Submission on Draft Report on Regulation of Australian Agriculture

Introduction

The government has set itself the objective of removing unnecessary regulatory burden on Australian farm businesses. In deciding what is unnecessary, the Productivity Commission needs to also examine why those regulations have been put in place and whether they can achieve the ends to which they have been enacted. I see that this point is addressed in Section 1 of your overview.

My particular interests are in:

1. Animal welfare, especially in the context of the international trade in live animals for human consumption;
2. Genetically modified crops, their restrictions on their growing, and requirements for labelling;
3. Water resource allocation; and
4. Biodiversity and the environment in general, particularly in the context of land clearing of native vegetation.

Any examination of the costs to the community of regulations must look also at costs to the rest of the community of not regulating or not enforcing regulations.

There are issues relating to consumer expectations of agriculture and its outputs and there are issues with consumer confidence if these expectations are not met or else deceit is uncovered later on. Is the relationship with consumers an externality for farmers or is it a key part of their product ?

1. Live Export of Cattle and Sheep

You write in Section 3 of the Overview – "In other cases, assessing the effectiveness of regulation was difficult because the objectives are unclear or conflicting. …..In the area of animal welfare regulation, the objectives are unclear because they are tied to community expectations, and these are not well understood or articulated..... The lack of understanding and agreement about what community expectations are has also contributed to conflicts in the development of animal welfare standards and guidelines, particularly between industry and animal welfare groups."

While it is generally agreed that there must be a balance between animal welfare and economic development, community expectations place the balance in a different place to that of those within the industry. To date this has been resolved by pretending that expectations are being met and covering up of evidence to the contrary. This leads to a loss of confidence in the industry.

I contend that there must be minimum standards for animal welfare and sanctions if these are breached. In addition, there must be adequate independent monitoring and public access to this information.

The Exporter Supply Chain Assurance System (ESCAS) seems not to be working. Either the government/industry monitoring is not effective or the results are suppressed and unreported. There seems to be inadequate incentive for foreign meat processing works to meet these standards. The recently released film from Viet Nam indicates this. That "animal activists" have to enter foreign abattoirs to film events to obtain proof, shows that action by the government does not happen unless the public sees pictures of wrong behaviour. This does not inspire confidence within the community that the existing regulatory frameworks bring the desired results.

I agree with you that: "It is critical that the community has confidence in the system used to regulate live exports. Incidents of mistreatment of animals in facilities that are within the purview of the

ESCAS, and that are overseen by the Australian livestock industry, reduce community confidence in the trade and the regulator's effectiveness." I would contend that the solution does not require the cover-up of failures to comply with community expectations.

http://www.theaustralian.com.au/national-affairs/coalition-dumps-live-animal-exports-watchdog-as-new-cruelty-claims-emerge/story-fn59niix-1226750557990

Prior to their arrival overseas, welfare of animals is more under Australian control. Yet there have been failures here, too. Animals getting sick or dying on board a ship can be a reputational issue for the quality of the export. If this information does not lead to improved conditions, cost cutting by one carrier or exporter will ultimately have along term and lasting cost to all exporters.

http://www.theaustralian.com.au/national-affairs/vet-worried-about-dodgy-inspections-of-live-exports/story-fn59niix-1226093400993
http://www.northernstar.com.au/news/haunted-by-cruel-live-trade-ballina/868940/
https://www.theguardian.com/world/2014/jan/17/thousands-exported-sheep-died-heat
https://www.theguardian.com/world/2016/jan/10/live-export-sheep-and-cattle-die-on-ship-stranded-in-perth-for-10-days
http://www.abc.net.au/news/2013-10-30/new-footage-puts-live-export-industry-back-in-the-spotlight/5059060

Under Food Regulation you refer to the success in making a definition of what density is "free range." However, this new standard for "free range" eggs of 10,000 birds per hectare is more dense than most people would regard as "free range". Choice suggested that another interpretation of the CSIRO Model Code was a density of just 1,500 birds per hectare.

https://www.choice.com.au/food-and-drink/meat-fish-and-eggs/eggs/articles/what-free-range-eggs-meet-the-model-code

People are now asking suppliers about what their actual stocking rate is and ignoring the "free range" label. The standard in the regulation has deceived rather than enlightened consumers.

2. Genetically Modified Crops

Under Section 3 of the Overview you question the objectives of regulation of genetically modified organisms (GMO) for marketing purposes "when there is evidence that industry (both in states without regulatory restrictions and internationally) can successfully manage the co-existence of GM and non-GM products."

The public would like to know what is in their food and how and where it is grown. To deny them this information suggests that there is something to hide. Consumers would like the opportunity to make a choice and both organic and non-GM farmers would like to farm free of GM contamination. If GM costs more, then people can make their own choice about whether they want to pay a premium price for this.

That people growing non-GM crops can be sued for use of the seeds from their own crops (if contamination exceeds 1% according to Monsanto), when these have been contaminated by pollen from neighbouring GM fields seems incredible. That "organic" farmers can lose their certification and income through unwanted GM contamination, with no legal recourse to compensation, also seems incredible.

http://www.theaustralian.com.au/news/nation/west-australian-organic-farmer-loses-court-fight-against-gm-neighbour/story-e6frg6nf-1226934753825
https://www.rt.com/usa/monsanto-patents-sue-farmers-547/

http://www.huffingtonpost.com/2013/06/10/monsanto-wins-lawsuit_n_3417081.html

Even if GM crops are safe, I would like to be able to choose what I buy.

I am concerned about food labelling for all products. So much is vague, uses words that people think they understand (such as "Light" – light what – colour, salt, fat, sugar, taste, density ?), but which actually have no legally enforceable meaning ("Goodness"). Country of origin labelling does not say what in a product is imported or from where (eg "made from local and imported ingredients").

People with restricted diets due to a medical condition need to know what is safe for them to eat. What we have now are vague statements on the labels that imply that the product "might" have the problem ingredient, but you have to make your own judgment and take your own chance at the risk.

3. Water Resource Allocation

I contend that water is owned by the nation as a whole and the nation, through agreement between its governments, should decide how best to allocate that water for the best results (a sustainable balance between environmental, social, and economic needs). That upstream communities can use a lot of water for low value-add activities (eg watering grass for cattle to eat) seems wasteful, given that another community downstream might have a more productive use (fruit and vegetables or domestic supplies for city service workers). All should have equal access to bid for a share of that water. In addition, if we over-allocate water for economic purposes at the expense of the environment, we can kill the rivers and then the polluted water that remains is unusable until the environment recovers, perhaps years later.

I am still waiting for the Productivity Commission to put a value against the services the environment provides the nation (cleaning of air and water, prevention of floods, sequestering of carbon, pollination of crops, services to bee keepers for honey production, etc) so the environment can show a return on investment for the water we "allow" it to use.

I like the idea of water markets, which you say: "allow surface water to be traded to its highest value uses." I also agree of the need to consider "ground water and the interception of overland flows on farms." Around the world the surface and "fossil" water resources are overcommitted and we have to make the best use of these limited resources. I would contend that we are removing fossil water faster than it can be recharged.

4. Land Clearing

The true measure of whether regulation is working here would be in the outcomes. Do we have improvements to bio-diversity, is the productivity of our soils improving, and is the nation being revegetated to recover from historic land clearing ? Have we suppressed floods adequately through vegetation that holds the soil together and slows water flows ? We might also look at the long term situation regarding value extracted from land before it can no longer support agricultural production. In some areas we are mining our soils and then we have to subsidise those farmers to restore those environments when the soils no longer produce crops.

On page 15 under Environmental Regulation you say "Farmers have an incentive to conserve the environment where doing so provides a net benefit to their business." I would contend that desperate times cause a shorter term focus.

My own family went to the Mallee area of Victoria in the 1870s and cleared the land to become wheat farmers. The land was marginal, but it was all they could get. The land was unproductive and, on occasion, the children were found begging for food in the town. Not all land should be cleared and

desperate farmers (like all businesses) will cut back on maintenance if income is squeezed. Ultimately they will walk off the damaged land and leave it to the tax payer to shoulder the burden of rehabilitation.

In Section 3 of the Overview you say: "In other cases, assessing the effectiveness of regulation was difficult because the objectives are unclear or conflicting. Areas of particular concern are land use and environmental regulation. For example, some states' native vegetation laws outline social and economic interests alongside environmental interests, but also aim to improve native vegetation (with an absence of guidance on how decision makers should weigh the objectives)."

I like your suggestion that governments should be: "buying environmental services (such as native vegetation retention and management) from landholders." This should not be as an alternative to ensuring landholders are required to maintain minimum standards in their land management.

Draft Finds and Recommendations

I would like to make comments on some of the draft findings and recommendations.

In your **Draft Finding 2.2**, you say: "Regulation and policies aimed at preserving agricultural land *per se* can prevent land from being put to its highest value use. A right of veto by agricultural landholders over resource development would arbitrarily transfer property rights from the community as a whole to individual landholders."

Let us talk actual cases. It is about crop and pasture farmers versus coal seam gas miners. The government and the law say they can coexist, the farmers say they cannot. The issues are about pollution to or excessive use of water supplies and degradation of the land. The farmers say they do not wish to lose their land and the miners say they only want access to a bit of it. Neighbouring farmers say if the aquifers are damaged by too much water being removed or pollution introduced, then their livelihoods are at stake. We have seen this problem overseas, but the courts and the government here say that there is no proof of problems (yet). No one seems ready to do the research if it might show a problem.

In your **Draft Recommendation 3.2**: "the Australian, state and territory governments should continue to develop market-based approaches to native vegetation and biodiversity conservation. Where the community is seeking particular environmental outcomes, governments could achieve them by buying environmental services (such as native vegetation retention and management) from existing landholders." The current approach is to punish land users if they do bad things, while the new approach is to reward them if they do good things. The trend will be to do bad things if there is money in it and only do good things if they get paid. It is a race to the bottom and opens the way to blackmail. Imagine if criminal law worked that way !

In **Draft Recommendation 5.1,** I agree that science should play a role in animal welfare, not just on farms, but also in the transportation and processing of food animals. The issue then is how transparent the research process will be and how much the community will be able to provide input and review results of that research. Even with science there will still be value judgments made by governments and these need to take into account community expectations. It is not so much about how to keep animals alive until they can be sold, but the conditions under which they will live and die.

This is leading to **Draft Recommendation 5.2** in that if there are animal welfare standards then they must be enforced by a disinterested party. This cannot be the government departments charged with promoting agriculture nor can the staff be paid by the industry they are overseeing. The governments and industry seem to have a vested interest in covering up any failures. I do not have confidence in

industry quality assurance, given that failures in existing systems have only been revealed by outsiders with hidden cameras.

Draft Finding 6.1 mentions the successful coexistence of GM and non-GM crops, which I think is taking it a bit far, given the legal issues for non-GM and organic farmers whose crops or soil are polluted. The other issue is that scientific research that is not sponsored by the GM seed promoters is not necessarily well funded, nor does it look at a wide range of issues over a long period of time. There are issues for biodiversity in terms of pollinators and soil bacteria. There have been accounts of lower bird populations, development of super weeds, and the cross over of GM genes into similar native plant species. If you do not look for problems, you will not find them. The economic benefits from GM crops have mainly been to the seed sellers who now have a monopoly, especially if the next generation of seeds grown from the crops is infertile.

Recommendation 6.1. I believe that all the information on GM benefits and safety should be released and, after community consultation, any inadequate investigations can be reviewed and improved. Until then, I think the moratoriums should not be lifted.

Information Request 7.1 raises the issue of "Biosecurity" relating to farm trespass. I can see the issue with transmission of pathogens between agricutural regions and between farms needs to be controlled. However, some people may use this argument as a way to stop those who would enter farms to find evidence of activities that are against the law or against regulations.

Draft Recommendation 8.5 proposes improving the competition for coastal shipping in Australia. Given that international shipping often involves flags of convenience, poorly maintained vessels, understaffing, and underpaid crew, do we really want more of this in Australia ? Will we just have more ships running aground on the Great Barrier Reef ? This is an externality that tax payers will have to fund not the farmers shipping produce.

Information Request 9.1 The public want better food labelling standards, not fewer standards with less information in them. This labelling desire would even be so if it cost more to buy the products. The suggestion in this information request is not a viable option.

Draft Recommendation 9.1 Detailed GM Labelling is wanted by the population.

Draft Recommendation 9.2 Gluten Free Labelling is of vital importance to those who have this intolerance. It would be good to have scientific evidence and better labelling than suggestions on every product that there *might* be gluten present.