Submission

to the

Productivity Commission Inquiry into The Regulation Of Australian Agriculture 2016

by

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Submission in two parts:
Part 1 by Mr Richard Nankin
Part 2 By Ms Rosemary Cousin

Part 1
By Richard Nankin

We believe we can offer a well informed set of recommendations to this inquiry as we have a comprehensive understanding of the complex regulatory environment that governs agriculture in Australia. We are full time farmers. We grow a diverse range tree crops as well horticultural row crops and managing livestock, we are also food processors who manufacture and market a range of value-added food products, utilising much of the produce we grow as key ingredients. We pay for water rights for use of water on-farm for our crop irrigation requirements and our farm both includes and adjoins biologically diverse and protected riparian and native vegetation areas. So we have extensive personal hands-on experience dealing with a multiplicity of regulations enforced by local, state and federal authorities, not only regulations directly affecting many aspects of agriculture, but also labour and environmental regulations, health and safety regulations and packaging and marketing regulations. In our case, over and above being subject to all the local, state and federal regulations all farmers and food processors have to comply with, we also choose to operate within an additional overlay of extremely detailed, complex and restrictive self-regulation in the form of the nationally approved Organic Standards as enforced by the certifying authority NASAA both as growers and also as producers of a range of Certified Organic fresh and processed value-added food products.

Our key point is that the assumptions and paradigms which form the basis on which this inquiry was instituted and prescribed, as detailed in the Terms Of Reference provided by the Minister Scott Morrison to the Commission, are wrong-headed and ill-informed. This means all the conclusions and recommendations as detailed in your Draft Report, which are based on these wrong-headed and ill-informed assumptions, are unreliable and wrong and therefore should be rejected. We suggest the Commission should start again to inquire into the Regulation of the Agriculture Sector, once more ecologically and scientifically soundly based assumptions and paradigms have been provided to allow for a more sound and valid basis for this inquiry.

Eating vs. Economics

Agriculture is not simply or only an economic activity. Agriculture transcends any other economic activity because food production is *the* essential human activity that must be conducted sustainably in order for humans to survive. Moreover, Agriculture is dependent on nature. The traditional methods of production of our food that have been evolving over the last five or ten thousand years or so have in the last two generations been totally transformed. Machinery and chemistry

invented over the last few generations have changed farming profoundly. Today, much of what we call farming is in fact an industrial activity and this transformation has now occurred on a truly global scale. Whilst we have succeeded growing more food and other crops than ever before we have achieved this by building a system based on minimal labour cost and massive areas of mechanised monoculture. The reality is that as a consequence of the way this industrialisation of farming and of the landscape has occurred, food production today globally is neither resilient nor sustainable. We have in the last 100 years removed almost all (over 80% as of 2016) of the planet's land surface of old growth forest and savannah grassland ecosystems that existed 100 years ago, to make room for more farmland. Our deliberate elimination of all these complex and resilient ecosystems of native plants, animals and insects and replacement of them with industrial farming of monoculture crops and livestock has meant that today our food production systems are highly susceptible to disruption from climatic variability. Monocultures are naturally far more susceptible than complex ecosystems to devastation from outbreaks of disease or pests and the majority of our farming practices are Monocultures. In this time of increased risks to food production from extremes of climate, a period that will see increased frequency and intensity of flood, fire and drought, our regulations that support biological diversity and increase the resilience of the landscape should be being strengthened, not watered down!

The claim that local regulations restricting clearance of the last remnants of native vegetation are a major impost and burden on Australia's Agricultural competitiveness and productivity is just plain wrong. Our own area of the Stzrelecki Ranges in West Gippsland is typical of most of the areas of Australia that are now farmland. In our case whilst only 120 years ago this land was covered with magnificent tall *Eucalyptus Strzeleckii* forests that grew the world's tallest tree, today ***only 3% of the original forest cover remains.*** The rest of the land has mostly been converted to growing pasture with a small proportion devoted to plantation timber crops. With 97% of this original forest gone, having been cleared and burnt, soil erosion and land slippage are now so extensive as to be seen as a normal part of the landscape. We are fortunate that the last remnants of our Strzeleckii forest support the world's last remaining genetically diverse population of Koalas. Our area has the only population of Koalas left in Australia that are not so inbred as to face extinction within the next few years. Yet our neighbour's who are descendants of the original settlers want to cut down some of the healthy old growth Koala habitat trees on their land for their firewood needs. Does the Commission really believe it so important to the productivity and competitiveness of Australian Agriculture to focus on dilution or removal of regulations so as to allow farmers like our neighbours to be free to clear some of the last remaining old growth trees on private land for firewood? Are the regulations around land clearing really such a major burden on our farmers' productivity? We think not. We recommend the Commission reject

these outdated and self-interested arguments for diluting the regulations around native vegetation clearance and instead focus on issues of real consequence to our Agricultural productivity and competitiveness.

How Fragile We Are

What do these massive disruptions to ecosystems and the consequent massive reduction in biodiversity that this conversion of so much of the land surface into farmland over the last generation or two mean for our future productivity and ability to compete? Today around 90% of the fresh water that falls on land around the planet is utilised by humans for agriculture, industry, drinking water and washing. At the same time, the industrialisation of agriculture has allowed the proportion of the population engaged in food production in first world countries to be reduced dramatically. In Australia, we have moved from around 50% of the population engaged directly in growing and harvesting our food in 1910 to around 0.1% of the population in 2010. As a result of this transformation and of the industrialisation of Agriculture we are now dependant on good regulation to manage the massive ecological effects of farming on the planet and to produce our food and other crops sustainably.

Not only has the vast majority of the population in countries including Australia "moved off the land" but also the majority of people still engaged in Agriculture have become dependant on knowledge and products supplied by agronomists, veterinarians and other providers of specialised expertise most of whom are agents of or beholden to vested interests in companies that are global or or regional monopoly sellers of Ag. Chemicals, synthetic fertilisers, patented seed and overseas machinery manufacturers.

Which Problem Regulations?

The key assumption made in both the terms of reference and in the draft recommendations of the Commission is that the totality of Australia's Federal, State and Local Government regulations that relate to Agriculture are acting collectively as a burden and as the primary factor diminishing the competitiveness and productivity of Australian Agriculture. As detailed below, this is simply not the case!

What Problem With Our Agricultural Sector Productivity?

In fact, the approximately 140,000 Australian farmers still on the land are by world standards outstandingly and exceptionally productive, at least by the measure of agricultural yields per farmer. There is no doubting Australian Agriculture and Australian farmers are in terms of output already the ***most productive farmers of any developed country on the planet.*** Bar None. There is no doubting that whatever problems Australian Agriculture faces, they are definitely not due too poor productivity, when compared to any and all overseas competitors. Whilst for "Conventional" farmers this outstanding relative productivity per farmer also comes

at significant environmental costs with all the fossil fuel use, chemical and fertiliser use, and soil and chemical losses, nutrient and chemical runoff and so on, these is not the case with our Organic and Bio-Dynamic farmers.

Our Uncompetitive Local Marketplace? Are You Serious?

Furthermore, we are the ***only*** major food producer in the world to allow open slather to international competition as ***we are the only first world country to have zero import tariffs or quotas for any and all imported foods.*** For our local food producers, both growers and processors, Agriculture in Australia is today and has been, at least since the removal of the last vestiges of food import tariffs in the early 1980's, ***the most competitive agricultural marketplace in the world***. Bar None. There is no doubting that whatever problems Australian Agriculture faces, they are definitely not due too lack of competition from low cost overseas producers in the local marketplace, when compared to any and all overseas markets.

Whose Anti-Competitive Regulations?

Whist it is clear there are major impediments to our Agricultural sectors competitiveness and to its increased profitability and that these impediments are the direct result of regulations, the problem regulations are those of our international trading partners, NOT our local regultions! What currently exists are widespread and massive distortions to the international marketplace for our Agricultural export trade. These massive distortions are a consequence of the almost universal application of a multiplicity of protectionist regulations that are applied to the vast majority of our Agricultural exports. Despite all the so-called “Free Trade Agreements” our politicians flaunt as victories in the battle to reduce barriers to the free flow of our exports, for our Agricultural sector this remains very much the case.

As it is clearly the case that these overseas regulations, that is the agricultural tariffs, import quotas, bans and other restrictions to free trade which are in force in virtually all countries other than Australia, certainly all our major export markets, are the primary cause of diminished profitability and reductions in competitiveness and productivity of Australian Agriculture, it borders on irrelevance to focus only on our local Australian regulations.

In comparison with the scale of the consequences in anti-competitive market effects and reductions in profitability of Australian Agriculture caused by all of these overseas regulations, the effect that any changes to our local regulations would have on our international competitiveness is simply inconsequential.

What Level Playing Field?

Australian farmers and food processors clearly do not compete on a level playing field. Not only do virtually all imported foods benefit from their countries protection from import competition with their local state subsidies, tariffs and quotas. It is also

the case that most of our food imports are also produced in countries that have significantly lower costs of production due to their lower health, safety and environmental standards than ours. Put simply, poorer standards means lower costs. It is also the case that for many overseas food producers, what standards they do have are much more poorly enforced than our regulations are here. In the production of the majority of our food imports the multiplicity of Australian regulations that together act to ensure the safety and hygiene of our local produced food either simply do not exist or, where they are in place, are not well enforced. Poorer enforcement of standards means lower costs.

Is it really the role or intention of this inquiry to lower the local costs of compliance with regulations by lowering our Australian standards, that is our world leading environmental, labour, hygiene and health and safety regulations and enforcement, to levels of to those of countries that we compete with such as China?

Conventionally Unconventional

Almost all of the food growing systems and chemicals in use today in industrial scale farming around the world are new developments, new inventions, developed not by farmers but by corporate interests. These systems and chemicals have been developed and marketed primarily for the profit of these companies. As most of the seeds, fertilisers and poisons that are used today have not have not been around for more than a handful of years, there is nothing at all "conventional" about modern industrial agriculture. The commonly used terminology used to describe the ever evolving and rapidly changing is "Conventional Farming". This term is classic doublespeak. To claim these recently deployed large scale and highly mechanised farming systems and the recently invented synthetic chemicals they have largely come to be dependent on as "Conventional Farming" is beyond a joke, it is a misleading lie. There is nothing at all conventional or time-tested about our modern industrialised farming systems. The only modern farming practices and systems which we know over many generations to be sustainable and highly resilient are those based on Organic practices. Whilst Australian Agriculture does include the largest portion of farmland in the world under Certified Organic farming systems, it is still dominated by this new invention mistakenly described as "Conventional" farming. If they are to be conducted without serious risk to both the environment and the population these new farming systems a reliant more than at any time in our history on good regulation and good enforcement of those regulations.

GM = Global Monopoly

How many submissions has the Commission so far received from individual farmers such as ourselves? It appears that the majority of the input the Commission has received to date has come from spokespeople for "Big Agriculture." There is no justification in the Commission only taking heed of the so-called "farming lobby' that

actually only represents the interests of Big Agriculture. A particular concern of ours is the lobbyists that promote the perceived need to remove restrictions the state regulations protecting the general public and Organic farmers from GMO's. These lobbyists do not represent us as Organic farmers nor do they speak for the vast majority of the non-farming population. Whilst there may well be a “second generation” of GM food crops being developed with genetic modifications intended to increase the crops nutritional values, yields and/or drought tolerance, this is absolutely not the case with the first generation of GMO crops such as “Roundup Ready” corn, soy and canola or “Bt” Cotton. These GMO crops have not been genetically modified so as to improve the quality, yield or nutritional value of the crop. Rather, the genetic modifications have been made by the commercial developers specifically to allow the seed to be patented and subject to monopoly control by the developer as well as to confer immunity on the crop from being poisoned by the proprietary toxic herbicides owned by the developer. This first generation of GMO's have been deliberately modified so ensure those growing the GMO crop are bound to purchase both the developers proprietary seed and their proprietary toxic herbicides which are required to grow these modified crops. There is in fact no nutritional, marketability or productivity improvements that can shown to be made by changing the regulations to allowing the sale and growing of the sort of GMO crops that are being promoted by the likes of Monsanto and Big Agriculture. Quite the opposite is the case. Ask any Australian grower of GMO Canola how much they are paid for their Canola compared to non-GMO farmers....lower prices are just the beginning....GMO crops consistently have lower nutritional density than the equivalent non-GMO crops. As most GMO's are genetically modified so the crop can tolerate increased use of herbicides during the growing process, so of course growers of GMO's typically increase their use of herbicides. Claims by those pushing GMO's of reduced chemical use with GMO's is an outrageous and deliberate distortion of the facts, as tests show GMO crops consistently contain higher chemical residue levels than non-GMO crops.

It is no wonder the majority of the public does not wish to consume GMO foods when they are aware the genetic changes have been made only to advance corporate interests, not to improve crop quality or to advance farmer's interests.

Genetic Diversity...What Genetic Diversity?

Over and above any concerns of health and safety of GMO foods, there is a serious medium to long term risk to sustainability of crop production posed by widespread adoption of GMO crops. Whilst most of the staple crops grown around the world are far removed from their wild ancestors, they still have a relatively wide gene pool of genetic variability, with many strains and varieties grown in different regions. Each strain carries a variety of genetic traits that potentially can be selected for and developed. So, for example, when a form of fungal disease known as a “rust” spread

from the wild into commercial wheat crops in the 1980's, with potentially devastating consequences for wheat growers, plant breeders were able to find old wheat strains with rust resistant genes and to cross these with commercial wheat varieties and so breed new commercial varieties of wheat that were rust resistant.

The GMO's currently being marketed, such as “Roundup Ready” corn, soy and canola and “Bt” Cotton, were all created from a handful of individual seeds resulting from the few successful plants that were all sourced from a single strain of original non-GM seed. From that single strain and the many thousands of attempts to insert the desired genetic changes were selected a handful of modified clones the developers managed to grow to maturity that grew true to type and were also capable of producing viable seed. So all these GMO seeds have exceptionally narrow genetic diversity, they are all genetically in-bred, identical clones of those few initial successful breedings. There is only one staple crop grown around the world that has a gene pool that is as narrow as all the current batch of GMO's. That is Bananas. All of the Bananas grown around the world are grown from cuttings and are clones of a handful of individual “mother” plants. So there is no Banana genetic diversity from which to select for different traits, such as resistance to disease. The result? Bananas are under attack from a range of fungal diseases that have evolved to feed on Bananas. With no natural resistance to be found in it's narrow genetic pool and ever increasing fungal disease attacks, Banana growers are today forced to apply toxic fungicides every couple of days, up to 40 times per crop. Industry analysts fear the Banana industry will soon be destroyed by this fungal onslaught with serious likelihood this will happen within the next five or so years. If this happens it wiil have devastating consequences for the many poor and subsistence farmers in tropical areas who grow Bananas as their staple food as well as for all the Banana industry in Australia. Thankfully, up till now most of the other staple crops we depend on have massively wider genetic diversity than Bananas or than GMO varieties of corn, soy, canola or cotton. Over and above any possible changes in the nutritional makeup, yield or toxicity that the current range of GMO crops may carry compared to their non-GM forebears, all of these GMO seeds, without exception, have such a narrow genetic diversity that their widespread adoption guarantees a significantly increased risk of massive crop failures due to disease. A stated aim of the promoters of GMO seed sales, an aim which is strictly enforced by contractual obligations placed on all farmers who agree to grow GMO seeds, is the requirement that there be no other varieties grown. This is to ensure all crops grown are only and exclusively of the GMO seed supplier's proprietary and genetically identical GMO cloned varieties.

Widespread adoption of the currently available profoundly genetically in-bred GMO crops poses real risk of massive crop failures. If this occurred in Australia it would jeopardise the long term viability of Australian Agriculture.

Our Export Markets Say "No Frankenfoods Please!"
The consumers and regulators in European, Chinese, Russian and Japanese markets have all loudly and comprehensively rejected GMO food imports and Australian exporters of non-GMO commodities already achieve a significant price premium as well as less import restrictions than our equivalent GMO export crops. It is unarguably the case that were Australia to ban all the current batch of GMO crops from being grown here that such a ban would confer a substantial advantage in competitiveness and increased access to export markets for Australian Agriculture.

We urge the Commission reverse its Draft proposal to recommend removal of regulations restricting sale and growing of GMO crops in Australia and instead in its final report recommend a move to a national ban on sale and growing of all the currently available GMO crops. It is the responsibility of the Commission to make such a recommendation.

Australia's Regulations Make Our Agriculture Sector More Competitive.
Our local regulations are simply not the problem. In fact, the opposite is the case. Australian Agriculture's growing global reputation as a producer of "Clean and Green" foods is an acknowledgement and a direct consequence of the fact that Australian Agriculture is better regulated than in most other countries! This "Clean and Green" reputation is the key factor driving growth in demand for our Agricultural exports, NOT lower prices for our exports NOR LOWER COSTS OF PRODUCTION. All our inefficient and high cost agricultural producers went out of business many decades ago, when all our local tariffs and other protections were scrapped. The only producers still operating in Australia are already competing directly with the lowest cost producers in the rest of the world. In fact the majority of our overseas competitors are now selling their produce into the Australian marketplace whilst benefiting from their local subsidies and their regulations which restrict or eliminate fair competition in their local markets from our unsubsidised exports.

If we wish to continue to grow international demand for our Agricultural exports we must move on from the paradigm that "Cheapest is Best". Maintaining and valuing our comprehensive system of regulation and our culture of regulatory enforcement in the Agricultural and food processing sector gives us a key Competitive edge over all the other less well regulated food producing countries. Ask anyone from China, rich or poor, educated urban or rural peasant, they will all acknowledge Australia's comprehensive regulatory system and our culture of enforcement of our regulations is what makes our produce more trustworthy and more desirable than anything grown in China. Instead of the Commission focussing on removing or diminishing all the regulations that are collectively the key driver of our international reputation as a "Clean and Green" and consistently high quality food producer, the logical focus of

the Commission should be on improving and enhancing the existing regulations and policies that contribute to this reputation.

Don't Panic, Go Organic

Global demand for "conventional" food commodities is now stagnant. High state subsidies for US and European growers that drive over-production have coincided with politically driven trade barriers from Russia leading to global prices for non-organic grains and dairy products to crash to historically low levels. Meanwhile the last decade has seen the fastest growing food sector globally being for produce from Certified Organic Agriculture, with global demand over recent years increasing by around 15% per annum. Even though Certified Organic Dairy and Grain products command a price premium in the global marketplace of from 50% to 150% above "conventionally grown" competitors, there is a global shortage of supply and this shortage is growing exponentially.

In the face of this burgeoning demand and the unprecedented opportunity for Australian Agriculture this represents there has been a complete failure of regulators in Australia to recognise and respond to this sea change occurring in global trends and food preferences. Consumers all over the world are justifiably suspicious of the global problems with the poor science behind the safety testing of agricultural chemicals. There is ample evidence the whole paradigm of Agricultural Chemical regulation globally is "broken" with to date the only safety testing data regulators require in order to assess chemical safety being the commercially self-interested toxicity studies funded and done by chemical companies and provided by them to regulators.

The best way to improve the competitiveness of the Australian Agricultural sector and to improve its profitability and the long term economic viability of the sector is to enact policies and new or modified regulations which support and enhance and provide more substance to our Clean and Green reputation.

OUR RECCOMENDATIONS:

We propose the Commission make the following recommendations:

- Introduce regulations to re-balance the current distortions in the local marketplace caused by artificially cheap food imports. In order for local producers to compete on a more level playing field, we recommend introduction of an across the board import tariff on all imported foods. The minimum level of this tariff to required to generate the desired improvements and to reduce these distortions is a 10% tariff. This will not only boost our local Agricultural sector's profitability and competitiveness with imports, it will also raise much needed revenue for the federal government. Although as little as 10% would be sufficient to transform the economics of many local

producers and provide significant benefit to local food processors, a level of 20% would be more useful and effective as well as raise more revenue. The only food imports that might potentially qualify for exemption from this proposed across-the-board tariff regime would be those from countries that have eliminated all their import tariffs, quotas and other restrictions on our agricultural exports.

- Establishment of a national program to move all Australian Agriculture to world's best practice in minimal use of synthetic chemicals and artificial fertilisers
- Introduce policies to support a national move to reduce dependency on and use of synthetic herbicides, insecticides and fungicides.
- Provide additional funds and support to the existing CSIRO Research and State Agricultural Extension Services for their programs promoting adoption of Integrated Pest Management (IPM) practices and systems so these become standard practice throughout all Australian Agriculture.
- Introduce a range of government programs to provide material assistance and support for farmers who wish to move to fully Certified Organic production systems.
- Change the current regulations requiring Agricultural and Veterinary Chemical producers to conduct their own trials on chemical safety and toxicity and instead fund the APVMA and/or FSANZ to conduct their own, truly independent and scientifically sound toxicity assessment trials and thus become the world leader in good science and genuine objective assessment of AG/Vet chemical toxicity and good chemical regulation that genuinely serves the interests of public and environmental protection ahead of the interests of chemical manufacturers.

Whilst we have not included any sources or references for the statements made in this submission, these are available from the authors and if if the Commission so requires these can be provided to the Commission.

Part 2
By Ms Rosemary Cousin

Thank you for the opportunity to comment on the Productivity Commission Inquiry into the draft Report on the Regulation of Australian Agriculture [**The Report**].

In **Background**, the Australian Government is said to have identified agriculture as one of five pillars of the Australian economy, with the other "pillars" identified by the coalition as: manufacturing, mining, services and education. The definition of economic "pillars" is mystifying...

In Scope of the Inquiry, I stand deeply concerned at the extremely narrow focus upon regulation, or more particularly upon 'deregulation' as the means for promoting the economic potential of the Australian agricultural sector. Since the early 1970s, under both Labor and Coalition Governments, Australia has focused upon deregulation as the means to improve productivity. In the 1970s, Whitlam drastically reduced agricultural tariffs to 5%. In the 1980s, Hawke and Keating removed all protection of Australian Agriculture [and other economic sectors]. In the 1990s into the 2000s, the National Competition Policy across all jurisdictions of government made comprehensive microeconomic reforms of regulations affecting all economic sectors. And further, in 2014, the Australian Treasury's review of Australia's Competition Policy.

No rationale is provided in The Report for yet another expensive review of regulations – again, focused on Agriculture. Perhaps the obvious needs to be stated: that government regulations are but one small part of the critical factors that affect <u>not only</u> the economic *potential* of Australian Agriculture, but also ***the sustainable realisation of this potential***.
Right now, there are extremely pressing issues that need to be grappled with head on by governments – issues that those in the Agricultural sector are dealing with on a day to day basis.

Here I specifically refer to:

1. Climate change is heavily impacting upon agricultural productivity. Helping the agricultural sector to build resilience in the face of extreme climate events is critical.
2. On-shore coal seam and shale oil gas extraction that is currently destroying the viability of agricultural lands across Australia and the surface and ground waters that are so critical for agriculture. In high value agricultural areas such as our own, on-shore gas extraction is hanging like a sword of damacles threatening to destroy the long term viability of our land, water supplies and our natural environment.
3. The ageing of Australian farmers and desperate shortage of farm labourers. We, like so many in the Agricultural sector are in our late 50s and early 60s. Many young Australians, are demonstrably ignorant of farming and agriculture and hold a stigma against rural work. Attacks are also being made on our capacity to access reasonably priced and willing farm labourers from overseas. For example, the Coalition Government's aggressive proposals to tax back packers. Furthermore, many

refugees fleeing death, persecution and destruction in their home countries, who choose Australia as their first port of refuge, come from agricultural communities and, denied access, represent a squandered resource that could help meet Australia's desperate Agriculture sector labour shortage.

4. The consistently downscaling of agriculture and science related education, training, research and apprenticeship opportunities by State and national governments which further diminishes the value and attractiveness of agricultural employment and skill development for young Australians. The recent savage cutbacks to the Australian Bureau of Meteorology climate change specialists and the CSIRO's land and water and climate change divisions deprives the agriculture sector in particular of skilled people and science-based opportunities to improve agricultural productivity. One must question too, the loss of transparency and public accountability in our most prestigious scientific and industry research institution, as evidenced by the current CSIRO director's "secret" projects. Access to timely skilled professionals and knowledge is paramount in Australian Agriculture's productivity.
5. The availability of Australian capital to retain Australian ownership of key agricultural assets and production capabilities. Australia's superannuation funds are extremely reluctant to invest in Australian Agriculture sector assets and productivity and this stigma needs to be addressed by the national government.
6. The decimation of Australian manufacturing, in particular, the Australian food processing industry, which is so vital for domestic value adding as both import replacement and for export income in our national balance of trade.
7. The poverty of telecommunications services in rural and remote regions is crippling our market profile, market awareness of our products, marketing and industry networking and innovation opportunities. The negative economic impact of poor telecommunications services cannot be over-estimated.
8. The incursion of major biosecurity threats to Australian agriculture is not simply coincidental with the growth in unscrutinised containerized imports. The risk of incursion has been greatly exacerbated by the restructuring of Australia's quarantine services and reduction of funding to it. Examples include the Fire Ant in Queensland; the Green Mottle Mosaic virus attacking cucurbit family plants across northern Australia; and the Russian aphid attacking wheat crops in southern Australia. Other great threats include the Verroa mite which is attacking and destroying bee colonies in all countries but Australia.
9. The stubborn persistence of a zero-tariff regime in Australia when all of our major agriculture trade competitors retain tariff protection. Australia's negotiations in the recent round of free trade agreements has failed to do anything to remedy this gross trade imbalance. Indeed, the fact that we have zero tariff protections for Australian agriculture has been a negative impediment for Australia's negotiations. There is simply nowhere to go beyond zero. Furthermore, Australia's FTAs have failed to "push-back" to FTA partners by requiring parity of environmental, food safety, animal welfare and biosecurity standards that characterise and make Australia a leader of world's best practice.

10. Continuity in supply of fuel for agricultural production and transport. As Australia has no significant domestic oil refineries any more, as a nation, our supplies of petroleum products, most particularly petrol and diesel is incredibly fragile. A national security plan must be developed to deal with contingencies such as typhoon or terrorist disruption to Singapore refineries and delivery arrangements to keep Australia fuelled. While on the topic of fuel supplies, we cannot support the massive diesel fuel rebates paid by the Australian taxpayers to the mining companies who continually avoid paying Australian taxes.
11. In a similar vein, breakdowns in supply of glass products – glass bottles and jars, poses a major threat to our ongoing value adding business. Australia needs to reinvest in local glass manufacturing to replace our current dependence upon imported glassware from China. Risk analysis contingency planning at a national and regional level is essential across all elements of the agricultural supply chain. Without this, we cannot assure productivity – both potential and actual.
12. We know that there is a significant market shift globally towards Organic products that are ethically produced. So much so that the demand currently vastly outstrips our capacity to supply. This Organic and Ethical market niche demands attention to details in our Organic production of not only health and biological security, open-sourced seeds and alternatives to mainstream chemicals; but also biological diversity and animal welfare. As certified Organic farmers we give our customers a guarantee that appropriate responses to these issues are built into our every day practices. We aim to produce superior products of high quality, taste and interest that meet these ethical standards. In so doing we attract a premium price. That being said, growing our productive capacity enables more price competition and a better deal for consumers. Ultimately everyone wins.
13. Lastly, but not the least importantly is mitigation of the impacts of climatic changes on agricultural productivity. This is the most essential context for considering the swag of deregulation approaches suggested in The Report. Open slather on native vegetation removal is completely unacceptable for so many reasons. Principal amongst which is the huge impact arising from loss of biological diversity. Australia's agricultural productivity is highly dependent on our national biodiversity, for example crop pollination by native and European bees and insects; rainfall attraction and improved water quality through the processes of filtration through bush environments; and temperature regulation through the maintenance of vegetation canopies. **Droughts and high temperatures are exacerbated by the indiscriminate removal of native vegetation. Leading to an increase, not decrease in vulnerability to high temperature fires.** A thorough and full Environmental Impact Assessment process under the EPBC Act is essential and is required to assess the implications of abolishing or further reducing the already significantly reduced 'removal of native vegetation laws' across Australia.

Pressing commitments to maintain our farm production does not allow me to document further important issues that impact on our productive potential and actual capacity in this submission. However I urge the Productivity Commission to give

attention to the above issues at the very least and open the way for consideration of many more significant issues that directly affect our agricultural productivity which are not matters of regulation, or more particularly in the mindset of the Productivity Commission and successive Australian Governments – deregulation.