a side of lamb, hoggett or mutton each week, at a cost of \$4.

21. Mr Deslandes and the plant veterinary officer kept their dogs at the works, during working hours, for a period of several months and used to give them obedience training. It is clear that this training often extended into periods when both officers should have been on duty. This cannot have been good for discipline amongst meat inspectors or for the authority of these officials in their dealings with the company.

22. With the senior inspector having been on the company payroll for some time, and final authority vested in a somewhat complacent plant veterinary officer - as I believe him to have been, after one early burst of misguided enthusiasm - it is clear that the management at the Metro Meat Co at Katanning would not have expected to have much trouble with the Department of Primary Industry if it wanted to bag mutton as hoggett. In fairness to the present manager it should be stated that he did terminate the clearly improper payments - with the full support of his superiors in the company who had, it seems, been unaware of them.

23. Mr Deslandes has since been charged, under the Public Service Act 1922, with engaging in remunerative employment which was likely to place him in a position of conflict of interest or compromise. He was found guilty and reduced in rank from Meat Inspector Grade 4 to Meat Inspector Grade 1.

CASE 25 - METRO MEAT LTD, KATANNING 1980

1. The final matter to be dealt with affecting this meatworks concerns a request in 1980 that inspectors should be made available to man a beef chain for a short run while a mutton chain was in operation.
2. It suited both management and men that this work should be done during normal working hours rather than on overtime rates. All that was required was the agreement of the DPI inspectors. When a union official sought to talk to the Veterinary Officer-in-charge or Mr Deslandes he was unable to find either of them at the works until an hour or more after the lunch-break. When he finally found them, the veterinary officer flatly refused to agree or even to discuss the matter. This was in spite of the fact that the union official had observed over a period of time that there were always three inspectors 'lapping' (resting) in their amenities room on the day in question. These men would have been ample to man the beef chain.
3. It was agreed by the veterinary officer in evidence that he permitted at least two men at any one time to rest from the work of the slaughter-floor, although there was no provision for this in the allocation of positions on the floor on which the establishment of inspectors was based.
4. In the event the inspectors, supported as they were by the veterinary officer, had their way, and the work was done in overtime.

1. In December 1981 a veterinary officer had occasion to visit the Bellevue works of Globe Meat Packers. While there he noticed some canned goods being packed into cartons which bore markings indicating that the contents came from the Bunbury Meatworks - also owned by Globe Meats. This was strange, but not extraordinary; unwanted or damaged cartons could easily be used for a purpose different from the original intention without any impropriety.

2. However in this case the cartons had been stamped with the Commonwealth 'Australia Approved' stamp - which should only have occurred when they had been packed with meat for export.

3. There was no suggestion that Globe Meats intended any wrongdoing when the cans were packed in the pre-stamped cartons. They had been taken quite innocently from a store of old cartons brought to the Bellevue works when another business owned by Globe Meats - Metropolitan Markets - closed down.

4. The question was, what were some 30 pre-stamped Bunbury cartons doing at Metropolitan Markets in the first place?

5. The evidence of the meat operations manager of the company eventually provided the answers. The cartons had been intended, firstly, for replacing damaged cartons held in the company's chillers before final export. This was a breach of regulations, but involved no serious wrongdoing. Secondly, when cartons had been held so long that some countries would not accept them, the new cartons were used to repack them with false production dates.

1. It was admitted by the managing director of Globe Meats in Western Australia that, for at least eight or nine years, the company had been supplying free meat to Dr Hartwell, the DPI Veterinary Officer-in-charge for Western Australia.
2. At first this had been an irregular practice, happening perhaps once a month, but for the last four years or so it had become a regular, almost weekly, occurrence. The company estimated the weekly value of the meat at about \$20.
3. The managing director explained that the company did not expect or receive anything other than fair treatment from Dr Hartwell as a result of its gifts. What it did expect, and did receive, was prompt attention to its problems. In the meat industry, perhaps more than most, time means money. By way of example, the Bunbury works were on one occasion de-registered for exports to the United States. A list of expensive works required was served on the company. Dr Hartwell immediately travelled to the works and showed them how to achieve the required changes with the minimum of delay and expense.
4. Unfortunately it has to be recorded that Dr Hartwell, obviously embarrassed by the disclosure of his regular benefits from Globe Meats, prevaricated in his evidence to the Commission. The full facts only emerged in the evidence of other witnesses.
5. Dr Hartwell has since been charged with offences under the Public Service Act 1922, found guilty on two counts and reduced in rank from Veterinary Officer Class 4 to Veterinary Officer Class 1. He retired from the Public Service before the reduction took effect.

CASE 28 - WATSONS FOODS (WA) 1981

1. An unhappy case concerning pilfering by a veterinary officer occurred at Watsons Foods in 1981.
2. The facts of the case are not complicated. The officer was twice seen with small quantities of the company's products and on each occasion he was challenged about it.
3. On the first occasion, he was seen to place a large paper bag, containing about half a dozen items, in a locker near his office. When asked about it shortly afterwards, he denied all knowledge of the occurrence. On the second occasion he was caught red-handed with a carton of spiced ham in the boot of his car. He apologized for this occurrence and was ordered by the works security officer to park his car outside the works in future.
4. This pilfering must be seen against the background of quite generous arrangements by the company which enabled meat inspectors and the veterinary officer to take smallgoods for their lunch, without charge, provided an invoice was made out for company records purposes. They were also entitled, as were all employees of the company, to purchase products at discount prices.
5. The management of the works decided not to report either of these events to the Department of Primary Industry, although it is probable that both occurrences were relayed informally to the senior meat inspector. This attitude of the management of the company was understandable, because they did permit DPI officers to take food for lunch, the amounts involved were not large, and the effect of a criminal charge against the officer concerned would no doubt have been very serious.

6. On the other hand the notion that pilfering might be overlooked cannot be good for the firm or the inspection service, and to have the veterinary officer humiliated, and under an obligation to the company, created a most unsatisfactory situation.

7. Further, a representative of management said in evidence that there was a reluctance to bring the matter to the notice of the "DPI hierarchy" because "an export licence is very important to a company like Watsons Foods", and "if you got on the wrong side of the DPI you might jeopardise that particular licence". Such an attitude, however misguided it may be, draws attention to a most unhealthy state of affairs.

8. For these reasons, the failure of the regional executive officer of DPI to take any action concerning the second occurrence cannot be condoned.

9. The executive officer was alerted to the allegation by an anonymous telephone call, purporting to come from an employee at the meatworks. He rang to enquire the truth of the matter and was informed by the manager of the company that it was true that goods had been found in the boot of the veterinary officer's car, but the company did not wish to prosecute. Nothing was said about the earlier incident.

10. The executive officer, after ringing the veterinary officer concerned, who denied the incident, decided to take no further action, and did not even raise a file on the matter or report it to Canberra. It was only when asked by head office (for the purposes of the Royal Commission) for details of all allegations of malpractice, that he disclosed the allegation. Even then his report was in very guarded terms, which did not accurately state the strength of the case against the veterinary officer.

11. His failure to question the veterinary officer, and his acceptance of an explanation which was in clear conflict with what he had been told by the manager, cannot be justified. In evidence he conceded that he had handled the matter poorly.

12. There may have been little point in a criminal prosecution of the officer concerned - particularly as the pilfering bears some of the hallmarks of kleptomania and the officer is receiving medical attention. But he should at least have been moved from an impossible situation and the matter reported to Canberra, with a view to the laying of charges under the Public Service Act. Such charges have since been laid and admitted, and a penalty of reduction in salary, amounting to several thousands of dollars, imposed.

CASE 29 - MOREX MEATS AUSTRALIA PTY LTD, 1979-81

1. Evidence of the wrongful exercise of power by Commonwealth meat inspectors was given by the managing director of a Queensland export meatworks. In early 1979, soon after the meatworks had opened, it proved difficult to raise production to expected levels because of the rate of work of the meat inspectors. A delegation of inspectors explained that things would be likely to improve if certain concessions were granted.
2. These related, firstly, to overtime on the hygiene inspection before the start of each day's work. Instead of requiring one inspector for one hour, it was alleged that two inspectors were needed for one-and-a-half-hours - a threefold increase.
3. The second claim was for free or cheap meat. The inspectors wanted to be able to take meat for meals eaten on the premises - this would be a fillet steak or a cube roll - as well as a parcel of meat at the end of each week for a nominal payment of \$1. When these concessions were granted, the line speeded up from 200 a day to 300 a day. These practices continued for three years and were only terminated a week or two before the managing director gave evidence. The events leading to this termination are also instructive.
4. An inspector had placed two carcasses on the "condemned" rail and gone home, leaving no indication of why they had been condemned, and not tagging the bodies as required. The only inspector still at the works was unable to assist the management as to the cause of condemnation. The plant veterinary officer was sent for and he "retained" the carcasses pending further inquiries.
5. The management's complaint over this matter led to some threat of disciplinary proceedings against the inspector

concerned. This in turn led to a 'work to regulations' by all inspectors and a demand that management make a written statement contradicting their previous complaint.

6. Such a 'work to regulations' made the slaughtering operation almost unworkable, by reducing the kill to half its normal level.

7. Management retaliated by cancelling all free meat and making representations for a return to the old level of overtime for hygiene inspections - one officer for one hour. This was agreed to by the Brisbane office of the DPI and the industrial action died away almost immediately.

8. It is a matter for conjecture whether there was any connexion between the swift settlement of this matter and the imminence of the Royal Commission's hearings relating to Queensland.

1. In January 1981 the Lockyer Valley (or Grantham) Abattoir was working two shifts. A team of relief DPI inspectors had been manning one of these shifts, most of them coming from Beaudesert. They were due to finish their tour of duty on Friday 23 January, after working the evening shift. The team was made up of a supervisory inspector and five others. A Queensland Government inspector was also assigned to the same shift with special duties relating to viscera inspection and blood sampling.

2. It appears that all but one of the visiting team had lunch together and consumed a good deal of alcohol. They arrived for work on the evening shift at about 3 p.m.; although some may have been rather late, and one did not appear at all, the key inspectors were there and work was able to commence on time. One inspector, with a history of recent illness, was feeling unwell and lay down in the inspectors' amenities room. This inspector in fact took no part in the day's work apart from a few minutes during which he tried to work after the evening meal-break. I am prepared to accept that he was unwell, but this did not prevent him drinking at lunchtime, during the evening meal-break and at the end of the shift. He said himself that alcohol tended to aggravate his illness. So it must be assumed that, to the extent that his disability was genuine, it was self-induced.

3. The senior meat inspector said that he was at the Abattoir from about 3 p.m. onwards, but did not go to the slaughter-floor until shortly before the evening meal-break. He had been at the lunch party already referred to, and was to some extent affected by alcohol. Although it seems strange that he stayed away so long from the slaughter-floor, I am inclined to accept his evidence that he was at the premises. I think he was probably conscious of his condition and keeping out of the way - perhaps resting in the DPI office.

4. Several stubbies, and probably some cans, of beer were consumed by the team of inspectors at the meal-break. The plant veterinary officer saw signs of this but took no steps to investigate, even though it was contrary to Departmental policy for liquor to be consumed by inspectors while at their place of duty.

5. It is now clear that no inspector resumed duty after the meal-break - with the exception already referred to of a short attempt at work by the sick inspector.

6. Two inspectors had done all the DPI inspection on the slaughter-floor during the afternoon. They felt the other two should now take over. However one was incapable and the other inspector had not appeared. Nevertheless the two inspectors who had worked earlier simply left the premises, as did the inspector from the boning-room.

7. The senior meat inspector told the supervising foreman to start without the inspectors, who would be at work later. However, shortly afterwards, there were no DPI inspectors on the premises and none returned to work that night. The shift finished at about 11 p.m.

8. Well before that time some of the inspectors, including the senior inspector were in the local hotel. He left, at about the same time as the other inspectors, to pack up his things before driving back to Beaudesert that night.

9. One obvious question to ask is what the plant veterinary officer was doing all this time. He had apparently noticed nothing untoward during the afternoon. Although there had only been two inspectors on the slaughter-floor, this would not necessarily have attracted his attention.

10. It appears to have been the practice at this and other similar establishments, both in Queensland and elsewhere, for

Commonwealth inspectors on a slaughter-floor to work an unofficial roster system, known as 'lapping'. This may have begun as a five minute break in every hour, which is also apparently observed by some production workers at least. The evidence does not indicate just how widespread this practice is.

11. However in the case of Commonwealth inspectors this has extended to the point where, whenever numbers permit, an inspector on the slaughter-floor only works half-time. He changes over with another inspector every 15 or 20 minutes.

12. Thus although four inspectors were rostered for such duty at Lockyer Valley, only two (or at the most three) would be there at any one time.

13. I found it difficult to tell from the evidence of the veterinary officer whether he was so lax in his supervision as to be genuinely unaware of what was going on around him that day, or whether he was being less than frank in giving his evidence. It is hard to believe that any person in a senior supervisory position could have as little knowledge or recollection of the events of the day as the veterinary officer now professes.

14. All he can recall, before leaving for home at about 7.30 in response to a call from his wife, who was unwell, is seeing some stubbies of beer in and outside the amenities room and doing nothing about it.

15. The fact that no Commonwealth inspector worked between 7 p.m. and 11 p.m. was, naturally enough, reported to his superiors by the one State inspector, who had stuck to his work of viscera inspection throughout the afternoon and night.

16. Mr Parkinson, the Director of the Veterinary Public Health Branch of the Queensland Department of Primary

Industries telephoned the DPI Veterinary Officer-in-charge, Queensland, telling him, in general terms, what had happened.

17. The VOIC made inquiries from the senior inspector and the other inspectors, most of whom lied to him about the matter. He also inquired from the manager of the Abattoirs, who at that stage knew nothing of the affair, since his foreman had not reported it to him.

18. Later, some of the inspectors admitted their parts in the matter and the manager was able to confirm the general truth of Mr Parkinson's allegations.

19. After discussing the affair with Dr Hart, Senior Assistant Director of the Bureau of Animal Health, who happened to be visiting from Canberra, the VOIC decided not to deal with the matter on what he called an "official level", but to treat it as an aberration. He "counselled" the plant veterinary officer about leaving his post without notifying a superior officer and about inadequate supervision. He says that he also "counselled" the senior inspector about his "disgraceful actions". But the senior inspector remembers only messages conveyed through the plant veterinary officer at Beaudesert to the effect that he could not expect promotion or higher duties pay for twelve months at least. It seems that one of the other inspectors also heard "through the grapevine" that he could not expect any promotion for twelve months. No official reprimand was recorded against the names of any of those concerned. Nor was their pay docked for the hours not worked - which in two cases represented the whole shift. All but one of the inspectors had signed off for the shift at the same time as they signed on - which was apparently common practice. Someone, presumably the senior inspector, had filled in the finishing time against each officer's name as 10.30.

20. The VOIC's explanation for his very lenient approach was that he was afraid that if he lodged a formal charge

against the men, they might lose their jobs. He was also concerned that publicity would be damaging to the Commonwealth's arguments in discussions then going on about the respective roles of Commonwealth and State meat inspectors.

21. So far as the uninspected product was concerned, the VOIC took no action, because he reasoned (no doubt correctly) that the beef concerned had already been exported, and no good would come from international publicity. In reaching this decision he did at least have the comfort of knowing that viscera had been inspected.

22. These decisions to take no formal action over the matter were discussed with, and approved by, Dr Hart.

23. This was one of the clearest cases brought to the Commission's notice of a weak approach to discipline by senior DPI officers.

CASE 31 - J.C. HUTTON PTY LTD, 1981

1. There was a strike of Commonwealth meat inspectors from 4 November to 10 November 1981. During that time pigs were slaughtered for the domestic market at Huttons meatworks. These pigs were slaughtered under the supervision of Queensland meat inspectors.

2. When the Commonwealth meat inspectors returned to work on the morning of 11 November, there were 1071 sides of pork waiting to be boned out. It was agreed, at a discussion between the plant veterinary officer, supervising meat inspectors and representatives of management, that these had to be cleared through the small stock boning-room before the boning of any further pork for export could commence.

3. Since the normal throughput of the boning-room was 700 sides per day, it must have been clear to all concerned that it would take about one and a half days to clear the local product. The intention was that 'Australia Approved' stamps would only be issued when the 1071 sides had been finished.

4. In fact such stamps were issued to the boning-room at the commencement of work on 12 November, in order that certain brands could be placed on carcasses in the chiller which had been killed for export the day before. I am prepared to accept that there was some genuine misunderstanding about the issue of these stamps.

5. What is harder to understand, in view of the expressed concern of all parties to stick strictly to regulations, is that from the commencement of work on 12 November the loin ribs and spare ribs boned out from the 371 sides of pork were packed into export cartons and stamped with the 'Australia Approved' stamp.

6. The cartons were twice the size of cartons for domestic use and their general appearance was quite different. Even allowing for the facts that an inexperienced supervisor was in charge of the boning-room, and that the rib sections awaited boning with their state stamps facing downwards, it still seems extraordinary that no representative of the company or of the Commonwealth inspection service noticed what was happening. But that is their evidence.

7. The plant veterinary officer and the supervising meat inspector both had responsibility for the conduct of the boning-room during the relevant time. Both knew that a delicate situation existed concerning pork for domestic consumption. A meat inspector was also allocated to the area which included the small stock boning-room, although it is not certain now who was rostered for that task. The divisional superintendent responsible for the section of the works which included the boning-room was taking a particular interest in it because of the absence of the usual foreman.

8. The only person who did notice what was happening was the state meat inspector allocated to the works at that time. He said in evidence that he reported his observations to the plant veterinary officer. That officer "did not seem very perturbed about it. He indicated it was the grade man's (supervisory meat inspector's) responsibility".

9. The veterinary officer said in evidence that he could not remember such a conversation taking place. He was not prepared to deny it, but was giving the inspector "the benefit of a very, very marginal doubt in the sense perhaps he was talking at some cross-purposes and was mumbling, perhaps, under his breath".

10. In the face of this conflict of evidence and having regard to the demeanour of the witnesses and all the

surrounding circumstances, I can only say that I prefer the evidence of the meat inspector.

11. What is quite clear is that the veterinary officer took no action on the matter and the inspector told nobody else at the works. Although he is perhaps entitled to say that he had discharged his duty by telling the veterinary officer what he had seen, it is indicative of the poor relations and sensitive demarcation lines between the two services that he did not see fit to mention the matter to any representative of the company or to any other Commonwealth officer even when he realised that no action was being taken. This strict adherence to protocol was to lead to a great deal of trouble and ill-feeling.

12. What the inspector did do was to report the matter to his superiors. Again the poor state of relations between the services was illustrated by the fact that his branch head, after worrying about the matter for some days, saw fit to raise it first at a conference of veterinary officers, some twelve days after the event.

13. An investigation was immediately put in hand and the company's records confirmed the truth of the allegation. The whole of the day's production of ribs was then retained. This amounted to 54 cartons, of which about 28 would have been killed for local consumption.

14. It should be noted in passing that the company stood to gain nothing, except perhaps convenience, by packing these ribs for export. They could get a considerably better price on the home market and had no urgent overseas orders. They exported substantial quantities in order to help maintain their USA export quotas for other commodities.

CASE 32 - TNT AUSTRALIA, NOVEMBER 1981

1. Security measures introduced by the Department of Primary Industry immediately after the meat substitution scandal of August 1981 included the sealing of vans carrying meat destined for export.

2. The numbered seals were to be affixed by the DPI inspector who supervised the loading and signed the transfer certificate, the numbers of each seal being recorded on the transfer certificate.

3. In November 1981 a load of export meat and other goods was carried for TNT from Brisbane to Sydney. It is clear that the DPI seals were not affixed to the doors of the van (as they should have been) when it left the coldstore in Brisbane. The two seals were in fact in an envelope, carried by the driver, which also contained the transfer certificates for two separate consignments, and the commercial documents relating to the load.

4. What is less clear is how this situation arose. A number of witnesses gave evidence, much of it contradictory. I am satisfied that several witnesses gave untruthful accounts of their parts in the transaction.

5. From the evidence which is most likely to be truthful, being reliably corroborated or amounting to an admission, and from the surrounding circumstances, it is possible to piece together a narrative which fits all the clearly established facts and the inherent probabilities of the case. I am satisfied that it is what actually happened.

6. The TNT company was in a particularly difficult situation in Sydney at the time in question. Its depot was closed by an industrial dispute and it was operating from temporary premises which could not expect to be serviced by a Commonwealth meat inspector.

7. The load from Brisbane was a mixed load of export meat, local meat and other goods - for various destinations in Sydney and elsewhere. Convenience demanded that other produce be unloaded first at the temporary depot and that meat then be delivered to two destinations for local use before the consignment for export was delivered.
8. This would not be possible if the van was sealed by a DPI inspector before it left Brisbane. If, however, it became possible to obtain the necessary seals, to be carried by the driver and affixed after the local deliveries were complete, all would be well.
9. The New South Wales manager of the company informed the person in charge of the temporary depot that he would try to ensure that the van arrived there with the seals in the driver's envelope rather than on the doors. This duly occurred and the seals were attached by the driver after other goods had been unloaded at the depot and the first local delivery of meat carried out - to a restaurant in the small hours of the morning.
10. When the van arrived at the second meat delivery point (a large wholesale butcher's works) a New South Wales government inspector was present - as would have been expected. As it happened the driver did not have all the necessary documentation for a local delivery and, in the course of discussion, he let slip the fact that he had already made other deliveries. This should not have been possible in view of the presence of the seals.
11. The State inspector sent for a Commonwealth inspector, because of the export meat aboard and the DPI seals. He did not immediately tell that inspector what he had discovered, but he did so as the meat was being unloaded. The DPI inspector thereupon ordered that all the meat be reloaded and said that it could not go for export. He kept the transfer certificates

and the broken seals, reported the matter to his superiors, and an inquiry commenced.

12. There are only three ways in which the seals could have found their way into the envelope carried by the driver. There was a half-hearted suggestion in the evidence that they might have been swept up, by accident, with the other papers, from a desk in the TNT office which was used by both the DPI inspector and company employees. The coincidence of this occurring on the very day that such a result was desired by TNT stretches credulity too far.

13. The second possibility is that the seals were wrongfully taken by a company employee without the knowledge of the inspector. While such a possibility would fit some of the facts, it does not fit them all. The meat inspector entered the numbers of the seals on the transfer certificates. (There was some suggestion that one of the numbers on the certificates did not match the seal numbers, but the weight of the evidence is against this). This means that if they were stolen it was between the time that they were entered and the time they would normally have been affixed.

14. The meat inspector gave an account of his movements which would have provided such an opportunity, but no company official could have known that it would occur. Even less could it have been expected that the inspector would then completely forget to attend to the sealing of the van - which must have occurred if this theory is to be accepted.

15. The surrounding facts point clearly to the involvement of the meat inspector in the breach of regulations. I think it unlikely that he personally handed the seals to the driver, as was suggested in some statements reported at the time of the original inquiry. But the conclusion that he connived at the result achieved is inescapable. The studied quality of his answers to questions when he gave evidence, and the obviously

less than frank nature of some of those answers, served only to confirm my view about his involvement. Whether this came about for reasons of sympathy with the company's difficulties, or because his complicity was purchased, I am unable to say.

16. The chief lesson to be learned from this occurrence is that any security system must depend on the integrity of the officers administering it. Penalties for breach of duty must be such as to deter those who might be tempted, by financial reward or other means, to do so.

CASE 33 - MAYFAIR HAMS & BACON CO, 1981

1. On 20 May 1981, a veterinary officer with the Department of Primary Industry, was paying his first visit in a new assignment to the Sydney premises of Mayfair Hams & Bacon Co, a manufacturer of smallgoods for the home market and the export trade.
2. He observed some "fist-sized" lumps of meat in a processing machine which, even allowing for a pickling process, seemed to him to have an unnaturally dark and glossy appearance.
3. He decided to take a sample of the meat for analysis. He did so, and believed that a foreman was aware that the sample had been taken. In fact he was seen by the company's quality controller, who said in evidence that he thought this "inspector", whom he did not know by sight, was taking some meat for his lunch.
4. Even if such taking of meat did occur from time to time - and I would like to think that permission was usually sought, as one meat inspector stated - I have some doubt whether, in all the circumstances, the quality controller really believed it to be the purpose of the "inspector" on this occasion.
5. Be that as it may, it is clear that the veterinary officer did not formally notify any officer of the company that a sample had been taken. He certainly did not suggest any division of the sample to enable the company to make its own tests. Nor did he pursue any inquiries at that time as to the source of the meat. He said that he looked about for any cartons from which it might have come, and he looked into the cool-store to see if there was any sign of anything untoward. But he made no approach to the company management to identify the supplier of the meat or to find if there was any more of it on the premises.

6. On returning to his office, the veterinary officer showed the meat sample to his superior officers, including the Veterinary Officer-in-charge in New South Wales. They agreed that it looked unusual and that an attempt should be made to have it species tested. They apparently showed no curiosity as to its origins, as to the methods employed by the veterinary officer in the taking of his sample, or as to the ultimate destination of the product into which the meat was going.

7. After unsuccessful approaches to other institutions, the veterinary officer obtained agreement from Dr King at the CSIRO Laboratory at Cannon Hill in Brisbane, to carry out species tests on the sample.

8. These tests were eventually performed on 16 and 18 June 1980 and the results were sent down to the veterinary officer. These showed that the sample was consistent with the meat being kangaroo-meat; it was more likely to be kangaroo than beef and was most unlikely to be any other form of commercially used meat (other than horse, which was not tested). However, the surrounding circumstances of the taking of the sample in question, the unavailability of further samples, the lack of previous wide-ranging tests for beef, kangaroo and other meats and the developmental stage of the analytical methods used, combined to produce the result that all Dr King could say was that the sample was probably kangaroo. He confirmed this approach in his evidence.

9. Dr King was subjected to lengthy cross-examination about the conduct of the tests he had described but, in my opinion, nothing was added to the reservations which he himself expressed from the outset of his evidence.

10. On receipt of Dr King's report, the veterinary officer went to the Mayfair company on 1 July. He interviewed the production manager who, having been forewarned that the

veterinary officer wanted to discuss kangaroo-meat used by the company, had the quality controller with him.

11. The veterinary officer opened the discussion by saying, untruthfully, that the sample had been positively identified as kangaroo. The production manager denied all knowledge of any such usage and said some dishonest supplier must have provided it, if it had in fact been used. There was then some lengthy attempt, with the assistance of company books, to identify the supplier of the meat in question. Eventually the veterinary officer left the company premises with three names of possible suppliers - one of whom was, he says, urged on him by the production manager as the most likely. The production manager denies this.

12. It now seems clear that some time later - probably a few days - the production manager and quality controller reached the firm conclusion that the meat in question had been cow knuckle supplied by the Steiger's company in Melbourne. This conclusion was conveyed orally to a DPI inspector, who relayed it by telephone to the veterinary officer.

13. It is strange that this information was not given to the veterinary officer when he called about the matter. It is now clear that the product being manufactured at the time the sample was taken was an experimental batch of continental-style strasbourg sausage. Special attention had been given to it, and a consultant brought in to supervise its manufacture. He had insisted on the use of cow knuckles from Steiger's for the beef element in the recipe. All this, together with the quality controller's observation of the sampling, would suggest immediate knowledge by both him and the production manager of the source of the product - as soon as the time and place of the sampling had been established, as they were during the conversation.

14. Just as strange is the fact that the veterinary officer did not mention Steiger's when he wrote a report about the whole episode on 13 October 1981. Indeed he appeared not to remember any reference to Steiger's until after he first gave evidence to the Commission. He was then reminded by the meat inspector of the telephone conversation in which that name had been passed on, and eventually agreed with him that that had in fact occurred.

15. I find it impossible to determine positively that the meat in question did come from Steiger's. As the consultant pointed out in evidence, the Steiger's meat could well have been used up before May 1981. Certainly there was a reversion to the use of ox knuckle, which was more easily obtained, at about that time.

16. I was left with the uncomfortable feeling that I was not being told the whole truth by the persons who had most direct knowledge of what occurred at Mayfair. On the other hand the handling of the inquiries by the DPI officers concerned was so inept that it is impossible now to reach any firm conclusion as to the true facts.

17. I think it is probable that kangaroo-meat was being used in an experimental batch of strasbourg sausages at Mayfair Hams and Bacon in May 1981.

18. It is possible that it was deliberately introduced by the consultant, by way of experiment, with or without the knowledge of officers of the Mayfair company. In this connection it is worth noting that the consultant said that horse-meat was widely used in this product in Europe. I think it is equally likely that the kangaroo-meat was introduced to the process by a supplier, either Steiger's or some other, who sold it as beef.

19. In the event, I think each of the respective parties concerned must be given the benefit of the doubt and I am unable to say who was responsible for the probable introduction of kangaroo-meat onto the Mayfair premises.

CASE 34 - MAYFAIR HAMS & BACON CO, NOVEMBER 1981

1. The Mayfair Hams and Bacon Company was brought again to the notice of the Department of Primary Industry in November 1981.

2. After meat inspectors, in New South Wales and elsewhere, had been on strike for a week and had returned to work, one of those inspectors at the Mayfair works at Homebush noticed some cartons of breakfast sausages which had been stamped with an 'Australia Approved' stamp and a date-stamp showing the packing date as 9 November - a day on which no export products should have been packed, because of the absence of meat inspectors.

3. In evidence before the Commission, primary responsibility for the occurrence was accepted by a comparatively junior member of the staff of the Mayfair company. The employee in question had been employed by the company for many years and was responsible for arranging product for export, on receipt of instructions from the export sales side of the company.

4. He said in evidence that a day or two before the meat inspectors' strike he had breached regulations by deliberately stamping, with the 'Australia Approved' stamp, while it was properly left in his custody by an inspector, 40 more carton lids then were actually needed on that day. He said that he had never done such a thing before; he did it because of an anticipated increase in throughput; and it was sheer coincidence that the strike occurred a day or two later - he had heard nothing of it.

5. Such a coincidence tests credulity and it seems more likely that either the stamping of excess carton lids was a not-infrequent practice or it occurred on this occasion because of some knowledge that a strike might eventuate.

6. However, the employee concerned maintained that, in accordance with general instructions given by the production manager, he had at first refused the request from the export clerk that he should pack ten cartons of breakfast sausages for an urgent overseas order while the inspectors were on strike. When the export clerk persisted, he tried to contact the production manager, but was unable to do so. He then decided to carry out the task and inform the production manager after he had done so. He came in early on the next working day, a Monday, so that he would not be interrupted, and did the packing himself. He believed that he then reported the matter to the production manager, but he could not be sure.

7. The production manager's evidence about his dealings with the export clerk and the first employee was as uncertain and unsatisfactory as his evidence on the matter of the kangaroo-meat, dealt with above. I was left with the distinct impression that the first employee was bearing a greater load of responsibility for this transgression that was rightfully his.

8. On the subject of moral justification for the admittedly wrongful use of the pre-stamped cartons, the company's officers placed reliance on the need to complete a proposed shipment to New Guinea on a vessel due to sail a few days later. However they were unable to explain how the hour or so saved in packing the ten cartons involved was significant, and they were left with no explanation at all for the other 30 pre-stamped cartons which, it turns out, were used for saveloys and other non-urgent products, which were then put into store.

9. In mitigation, it can be said that the wrongful act was brought about by the meat inspectors' strike; no attempt was made to conceal the true date of packing; and there is no reason to believe that the product involved was in any way unsuitable for the export market.

10. The significance of this occurrence is that, even in the weeks immediately after the breaking of the meat substitution scandal and the introduction of strict new regulations, a company of good reputation is found deliberately abusing the small degree of self-regulation permitted to it.

11. As a result of these events the export registration of the Mayfair company was suspended for several months and police proceedings were instituted against the employee concerned.

1. Between 6 and 16 October 1981, a relieving veterinary officer was appointed to North-West Exports. While there, he observed instances of cow-meat being packed as steer-meat and of 'robbing the pack'. He deduced that cow-meat was being packed as steer-meat because the number of cartons labelled as steer-meat did not tally with the day's kill of steers. He said that he saw cube rolls being removed from packs without any appropriate change to the labels.
2. It is clear that he spoke to the senior meat inspector and the manager about these practices, although the details of that conversation are not clear. Putting their several versions together, I am inclined to accept that the manager gave a non-committal answer, but did in fact look into the matter. Whether he found the alleged practices in operation and put a stop to them, or found that the practices had ceased anyway is not clear.
3. In evidence, the manager admitted that both these practices had been followed until just before October, but contended that they were not in operation when the relieving veterinary officer claimed to have observed them. He said that 'robbing the pack' had ceased following a visit from the Veterinary Officer-in-charge, New South Wales, some months earlier and that substitution of cow-meat for steer-meat (which he claimed were always of equal quality) had ceased when the senior management of Smorgon (who own North-West) said, after the meat substitution scandal broke in August, that regulations must be strictly observed.
4. I believe that the coincidence between the veterinary officer's observations and the recent carrying on of the alleged practices is significant, and I accept his evidence that they were operating, at least to some extent, during the period in question.

5. However, when the veterinary officer reported his observations to the VOIC, NSW, and all product was retained while a detailed examination was made by a senior veterinary officer, no evidence of malpractice could be found on the premises or in the company's records. All the meat packed in the relevant weeks had been shipped overseas. The company was therefore given the benefit of the doubt and no further action was taken.

6. AMLC was invited to inspect the product on arrival at its destination, to see if packs had been 'robbed', but this invitation was apparently declined because of the difficulty of thawing and checking the contents of a representative sample of cartons in an overseas coldstore. I am inclined to agree that the matter was not sufficiently serious to warrant such a step in all the circumstances.

7. One disturbing aspect of this whole matter was the part played by the regular inspection staff at North-West. Although the manager admitted that cow-meat had quite often been substituted for steer meat over the years, the senior meat inspector claimed that he had never seen or heard of this practice at North-West.

8. With regard to 'robbing the pack', the senior meat inspector agreed that he and the other inspectors had known this was going on, but they had turned a blind eye to it, in spite of DPI circulars instructing them to prevent it. It was only when the VOIC, NSW in 1981 gave a clear oral instruction on this matter that they started to enforce the regulations.

9. This type of conduct has to be considered in the light of the fact that inspectors at this works were, until the relieving veterinary officer drew attention to the fact, particularly generously treated so far as free meat was concerned. Each man received about 10 lbs of meat a week -

with a retail value of \$20-\$25, for the nominal price of \$1. A similar concession was made to staff but not to wages employees.

10. It is difficult to escape the conclusion that this circumstance would assist inspectors to look the other way, at least when apparently common practices of misdescription, unrelated to public health, were being pursued.