



**SUBMISSION**

**Productivity Commission Review of regulation in  
Agriculture**

Date

18<sup>th</sup> August, 2016

### **About Grain Producers Australia**

GPA is a national Representative Organisation (RO) for the grains industry in accordance with the *Primary Industries and Energy Research Development Act 1989* (PIRD), and has key responsibilities under the *Primary Industries (Excise) Levies Act 1999* and the *Primary Industries (Customs Charges) Act 1999*.

GPA is supported by Grain levy payers in Australia and through direct grower members and state members in Grain Producers SA, VFF Grains Group, NSW Farmers Association, WA Farmers Grains Council, WA Grains Group, Tasmanian Farmers and Graziers and Agforce Grains.

Chairman  
Grain Producers Australia

## **Productivity Commission review of Regulation in Agriculture**

Grain Producers Australia thanks the Productivity Commission for the opportunity to put forward our views regarding the draft report. The GPA support the majority of the recommendations included in the draft report prepared by the Productivity Commission (the Commission).

- GPA support the removal of state bans on cultivating GM crops.

The rigorous national regulatory system that has successfully been in place for two decades, combined with the grains industries proven ability to segregate and manage market requirements makes it unnecessary to manage any supposed market access issues via moratoriums. Restricting farmers' access to technologies against the recommendations of a science based regulatory system is unnecessary.

- GPA supports the recognition of international research as evidence for the registration process for agricultural and veterinary chemicals.

Any actions that would lead to a reduction in the time taken for registration of agvet chemicals would have multifaceted benefit for Australian farmers. Encouraging companies to register additional uses for chemicals and allowing them to utilise data from research already undertaken to support registration in another (regulatory comparable) jurisdictions will substantially reduce the costs to the grains industry.

Australia is a comparatively small market for chemicals with a highly complex and in some cases duplicated regulatory regime for registration. Currently, substantial industry funds are expended to assist companies by producing the additional research required to support permit applications and additional "use" registration applications.

There is currently a disincentive for companies to register new chemistry in Australia due to the expenses of our registration process, regardless of whether their product is already registered for the same uses in other countries with similar regulatory systems.

GPA would also agree with the Commission that in some cases the risk versus regulation process is out of proportion. The GPA does not support the use of the precautionary principle as a basis for regulation. In our submission to the Deloitte review of duplication of labeling for agvet chemicals, we outlined both our concerns regarding the implementation of the precautionary principle and the costs of the unnecessary duplication of the labeling laws for Agvet chemicals. Below is an excerpt of our submission to the review, the situation outlined below clearly illustrates a situation where the regulation and therefore costs imposed far outweighs any identified risk.

*Reducing duplication of regulation and legislation, which impacts on agriculture has become a key focus of the Federal Government. However, the planned January 2017 implementation of Safe Work Australia (SWA) Model WHS Regulations 2011 will impose considerable extra regulatory costs on the agriculture sector and ultimately be paid for by farmers.*

*SWA and the Department of Employment have continued to promote their perception that there is a need for additional “precautionary principle” based hazard warning labels to be placed on all agricultural chemicals, regardless of use patterns, use restrictions or even whether the product formulation itself reduces risks.*

*It is estimated that the imposition of these additional (and unnecessary) labeling requirements will cost the agriculture sector more than \$55 million, costs which will be borne ultimately by farmers.*

*SWA and the Department of Employment have thus far refused to recognise the rigor of the APVMA registration and labeling system, instead pushing ahead to impose an additional and in many cases scientifically inferior hazard identification and labeling system with no evidence or either need or benefit.<sup>1</sup>*

- GPA supports better coordination and simplification of regulations impacting on agriculture

The Commission has created the basis for a national conversation about unnecessary regulation and where regulation review priorities need to be. Where a national regulation covers a particular area of risk management it should not be necessary for a State to introduce additional or competing regulation. The current lack of consistency between states and in some cases at a state level between jurisdictions causes unnecessary complexity for compliance and cost.

The lack of accountability when departments implement duplicative regulation or regulation which undermines national regulations is an issue that needs to be addressed.

- The recommendations for review of biosecurity regulation

The GPA supports the Commissions statement regarding the lack of coordination between jurisdictions and the need to break down the silos. The GPA also strongly supports the need to set the priorities for the national investment on biosecurity. We would agree that clearer national leadership would improve the Australian biosecurity system. There is also need to recognise that in order to achieve a truly effective national biosecurity system there may be need to introduce rather than remove some regulation.

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<sup>1</sup> A full copy of our submission to the Deloitte review of agvet chemical labeling has been provided as an attachment.

Whilst the GPA broadly supports the report we do have concerns regarding some of the preconceptions underlying the report. It appears in some key areas within the paper there is an underlying premise that only with the removal of regulation can productivity gains be achieved. Whilst in some cases the removal of regulation will achieve a reduction in costs for farmers due to the removal of unnecessary red tape and the associated compliance costs, in some cases the only way to achieve better efficiency is to improve the regulation or to broaden its application.

In some cases it is far more efficient to have clearly defined, prescriptive requirements, which limit the confusion and provide clarity regarding regulatory requirements. It may also mean a more consistent oversight by regulatory agencies

For example; Grain Producers Australia have consistently supported the need for a mandatory stocks reporting system backed up by legislation. A voluntary system has been trialed but due to its limited scope and the lack of cooperation by companies with a vested interest in maintaining sole access to the information, it was not successful.

Unfortunately too often actions, which should fall into the category of industry good fail because of the competing need to utilise information for individual company power and profit. The estimated cost to the broader grains industry of not having a transparent stock reporting system has been estimated at \$20 per tonne in lost market opportunities.

Without a more transparent and accurate understanding of stocks availability and movement actions required to manage a biosecurity threat will be less effective. Currently the ABS collects data from growers on a yearly basis, however the time lag before this data is made available to the industry and the lack of location mapping means that it would not be of any assistance with regards management of a disease outbreak. A much more appropriate and effective stocks reporting system must be implemented.

We believe the information that must be kept would cover all major grains held in storage facilities with capacity greater than 5,000 tonne in the port zone. Updates provided at the end of each week during Harvest and Monthly thereafter. The information required would include grain type and segregation by milling and feed grade, some of this information would only be provided on a secure website for access by registered exporters.

- Transport regulations

The GPA supports the concerns raised by the Commission regarding:

- The inconsistent heavy vehicle regulations,
- The road access restrictions,

- The processing time and cost for the permits, and
- The restrictions on moving agricultural machinery.

There is a need for a national focus from regulators to act to streamline inconsistent road rules between jurisdictions. In many cases the

Generally the GPA supports a risk based regulatory structure where generalised regulation is used rather than prescriptive regulation. It is important that some regulations are reviewed and potentially removed, in the case of some of the road access requirements the regulation is clearly disproportionate to the risk posed.

- Biosecurity

Whilst on the face of it current trespass laws should be sufficient, in practice the unwillingness of police and state prosecutors to appropriately charge those who trespass on farms with the intent to cause damage. In addition to a more consistent approach to charging and prosecuting those who trespass on farm, there is a need to consider whether the drafting of legislation and regulation which create and then protect farm biosecurity zones would provide the protection some farming industries are seeking.

- Right to farm

Farmers should have the right to act within the bounds of good agricultural practice without non-farmers being able to stop legitimate farming practices.

- Native vegetation removal

The GPA agrees there is need to ensure better clarity regarding Native veg and biodiversity conservation, we support the need for recognition of the costs imposed on farmers of locking up and leaving parcels of land, the ongoing management costs and the perverse outcomes that occur when stifling laws are imposed.

Weed and pest management and the associated costs are willingly carried out by most farmers as part of their commitment to manage their land and improve productivity, and we support the development of a more appropriate way of providing regulatory support to ensure actions are taken and supported or enforced as necessary. We agree a more effective balance between weed and pest management and native vege/environmental outcomes is needed.

- Export certification

The return to full cost recovery has substantially increased the costs to the export industries. Ultimately increasing the charges paid by farmers. The GPA is disappointed the report does not provide any recommendations.

- Gluten free labeling

All labeling needs to be risk based, science based evidence, consistently measurable, and able to be applied to imported products.

- Foreign Ownership

At present there is a grain industry review being undertaken to look at the competition laws within Australia. GPA believes this review will provide greater evidence to support policy development regarding foreign ownership.

Currently there are concerns within the grains industry, relating to the inadequacy of competition law, which are impacting the general support for further foreign investment. In particular GPA, is looking at the requirement for a grains industry specific regulatory framework to support true transparency within the grains supply chain.

The GPA also believes there needs to be a broader open discussion regarding foreign investment to reassure producers there are systems in place to ensure foreign ownership and investment comes with an expectation of good Australian citizenship. For example; that foreign investment and ownership will not reduce the level of grains research levies and funding for other industry good actions through complicated tax structures/tax avoidance mechanisms.

In conclusion, the GPA support the Commission's statements regarding the overall support for regulatory processes but agree with the concerns raised about the lack of consistency in regulation setting processes and the missed opportunity in particular to utilise regulatory impact assessment (RIA) processes as an analytical tool to support the quality of regulation making.

We support the Commissions statements outlining their concerns regarding the need for greater rigor in the overall processes used to develop and set regulation regulatory impact assessment processes. We support the Commissions concerns about the misuse of RIA processes and the unwillingness of jurisdictions to actively use best practice principles to oversee regulation. We support the Commissions proposed approaches to making RIA more accountable.

The proposition that the RIA processes should engage with stakeholders more systematically to help ensure regulatory costs are more appropriately assessed, including a more appropriate weighting of the opinions of stakeholders. Those who will be paying the regulatory costs in particular need to be engaged earlier and throughout the process.

GPA would also argue that whilst broad stakeholder consultation is important and leads to better regulatory outcomes. We look forward to further discussions with the Productivity Commission to ensure the work undertaken to produce the report translates into actions, which provide real benefit to agriculture.