COTTON AUSTRALIA

Advancing Australian Cotton

Regulation of Agriculture
Productivity Commission
Level 2, 15 Moore Street
Canberra City ACT 2600, Australia
Via online submission form

30 August 2016

Dear Commissioners,

Re: Regulation of Agriculture – Draft Report

Introduction

Cotton Australia welcomes the opportunity to provide comment and, as the key representative body, speak on behalf of cotton growers regarding the draft report on Regulation of Agriculture.

The cotton industry is an integral part of the Australian economy, worth over $1.25 billion in export earnings for the 2014–15 season, and employing on average 10,000 people. The industry's vision is: *Australian cotton, carefully grown, naturally world's best*.

Overarching comments on regulation of agriculture

Greater potential to work with industry using self-regulation programs
Cotton Australia welcomes the recognition by the Productivity Commission that farm businesses are subject to a 'vast and complex array of regulations' with the number and complexity of regulations affecting farm businesses due to the cumulative burden on growers.

The complexity negotiating the legislative and regulatory conditions that apply to the cotton industry is well recognised. The need to provide an up to date tool to assist growers in negotiating this complexity and regulatory obligations of growers was a key driver in establishing the cotton industry's myBMP program. The myBMP program covers 11 modules including biosecurity, biotechnology, energy and input efficiency, fibre quality, human resources and workplace health and safety, integrated pest management, natural assets, pesticide management, petrochemical storage and handling and soil health and water management. Across the modules there are hundreds of elements requiring growers' attention. However, the myBMP program provides a single point of contact for growers, ensuring that they can be confident they are meeting their regulatory requirements.

Cotton Australia actively promotes the potential of myBMP as a mechanism for achieving compliance outcomes and, at the same time, avoiding significant compliance costs for Government.

We recognise that there are processes that need to be navigated prior to moving towards processes of self regulation and monitoring. Through transparency of reporting and independent audit processes, the objectives of compliance can be achieved. Cotton Australia supports third

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

party monitoring to provide the necessary assurances to community on the integrity of data and reporting.

It is noted that there are significant challenges with self regulation however we believe there are clear and functioning examples of where industries monitor and report on business activities, and would certainly be supportive of a time bound memorandum of understanding to trial and test our industry's ability to deliver on the necessary reporting requirements.

Cotton Australia recognises that in order to have successful self regulation there is a need to consider all aspects of products and services, including all relevant social, environmental and economic costs. Our industry has proven that it operates to best practice through the impressive results that it has achieved to date:

- 92% reduction in insecticide use (comparing five year averages for the periods 2010-15 and 1998-2003)
- 40% increase in water productivity since 2003
- Achieving yields more than three times the world average; and more than double our nearest competitor – the USA (it takes 25% of the land to produce one metric tonne of cotton fibre in Australia compared to the global average)

Our industry has undertaken a concerted effort to ensure that we consider all elements of the cotton life cycle. Since 1991, the Australian cotton industry has conducted independent assessments of its environmental performance, to track performance and suggest improvements.

In recognition of the need to consider social environmental and economic costs, our industry has adopted a framework of sustainability reporting through the Australian Grown Cotton Sustainability Report, the first of which was publically published in November 2014. We have recently developed our ongoing sustainability targets through stakeholder consultation that will continue to drive ongoing best practice across the industry.

The Australia cotton industry has also partnered with the Better Cotton Initiative which provides an avenue for our commodity to be globally recognised as a sustainable product and a channel for information exchange with the global pool of cotton growers to improve grower practices internationally.

Given our performance, and the initiatives that our industry continues to progress, we believe that regulators should consider the benefits of working with our industry to deliver on compliance outcomes.

Recommendation
The Productivity Commission to consider how it might best work with industry based self-regulation programs to achieve regulatory outcomes.

The cotton myBMP program provides an avenue to test the Government processes that will be required to ensure the integrity of the self regulation.

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

Should agriculture operate under a different regulatory structure to other industries?
The cotton industry, as with most agricultural businesses is characterised as:

- small business; and
- highly dependent on international markets

Cotton Australia wishes to highlight, as we did in response to the issues paper, that most regulations are well intentioned and are not designed to stifle business, however practicalities of applying these regulations means that this is often the case for growers.

We don't support agriculture bring 'treated' differently per se, however we consider that a broader approach to regulation needs to be taken. This includes:

- Establishing timeframes for delivery of advice by Government departments to avoid unnecessary delays where local / state / federal decisions are required.
- Where clear overlap of regulation occurs, particularly in the case of heavy vehicle movement permits and licensing, specific action is taken to streamline processes.
- Develop strong relationships with industry bodies that are often the first point of contact or key information dissemination body for growers and can assist in navigation of regulatory obligations.
- Continued improvement of stakeholder consultation processes with industry bodies and growers. Engagement of stakeholder early in the regulatory design process helps to avoid clear pitfalls and assists Government identify potential issues early that may be addressed via simple changes to codes of practice, regulation, legislation; and targeted communication.
- Improving accessibility of websites; forms used to collect information for applications and regulatory compliance purposes; and clarity of information provided through Government departments to assist growers in meeting their regulatory obligations.

As highlighted in the Productivity Commissions draft report (box 10.3) lack of clarity regarding accessibility of visa application and visa supporting documentation forms can cost a business four hours in comparison to one and a half hours to complete the required documentation. This highlights clear issues with navigation of Government websites, a matter which can be easily rectified.

Recommendation
The Productivity Commission to highlight the importance of a broader approach to regulation that acknowledges the role that agricultural industry bodies can play in the development of dissemination of regulatory obligations to its grower base.

We also suggest steps be taken to improve accessibility of information for growers.

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511

BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

What is the importance of science in regulation?

Cotton Australia supports science-based policy formulation and warns against shifting away from 'best available knowledge' as a means to determine suitable approaches and the necessity for regulation. We wish to note that the example given by the Productivity Commission:

'For example, some farm herbicides can pose a risk to human health in sufficient quantities, but also provide large benefits in terms of crop volumes by eliminating competing weed competition' (pg.491)

has its foundations in science. Using the Productivity Commission example outlined on pg. 491 to provide a snapshot:

- Toxicity studies are used to determine quantities will result in human health impacts.
- Testing of chemicals is conducted to determine the residual behaviour of chemicals including but not limited to persistence of chemicals in the environment, application rates required to achieve the required objective (efficacy) i.e. eliminating weed competition; safety protocols to be followed when using the chemical.
- Ongoing scientific studies inform how chemicals are used and how these may be used as part of a broader weed control strategy and best practice chemical application methodologies e.g. the Cotton Pest Management Guide is the key guide for growers to provide advice on key chemical application times and rates, implementation of integrated pest management.

Cotton Australia is highly supportive of using best available science to inform policy decisions and ensuring that new developments including technology updates are considered when both developing and revising the necessity of regulation. We wish to note that the use of science does not preclude the exclusion of grower knowledge, as in many cases it is the innovative approaches of our growers which is used as a driver for further scientific investigation.

Recommendation

The Productivity Commission to support the use of science and best available knowledge as the mechanism to drive policy formation.

Water regulation

Cotton Australia is highly supportive of the recommendations made by the NSW Irrigators' Council (NSWIC). We urge the Commission to consider the advice presented by NSWIC, particularly:

- Avoiding centralisation of water policy with State departments and agencies to maintain regulatory functions.
- Coordination of the Productivity Commission with other State and Federal departments to develop coherent policy utilising the information generated from the many recent inquiries on State water management and management of the Murray-Darling Basin Plan. Further to this, we recommend that the Productivity Commission develop recommendations based on previous identified concerns regarding additional and unnecessary burden.
- Avoiding any further Federal regulatory burden through the Water Act (2007) and the Murray-Darling Basin Plan (2012).

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

Land use regulation

Conflicts over land access for resource exploration and extraction
Given the background and complexity of issues which underlie this regulatory issue, Cotton Australia has significant concerns regarding statements made by the Productivity Commission within Section 2.5 of the report:

'On this basis, the Commission considers that land access rights for resource exploration and extraction should vest in the Crown, given that it also owns subsurface minerals. This is because the right to access those minerals cannot be exercised without a right to access land, meaning that, if those rights are held by separate parties, additional transaction costs will be incurred when allocating and exercising exploration and production rights' (pg 81).

Cotton Australia believes that such comments fail to recognise the fundamental issues linked in to the regulatory debate regarding resource exploration and development. We believe that there is no reason that landholders should not be fairly and adequately compensated for the provision of land access in recognition of the impact on their property rights. In the event that this results in additional transaction costs incurred by the resource exploration company Cotton Australia believes that these should be absorbed as a cost of undertaking business. We believe that this represents the necessary recognition and respect is afforded to landholders as a minimum.

This fundamental lack of understanding of the holistic debate has led the Productivity Commission to deliver a flawed draft finding which we cannot support. While Cotton Australia recognises that a right of veto does transfer the right of the mineral resources from the Crown to the landholder we wish to highlight that it has been out of frustration and ability to participate in negotiations in a balanced manner that many landholders have arrived at this decision.

Cotton Australia wishes to highlight that the key elements of its coal seam gas and mining policy bears significant resemblance to the position that has been arrived at by the Department of Industry, Innovation and Science under the domestic gas strategy. Cotton Australia, as the peak industry body, represents a spectrum of views regarding this contentious issue, and wishes to highlight that we do not stand against the development of resources projects which offer Government significant economic potential through the collection of royalties.

It should be noted that the nature of resources exploration is changing significantly with far greater interaction between landholders and the resources sector than has been historically experienced. As a result many of the challenges being faced by landholders are new for Government, landholders and the resources sector in relation to land use conflict. It is anticipated that this will continue to be an ongoing issue, particularly with the expansion of the coal seam gas industry. In recognition that this will continue to be an issue, a robust regulatory framework is essential. Given our growers have come face to face to with land use conflict; we have developed an industry based policy which we believe provides a sensible approach to managing land use conflict. The Cotton Australia policy position is summarised below:

- Cotton Australia will not accept any negative impact on growers' land and water resources
- Any impact, intended or unintended, must be fully compensated by the mining industry and guaranteed by Government

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

- Growers should be fairly compensated for their time, legal advice and expert advice obtained during negotiation of land access arrangements at both exploration and production phases in recognition of the impact on their business
- Resource project approval must be based on the best quality available science.

To achieve these policy outcomes we believe that there are significant reforms required, including:

- A strategic approach to the allocation of exploration licences which recognises the need for long term planning and allocations of land use – this is not currently captured during approvals processes for resources projects
- A need to capture the cumulative risks of a project during the approvals process. Cotton Australia recognises the role of the Independent Expert Scientific Committee (IESC) in capturing information regarding cumulative risk and providing important advice to State based regulators. While there are limitations regarding current arrangements between the IESC and the States, particularly regarding transparency of how State regulators respond to issues and advice raised by the IESC and the manner in which the IESC provides advice, Cotton Australia is highly supportive of the retention of this advisory body
- Arrangements made for the ongoing resourcing and updates to data compiled under the Bioregional Assessment Program. Significant investment has been made to ensure that information is available to members of the public and State and Federal Government regulators to assist in decision making processes regarding issues such as cumulative impacts of resource development projects. It is our understanding that program funding will cease at the end of 2016, necessitating a requirement to finalise partnership and costing arrangements with the organisations to be involved on an ongoing basis
- A significant overhaul of the State Based arrangements under the Environmental Impact Statement process which appears to be subject to a lack of confidence from resource exploration proponents and impacted stakeholder groups. We have seen commissioning of expert reports at high expense that continue to perpetuate distrust under current assessment arrangements.

Cotton Australia wishes to recognise the significant reforms that have been progressed under the NSW Government during its representation on the NSW Land and Water Commissioner's Petroleum Access Group. These include:

- Significant changes to information required under the economic assessment process.
- Improved transparency of reporting in CSG / mining post-approval reporting processes and independent audits to assist departmental compliance and community access to information.
- A move towards regulation that recognises the impact of resources exploration on landholders and progresses a framework that sets to rebalance current cost imposts and rebalance land access arrangement negotiations

Cotton Australia is seeking a much more balanced finding in relation to any recommendation flowing from land use regulation, recognising the issues with the current regulatory framework.

Recommendation
The Productivity Commission to develop a recommendation recognising that resource project approval decisions are to be based on best available scientific knowledge which account for cumulative risks.

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

The Productivity Commission to develop a recommendation acknowledging the imbalance of current negotiation processes and a need to rebalance these land access discussions that result in fair outcomes for landholders including compensation for impacts at the exploration and production phase of resources development.

Planning, zoning and development assessment
Cotton Australia wishes to note that there has been no formal recommendation regarding current issues faced by agriculture in relation to planning, zoning and development assessment processes, despite this being an area that requires significant reform.

While these issues fall to the local and State Government agencies for approval we would encourage the Commission to reiterate its findings from previous studies as outlined in Box 2.13 as a formal recommendation.

Regulating the evolving world of agricultural technologies

Access to genetically modified organisms and products
To attract international investment in Australian agriculture, it is of the utmost importance that the Australian regulatory system for gene technology remains science-based, aligned with risk, flexible to accommodate new technologies, transparent, predictable and independent from political influence.

The current gene technology regulatory system in Australia is highly stringent in comparison with overseas regulators such as the US and Europe. This burden is exacerbated by inconsistent market interventions by State governments. State-based moratoria create uncertainty in agricultural biotechnology in Australia and undermine the regulation of genetically modified crops.

Recommendation
Cotton Australia supports ***Recommendation 6.1:*** *removal of restrictions on the use of biotechnology which are not commensurate with risk, including state-based moratoria, to enable implementation of a nationally consistent scheme for regulation of transgenic crops.*

Cotton Australia is strongly supportive of a stringent regulatory environment for genetically modified organisms (GMOs) which includes a comprehensive risk assessment process. However, there are opportunities to reduce regulatory burdens and costs; which may act as a stimulus for increased investment in innovative technologies for Australian agriculture. These opportunities include:

- Streamlining requirements of the Office of the Gene Technology Regulator (OGTR), Australian Pesticides and Veterinary Medicines Authority (APVMA) and Food Standards Australia New Zealand (FSANZ).
- Taking into account international data during regulatory decision making following significant industry consultation.
- Improved transparency and predictability for regulatory approval pathways to provide greater certainty for investors in new technologies.

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

Recommendations
Continued investment by the Australian Government in a robust, science-based and risk-aligned regulatory system for the approval of GMOs.

The Productivity Commission to implement provisions to reduce regulatory costs that does not compromise regulatory rigour but removes duplication of regulatory requirements between the OGTR, APVMA and FSANZ.

The accelerated determination of new breeding techniques to assess if these fall in or out of scope for OGTR administered regulation. This will, provide a clear and predictable path to market for companies investing in these innovative technologies.

There is strong evidence for increased productivity that can be attributed to the adoption of new technologies such as gene technology. The Australian cotton industry, for example, has seen huge advances in international competitiveness and environmental sustainability through the adoption of transgenic cotton varieties containing insecticidal traits. However, Cotton Australia would like to highlight that these advances have been achieved through strong industry consultation regarding stewardship of gene technologies. Collaboration between gene technology providers, chemical registrants, and industry groups have ensured the longevity of cotton gene technology in Australia, contrary to compromised efficacy for cotton gene technology in the USA.

Improved stakeholder engagement is essential for moving forward with changes to the regulatory environment for biotechnology. Changes to regulation of GMOs in Australia should be mindful of consumer concerns around the safety of GMOs. It is recommended that any changes to regulation include education / awareness / communication strategies, which presents scientific rationale in a manner that speaks to identified consumer concerns. Increased transparency and engagement with growers participating in regulated field trials should also be considered.

Recommendations
Continued Department of Agriculture and Waters Resources (DAWR), APVMA and OGTR engagement with stakeholders on any amendments to regulatory requirements and post-registration stewardship of transgenic crops.

The OGTR to develop processes for improved engagement with growers and other relevant parties participating in on-farm regulated trials.

The Productivity Commission to recommend actions that address community concerns about regulation of GMOs specifically the coupling of regulatory decisions with consumer-facing communication/education/awareness strategies.

The time and cost required to achieve chemical registration
Cotton Australia supports a risk-based approach that effectively aligns regulatory effort with risk for agricultural chemicals. Cotton Australia supports the implementation of recommendations for regulatory reform, developed from previous stakeholder engagement between 2010 and 2015, which better align the efforts of the national regulatory bodies, with the risk posed by the product. Reduced regulatory burden (including cost) may provide an incentive for increased investment in

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

chemicals for Australian agriculture and an improved ability for cropping industries to recommend integrated pest management and resistance management solutions for growers.

Implementation of initiatives such as the development of the Centre of Excellence for Biosecurity Risk Analysis (CEBRA) risk-assessment tool and self-regulation of products of low regulatory risk are supported. Crop grouping, contestable provisions of assessment services and streamlining import and export regulation is also supported to avoid regulatory overlap and duplication.

Cotton Australia supports a risk-based approach for utilisation of evidence from trusted international regulator. However, Cotton Australia strongly recommends that the decision of international regulators should not be used as the sole justification for registering or cancelling a product/active ingredient for the Australian market, particularly for unprotected cropping situations.

This may be one of many strategies that would deliver regulatory efficiencies while protecting Australian agriculture from consequences of post-approval changes to registrations made by overseas regulators.

Recommendation
Cotton Australia supports ***Recommendation 6.2:*** *implementation of outcomes from previous stakeholder engagement regarding regulatory reform, including the Department of Agriculture and Water Resources Agvet Chemicals Regulation Reform (November 2015).*

Inconsistencies across states and territories in control-of-use regimes
Cotton Australia advocates for a science-based, risk-aligned and nationally coordinated regulatory system for agricultural chemicals. The current chemical regulatory system in Australia is already stringent in comparison with some overseas regulators, and this burden is exacerbated by inconsistent state-based regulatory requirements. Inconsistent control-of-use regimes for agricultural chemicals undermine the scientific rigour of risk assessments for human health and environmental impact, which are undertaken by the national regulatory bodies. Growers operating in states and territories that have strict off-label use regulations are put at a distinct competitive disadvantage with insufficient scientific justification.

Recommendation
Cotton Australia supports ***Recommendation 6.3:*** *to expedite the implementation of a national control-of-use regime for agricultural chemicals (which includes increased harmonisation of off-label provisions), with the aim of having the regime in place in all states and territories by the end of 2018.*

Labelling of agvet chemicals under work health and safety regulations
Cotton Australia considers that current provisions for the APVMA to regulate agricultural chemicals under the Agricultural and Veterinary Chemicals Code Act 1994 (AVCC Act) are adequate to protect the health and safety of agricultural chemical users. Safety warnings and risk mitigation strategies provided under this framework are scientifically based, risk-proportionate, technically proficient and are supported by the cotton industry's best management program (myBMP). Safety Data Sheets (SDS) to support agricultural chemical labels are a recognised source of comprehensive risk analysis-based information.

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

Duplication of the broader national standards and codes of practice, and state-based legislation and regulation which may result from implementation of additional WHS/GHS[1] labelling for Agvet products is not supported by Cotton Australia. The incursion of additional regulatory burden for technology providers and hence additional costs incurred by growers is also not supported.

Recommendation
Cotton Australia supports ***Recommendation 6.4:*** *continuation of the exemption of Agvet chemicals that have APVMA-approved labels in regulation 335 of the WHS Regulations.*

Adequacy of the current regulatory framework

The current regulatory framework for agricultural and veterinary chemicals (including transgenic crops) performs well regarding delivery of efficacious product with well-defined risk mitigation strategies, to industry. The framework is robust, science-based and risk-aligned. Provisions to provide regulatory oversight for efficacy have enabled industry to develop robust stewardship strategies with trait providers and chemical registrants, to ensure the longevity of access to agricultural chemicals.

Implementation of initiatives to reduce regulatory burden, coupled with product stewardship through industry programs (including BMP) may increase the attractiveness of the Australian market for investment in agricultural chemical innovation. Alignment of regulatory requirements between federal and state-based regulations may improve transparency and increase confidence in the Australian science-based regulatory system.

Although the current regulatory system provides certainty and confidence to growers, it may not be sufficiently flexible to accommodate the regulatory demands of future technologies. As such, provisions should be made to develop a more flexible framework that delivers predictable, simple, timely and cost effective regulation of agricultural chemicals. For example, provisions within the current regulatory environment may not be sufficiently flexible to accommodate future plant products containing complex stacked transgenic traits, or those derived from new breeding techniques. The cotton industry is working with the APVMA, chemical registrants and other industries to develop provisions that allow consistent yet responsive regulation of future stacked transgenic traits.

Recommendation
Cotton Australia advocates for consideration of a more flexible framework for regulation of agricultural chemicals to ensure a transparent, predictable and cost-effective pathway to market as well as robust stewardship programs, to ensure investment in innovative products for Australian agriculture.

Biosecurity

Cotton Australia is supportive of a risk based and streamlined framework for biosecurity. Cotton Australia is supportive of the current arrangements for biosecurity and will continue to work with the National Farmers Federation (NFF) Biosecurity Taskforce to provide advice on the regulations being developed under the Biosecurity Act 2015 (Commonwealth).

[1] Globally Harmonised System of Classification and Labelling of Chemicals

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

New biosecurity act and a greater role for industry

Australian agriculture is afforded a competitive advantage in world export markets owing to high quality produce that is assured by a well-structured and rigorously implemented biosecurity framework. The robust nature of this framework is underpinned by transparent working relationships between industry and government.

Cotton Australia is supportive of Australia's biosecurity arrangements and moves toward a more flexible and responsive system for managing biosecurity priorities. The cotton industry advocates for further industry consultation to ensure that biosecurity protocols and regulations are aligned with acceptable industry practice. Alignment with existing industry best management programs, such as the cotton industry's myBMP system, will enable growers to meet their general biosecurity obligation and maintain a pest-free system. Industry engagement is also essential to clarify the practical applications of shared responsibility, particularly with respect to roles and responsibilities, decision making processes and cost sharing arrangements.

Recommendation

Industry consultation, through direct negotiation and the NFF Biosecurity Taskforce should continue to be prioritised by Federal and State Government to ensure that biosecurity protocols and regulations are aligned with acceptable industry practice and best management programs.

Reduced funding for surveillance and diagnostics

Cotton Australia supports investigation of potential efficiency gains to the biosecurity framework, to maintain Australia's biosecurity capacity and capability despite declining resources. Development of coordinated surveillance, diagnostic and contingency protocols across jurisdictions and industries may enable industry and government to develop pro-active biosecurity initiatives and incursion responses in a cost-effective manner, without compromising technical feasibility of eradication. Collaborative research, development and extension (RD&E) initiatives may also deliver cost-effective risk analysis and capacity building.

Recommendation

The Intergovernmental Agreement on Biosecurity (IGAB) review should investigate how biosecurity priorities and processes can be harmonised across industries and jurisdictions.

Concerns about risks to biosecurity from trespass on farm

Biosecurity risk associated with un-lawful entry to property is not currently of significant concern to the cotton industry. The cotton industry has, however, identified biosecurity risks from lawful entry on-farm to be of significant concern and has thus developed a 'come clean, go clean' program for the cotton industry to promote biosecurity protocol awareness to growers and farm visitors.

Movement of soil and water between and within properties carries significant risk for transportation of soil pathogens and weed seeds, including herbicide resistant weed seeds. High risk-entry points and risk mitigation tactics are outlined in the industry's myBMP program which includes a farm biosecurity planner. The introduction of biosecurity risks through fodder, waterways, vehicles (including contract machinery) and shoes for consultants, contractors, family/friends, utility and exploration companies moving between farms and fields are common on cotton farms. Although companies have a responsibility to make contractors aware of land-access responsibilities, this does not necessarily translate to best practice on-farm and thus remains a biosecurity risk.

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511

BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

Furthermore, changes to metering service requirements for utility companies may further increase biosecurity risks for cotton farms. Land access arrangements and personnel for utility companies have traditionally been regionally located, and have long-standing relationships with direct customers. However, plans to switch metering responsibilities to retailers at the end of 2017 may see these long-standing relationships dissolve, in preference to contracted labour arrangements. This may expose landholders to greater biosecurity risks as contractors may not be aware of complete 'come clean, go clean' protocols and best practice procedures to reduce risks.

Information request 7.1
Cotton Australia recommends the establishment of a nation-wide awareness campaign that highlights the biosecurity risks associated with on-farm access.

This campaign should be targeted businesses that employ labour to access farms in a lawful manner such as farming contractors, utility companies, mining companies and bore-drilling services.

This campaign should be accompanied by biosecurity awareness gate signs that include contact details for farm owners or managers.

Transport

Cotton Australia strongly identifies with many of the issues identified by the report in regard to transport. The efficient transport task for our industry can be divided into three main areas:

- the transport of farming inputs to farm,
- the movement of farming equipment to facilitate the task of farming; and
- the movement of farm production to and out of processing or export facilities.

The general rule for obtaining efficiencies in these three areas has been the development of larger machines, with greater production or payload capacity. However, our road infrastructure and transport regulations have in many cases not kept pace.

For Cotton Australia, the key issues around transport regulation (all of which have been identified by the report) are "first mile-last mile" issues, inter-jurisdictional regulation, and the movement of over-dimensional agricultural equipment.

We also share with many other industries issues that affect efficient access to and through ports, and the development of a competitive rail freight alternative.

The Role of Councils as Road Managers

Prior to the establishment of the NHVR, the role local government had in issuing transport permits was limited. While transporters may have been technically obliged to seek permissions from local government, the usual practice was to simply get State controlled permits from either the police or state transport department. Local government rarely, if ever, exercised their rights.

However, today, if applying for a permit through the National Heavy Vehicle Regulator, permission must be obtained from all road managers. This is a new task for many councils and often they

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

appear unsure of their rights and responsibilities. Long delays occur for licence holders. Cotton Australia is aware of a particular example where permission to move a cotton picker from southern Queensland to northern NSW was delayed for weeks, simply because one Council the picker had to travel through had not responded. When challenged, the Council's response was that it had 28 days to respond.

Cotton Australia has also been told that some councils have not even delegated the approval process to staff, and insist all permit applications are considered by the full council body.

Cotton Australia is also keen to work with road managers (ideally collectively through the NHVR) to negotiate more workable rules around the movement of over-dimensional farm machinery between farms on local roads. However, unless the NHVR is empowered, and resourced to do so, Cotton Australia has no choice but to attempt to negotiate changes on an individual basis with each Council. Even for a relatively geographically confined industry like cotton, that means negotiating with in excess of 20 local governments across Queensland, NSW and Victoria.

Cotton Australia concurs with the Report that a significant solution would be the far greater use of gazettes and pre-approvals, however, efficient adoption will require greater resourcing of the NHVR to allow progress in a timely manner.

Permits and Approvals

While the NHVR offers the promise of harmonisation, the reality is still on long-way off. Three examples of variations in rules between NSW and Queensland in the cotton industry are detailed as follows:

1. In Queensland, approval has been granted to extend the length of the rear of the lead trailer, and the front of the trailing trailer, to transport round un-ginned cotton modules, being transported in a road-train configuration. These modest extensions have allowed the legal capacity of each movement to increase from 10 to 12 modules. For three years NSW has been considering industry requests for a similar permit, and while positive progress is being made, if approval is granted there will be additional conditions applied to the NSW approval.
2. In NSW, a load restraint system has been approved for two years, which allows the carriage of up to nine round modules per trailer (using a double-stack configuration), dramatically improving productivity. However, approval is still being sought in Queensland.
3. Round-bale pickers can be "walked" (driven on roads) or "floated" between farms. While both NSW and Queensland have provided approvals for the "walking" of pickers, the permit conditions vary considerably.

Recommendation

Cotton Australia provides in-principle support for draft recommendation 8.1. The concept of the NHVR is sound. However, its implementation has not been smooth and in many cases it has led to confusion, duplication and significant delays.

Cotton Australia recognises that the NHVR is undertaking significant work to rectify the above problems, but as the following examples demonstrate, much more needs to be done.

Cotton Australia additionally supports draft recommendation 8.4 that advocates adequate resourcing of the NHVR, to allow for significant harmonisation between jurisdictions.

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

Cotton Australia is open to further industry consultation on road-user charging. Our position remains unchanged from our response to the Harper Review and highlighted the following issues regarding proposals for reform on road user charges:
Cotton Australia can see good reasons for moving towards a more direct, cost-reflective system, that enables charging of electric or hydrogen fuelled vehicles which will increasingly make up a larger share of the Australian road vehicle fleet and is not captured under the fuel excise system. However, Cotton Australia, is not in a position to give this recommendation unqualified support, without further consultation and modelling that can categorically show that rural and regional Australia will not be worse off.

Further, while the report calls for a cross-jurisdictional approach, rural road users would need absolute assurance that all other road related direct and indirect taxes and charges were removed with the introduction of the proposed new system.

Finally, Cotton Australia foresees a range of technical issues associated with the monitoring of vehicle road use, and payment systems, and these would have to be overcome, and involve a range of transitional measures.

Recommendation
Cotton Australia does not completely oppose draft recommendation 8.2 however we cannot provide unequivocal support without significantly greater consultation. In the event of changes being taken through to the final report, we urge the Productivity Commission to recommend stakeholder consultation to ensure that regional constituents are not worse off through such changes.

Current rules relating to licences and permits mean that in many cases approvals are required for routine movements, with the same permits issued detailing identical conditions and times. The system is inefficient both for the road managers and the road users.

However, as discussed earlier in this submission, there is a challenge of being able to effectively and efficiently negotiate gazettals, approvals and permits with the very large number of road managers who are all required to give approvals.

Recommendation
Cotton Australia supports draft recommendation 8.3 which will avoid reissuing of permits for oversized agricultural machinery and covers multiple journeys for a longer period of time.

Recommendation
Cotton Australia supports draft recommendation 8.6. It is the industry's view that bio-fuels have been proven to be technically feasible and it should be up to the market to determine their up-take.

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

Labour regulation

Cotton Australia wishes to highlight its support for the NFF submission on labour regulation regarding the following recommendations.

- Where there is a clear opportunity to reduce regulatory burden while aligning Government programs more closely with their stated objectives, it is incumbent on Government to overcome concerns about the difficulty of the task in the public interest
- The NFF calls for labour market testing to be abolished in regions and / or industries where there is a demonstrated labour shortage
- Any continuing labour market testing requirements should be valid for 12 months without the need to retest the market for the same type of work / region
- The NFF encourages the Department of Immigration and Border Protection and the Department of Employment to jointly develop a mobile app for visa holders which contains not only their visa information but also links to information published by the Fair Work Ombudsman and Safe Work Australia about working in Australia. The app should be made available to visa holders at the time of the visa grant, before they leave their home country for Australia
- A Director Identification Number approach be adopted to facilitate tracking of company directors to avoid problems arising with unscrupulous
- The modern awards objective be amended as recommended by the Productivity Commission Workplace Relations Framework Inquiry
- The 2017 review of WHS laws should build on findings of earlier reviews and look to reduce the compliance burden on businesses, ensure penalties for breaches are not disproportionately high, and ensure that the laws and ways to comply with them are clear to businesses and others. The review should also look at ways to improve business engagement with the safety regime and information dissemination to employers so that they do not feel compelled to pay for advice on complying with WHS laws

The Australian cotton industry takes workplace health and safety very seriously and has made it a key focus area of our best management practice program, myBMP. We wish to once again highlight aspects of legislation that could be considerably simplified, with no impact on health and safety outcomes:

- Allow growers to obtain accreditation for safety inspections of fire extinguishers. The current inspection cycle is six monthly and creates difficulties in getting qualified inspectors on site as in Queensland inspectors must be trained and licenced with the Queensland Building and Construction Commission (QBCC)
- Queensland growers can avoid testing and tagging of electrical cords and tools if the switchboard is fitted with Residual current devices. We believe this could be translated across the states and territories.

Cotton Australia does not wish to pre-empt the results of the ‘Backpacker Tax Review’ and will be making a detailed submission in relation to the challenges in this space and the seasonal workers program. However we do wish to direct the Productivity Commission to an issue raised in our original submission regarding the Consolidated Skilled Occupations List (CSOL) and its impact on use of 457 visas by the agricultural sector. The ability to update the CSOL to reflect new skilled occupations is vital and would remove the biggest single barrier to the 457 faced by the agriculture sector. Occupations such as leading hand, overseer and assistant manager sits between the

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

currently 457 approved positions of farm worker and cotton farmer, the latter requiring a degree qualification. This means that potential employees remain ineligible for a 457 visa and places limitations on growers accessing appropriately skilled labour. There have been, and will continue to be, significant changes in labour requirements on farm as growers adopt new technologies and seek our candidates with skill sets than would have been traditionally sought. Inflexibility of CSOL will place significant restrictions on agricultural productivity, with anticipated labour shortages.

Recommendation
The Productivity Commission to recognise the importance of flexibility of CSOL as a mechanism to access appropriate on farm skilled labour

Response to questions on notice

Impact of moratoria on Australian cotton industry
State-based moratoria create uncertainty for the Australian cotton industry, may constrict industry expansion into new geographic areas, as provides a disincentive for investment in innovative GM technologies.

Cotton production under exemption from State-based moratoria leaves the industry open to risk for decisions that may be made in response to changes in political agendas.

Cotton production in New South Wales, totalling approximately 18,000 hectares and worth approximately $7.1 million annually is currently produced under an exemption to the Gene Technology (GM Crop Moratoria) Act, 2003.

Potential development areas for cotton production have been identified in the Pilbara, and along the Ord and Keep Rivers of Western Australia and the Northern Territory. The significant capital investment for infrastructure associated with these projects may be perceived as a risk for commercial development, where the policy environment for commercial GM cotton production is uncertain. In Western Australia, cotton crops continue to operate under an unsecured exemption from the Genetically Modified Crop Free Areas Act, 2003. Although no moratoria exist for GM crops in the Northern Territory, a ban imposed on cultivation of commercial cotton crops since 2003 has only recently been lifted, and is subject to review with a recent change of government.

Significant area in south-eastern South Australia has been identified as being suitable for cotton production, should the moratoria on commercial cultivation and transport of GM food crops and/or seed be removed under the Genetically Modified Crops Management Act, 2004. This area is within relative proximity of cotton crops in Swan Hill, Victoria (250km) and Menindee, NSW (150km) and has a similar radiation, temperature and rainfall profile which would support cotton production. Removal of the South Australian moratoria would also permit growers in Western Australia to secure GM seed without being restricted to transportation by sea, or through the Northern Territory.

Removal of State-based moratoria and development of a clear path-to-market for GM products may improve access to innovative solutions for the Australian cotton industry. Adoption of transgenic insecticidal cotton germplasm has contributed to a 96% reduction in insecticide use, thus enabling the Australian cotton industry to be world leading in productivity, quality and

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

sustainability. A nationally consistent framework which provided certainty for regulation of GM crops across all States and Territories may aid in the further improvement of the productivity, sustainability and competitiveness of the Australian cotton industry, through improved access to GM technologies.

Response to Productivity Commission report on barriers to gas markets

Members of the panel asked Cotton Australia to respond regarding our thoughts on its report '*Examining barriers to more efficient gas markets*'. We looked at the report and believe that the paper provides a first initial analysis of the issue however fails to fully acknowledge the imbalance in land access negotiations that have ultimately resulted in many of the reservations of landholders and generated significant issues with land use conflict. The Walker Review acknowledged this imbalance and as a result of the review recommended legislative changes to cover costs associated with obtaining legal and expert advice as well as costs of landholder time. Similarly, the Independent Pricing and Regulatory Tribunal looked in to compensation costs to landholders to be covered by gas exploration companies at both exploration and production phases and determined that a one size fits all approach would not work due to the variation in agricultural operations. They developed a framework to be used as a guide based on the heads of compensation and additionally recommended several changes to harmonise NSW regulation to improve the current regulations on matters to be considered as part of any compensation arrangement.

We acknowledge that issues associated with fair negotiations and reasonable rates of compensation do not address matters of impacts on land and water resources associated with resource exploration however these remain matters that can be managed through regulation and compliance and decision making based on best available science. We would encourage the Commission to reconsider its approach to resolving issues of land use conflict which appear to advocate for compulsory acquisition of landholder property rights to facilitate resource exploration. We believe that this approach will only serve to invigorate land use conflict issues and generate further distrust amongst resource explorers, landholders and communities.

Barriers to employment of seasonal workers

Cotton Australia wishes to note that assessment of the Seasonal Worker program and current barriers to participation are being considered as part of the review in to the backpacker tax and broader consideration of addressing agricultural workforce issues. However there are several issues that have been highlighted as barriers to entry of workers from the participating nations and grower participation in the program. In summary these include:

- High upfront costs for businesses to participate in the program – approximately $2,000 per worker without the ability to determine suitability for the work required
- High administrative costs for farm businesses participating in the program who must provide significant levels of paperwork to the Department of Employment as a small business owner / operator
- Under resourcing of the Department of Employment who are not supported in their assessment of broad public interest and individual farm level labour needs
- Lack of support for pastoral care of seasonal workers and their initial participation in the program due to high upfront costs such as flight costs to Australia
- Lack of support to drive uptake of the seasonal worker program; and
- the length of time it takes from application to actually getting a worker through the seasonal worker program is somewhat lengthy and does always suit growers needs for workers on short notice.

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511
BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU

Cotton Australia encourages the Productivity Commission to read the NFF submission regarding barriers to participation in the Seasonal Worker program which outlines the challenges faced by seasonal workers and farm businesses at length.

Accessing local unemployed labour

Cotton Australia and indeed the entire agriculture sector invests heavily in programs to recruit and invest in skilled workforce, and we recognise along with many other sectors and business that closing the gap via the local workforce is an ongoing challenge to be addressed. As highlighted in a recent NFF submission, high rates of youth unemployment in areas where tourism and agriculture are key industries, such as Cairns, suggest that availability of entry-level work is not enough on its own to address labour shortages.

Government investment through programs such as JobActive and Youth PaTH are important to providing support to local and youth unemployment issues however the challenges presented are broader than identification of employment and matching a local worker – there are many social and support issues to be accounted for. Cotton Australia unequivocally supports employment of local workers wherever possible but does not believe that in all cases this solution provides the workforce required to service our industry.

Cotton Australia would welcome an opportunity to provide further information on its position. For more information, contact Felicity Muller, Policy Officer on (02) 9669 5222

Yours sincerely,

Policy Officer
Cotton Australia

COTTON AUSTRALIA LIMITED ABN 24 054 122 879
HEAD OFFICE SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA **P** + 61 2 9669 5222 **F** +61 2 9669 5511

BRISBANE LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000
TOOWOOMBA 115 CAMPBELL ST, TOOWOOMBA QLD 4350
NARRABRI LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU