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- 8 SEP 2015

Mr Paul Lindwall
Presiding Commissioner
Productivity Commission
Level 12, 530 Collins Street
MELBOURNE VIC 3000

Paul
Dear Commissioner

Please find attached the Tasmanian Government submission to the Australian Productivity Commission inquiry into the Regulation of Agriculture.

Yours sincerely

Jeremy
Jeremy Rockliff MP
Deputy Premier
Minister for Primary Industries and Water

Tasmanian Government Submission

Australian Productivity Commission
Draft Report into Regulation of Australian Agriculture

Opening Comment

This submission focuses on the findings and recommendations in the Productivity Commission's Draft Report into Regulation of Australian Agriculture (the Draft Report) that are of relevance to Tasmania. Where the Tasmanian Government has no comment, the chapter, recommendation or information request have been omitted from the submission.

The Tasmanian Government's AgriVision 2050 Policy aims to grow the value of the primary industry sector to 10 billion dollars per annum by 2050. Hand in hand with this is also a commitment to reduce unnecessary regulatory burden within the agriculture sector by cutting a number of identified red tape priorities.

The Draft Report is welcomed and implementation of many of the recommendations will further assist Tasmania in growing wealth and prosperity in the agriculture sector.

CHAPTER 2: LAND USE REGULATION

Comments in relation Draft Findings and Information Requests

Comments in relation to:

DRAFT FINDING 2.2 - 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.

The Tasmanian Government notes this finding. Tasmania notes that generally, mechanisms that provide for access to land for resource exploration and extraction, using appropriate licences and leases, are necessary to allow sustainable management of, and access to, the State's resources.

In 2015 the Tasmanian Government introduced a five year moratorium on the mining practice of hydraulic fracturing, known as fracking purposes of hydrocarbon resource extraction. This policy is based on the uncertainty around both resource availability and potential negative impacts on Tasmania's agriculture and food sector. The moratorium is precautionary approach given the Government's strong policy position to grow the value of agriculture to \$10 billion by 2050. During the moratorium the Government is continuing to monitor developments in policy, scientific understanding of fracking practices, environmental and public health issues and energy and market developments.

Comments in relation to:

INFORMATION REQUEST 2.1 - What are the advantages and disadvantages of 'right to farm' legislation? Are there any other measures that could improve the resolution of conflicts between agricultural and residential land uses?

As the Draft Report notes, Tasmania is the only jurisdiction in Australia that has 'right to farm' legislation, the *Primary Industry Activities Protection Act 1995* (the 'PIAP Act').

The PIAP Act is in place to protect Tasmania's farmers in rare circumstances where the best efforts of planners and local governments are not enough to prevent land use conflict. It ensures that an individual, who may remain aggrieved despite all reasonable efforts of the local government, planning and other authorities to resolve the conflict, cannot continue to unilaterally harass their farming neighbour through a common law action under nuisance. Because it operates as a passive defence, the PIAP Act does not impose a regulatory burden on anyone.

The Tasmanian Government, through the Department of Primary Industries, Parks Water and Environment (DPIPWE), conducted a comprehensive review of the PIAP Act in 2014 which included an examination of alternative approaches to reducing land use conflict between primary producers and their neighbours.

Based on the findings of the review, the Tasmanian Government has drafted amendments to clarify and simplify the PIAP Act and extend its protections to farm forestry activities on private land. The Bill passed the Tasmanian Legislative Council in August 2016.

Tasmania has a highly dispersed settlement pattern, and farms are on average small by Australian standards, so there are significant numbers of small land holdings in the peri-urban context that often are engaged in, or adjacent to, primary industry enterprises. This increases the potential for conflict between farming and non-farming neighbours.

Tasmania's 'right to farm' legislation is only one of the regulatory mechanisms through which the Tasmania Government seeks to protect agricultural activities from encroachment. The new Tasmanian Planning Scheme is being designed to protect the right to farm in Tasmania's key agricultural areas and avoid conflicts with other uses such as housing.

The Tasmanian Government appreciates that the best way for primary producers and their neighbours to minimise conflict is for them to communicate and negotiate openly and often, in good faith. DPIPWE is developing a suite of online resources specifically to support new and small landholders. This will be accompanied by a campaign to raise awareness amongst rural property purchasers of the PIAP Act and its implications for them as neighbours.

2.6 Planning, zoning and development assessment

The Tasmania Government notes that there is no specific recommendation in relation to planning, zoning and development assessment, but that the Productivity Commission identifies principles for reform, including fit for purpose and implementing outcomes-based regulation.

The Tasmanian Government is in the process of introducing a single Tasmanian Planning Scheme (TPS) with consistent state-wide planning controls to replace the current interim planning schemes that are in operation across the State. The TPS will avoid many of the issues identified in the various submissions to the Productivity Commission's inquiry concerning:

- the unnecessary complexity of regulation and processes;
- the prescriptiveness and over-restrictiveness of regulation;
- the time and cost associated with development assessment processes; and
- poorly designed or targeted regulations.

Unnecessary complexity of regulation and processes / Prescriptiveness and over-restrictiveness of regulation

The TPS will address current inconsistencies between council controls and remove significant barriers to investment for farmers through:

- consistent planning requirements for agriculture across Tasmania, avoiding the confusion and variation that currently exists;
- significant exemptions from the need to gain planning approval for agricultural buildings and works;
- the reduction of setbacks for agricultural buildings, such as sheds, to ensure that land is not sterilised by the need to put a shed in the middle of a paddock;
- consistent application of two zones across the State to support farming activities, the Rural Zone and Agriculture Zone;
- protecting the right to farm in Tasmania's key agricultural areas and avoiding conflicts with other uses such as housing;
- providing a clear delineation between the Rural Zones and the Rural Living Zone ensuring rural lifestyle developments avoid conflict with farming activities;
- contemporary and practical planning rules, in particular the recognition that land size is not necessarily the key to successful agricultural industries;
- a clear pathway for the construction of polytunnels on prime agricultural land ensuring that important industries which require them are not restricted; and
- clear exemptions from planning Codes, such as Natural Assets and Scenic Protection Codes, to allow existing industries to continue to operate without the need to seek planning approval.

In relation to zones, there are currently differences in zone application and zone use across the State. In future, key agricultural areas will be protected through application of the Agriculture Zone and through the removal of barriers to other activities in other rural areas through application of the Rural Zone. The application of these two zones will better reflect existing circumstances and provide for a diversity of industries and business in rural areas. Steps are also being taken to reduce the number of decisions required by providing exemptions or 'No Permit required' for most agricultural activity (discussed below).

Time and cost associated with development assessment processes

A series of legislative amendments in 2014 resulted in changes which made the planning approval process more efficient. The changes included the introduction of a streamlined process for amending planning schemes, replacing the previous dispensation process, and a shorter timeframe of 28 rather than 42 days for permitted use and development approvals. The timeframe for additional information requests to applicants was also reduced to 14 days. Other changes included allowing planning authorities to extend permits by another two years, and clearer provisions for where minor amendments to permits can occur.

The most recent data provided by local councils highlights that processing timeframes for development applications continue to be among the best in the nation. The average assessment time was 29 days, which is well within the statutory requirement of 42 days and compares favourably with results achieved in previous years.

The TPS will further improve the efficiency of development assessment and approval processes. Once it is in place, the Government intends to reduce the timeframe for assessing permitted use and development to 21 days. A single set of procedures and documents will also be developed for all applications and permits to support the new Scheme.

Poorly designed or targeted regulations

In Tasmania's planning system, the use and development of rural land is administered through the *Protection of Agricultural Land Policy* (PAL Policy), which is applied through zoning and planning provisions in planning schemes.

The PAL Policy provides strategic planning principles to conserve and protect agricultural land so that it remains available for the sustainable development of agriculture, recognising the particular importance of prime agricultural land. Sustainable development of agriculture is protected by minimising conflict with, or interference from, other land uses and non-agricultural use or development on agricultural land that precludes the return of that land to agricultural use. However, while the PAL Policy protects prime agricultural land it also provides the flexibility to support development, unlike the Queensland approach described on page 87 of the Draft Report.

Tasmania's reforms have been driven by the policy intent to reduce regulation and the imposition of urban values and expectations, especially residential amenity considerations, in rural zones. Amenity is 'recalibrated' according to the zone with different amenity thresholds for different zones, depending on what the primary purpose is. In simple terms, this means that residential expectations in rural areas should not be the same as in suburbs.

This aim is carried through in a number of ways in the draft SPPs. Exemptions relating to fencing, dams, irrigation reticulation, and rural outbuildings have been customised to suit rural activity (e.g. size of machinery sheds, width of clearance along fence lines to allow access for tractors, etc.). The intent has been to reduce the number of decisions by providing exemptions or removing permit requirements for most agricultural activity, plus a reduction in applying other regulations that conflict with the primary purpose, such as the Natural Assets Code over farmland.

With respect to streamlining regulation and processes (discussed on page 88 of the Draft Report), and particularly the separation of development approvals for environmental activity from the planning process, the Tasmanian system fully integrates these two processes so there is only one application process.

The draft SPPs have an Attenuation Code that sets predetermined 'deemed to comply distances' for separating sensitive uses from intensive agriculture, and a performance based approach where those distances cannot be met. The *Tasmanian Bushfire-prone Areas Code* also provides for exemptions or different controls for farm buildings. An Interim Planning Directive, which took effect on 23 February 2016, introduced a new version of this code that contains fewer standards than formerly applied. New standards for habitable buildings in bushfire-prone areas, where necessary, are now delivered under the building regulatory framework.

As a general observation, the preferred approach to have 'Outcome based regulation' (also discussed on page 88 of the Draft Report) is somewhat contradictory to the desire for certainty. It is difficult to provide regulation that provides both unambiguous definitions and flexible interpretation.

The reforms to rural zones in Victoria (outlined in Box 2.11) are noted. The Tasmanian SPPs deliver on all of the points listed. Specifically, the 'recalibration' of the rural zone in Tasmania is intended to implement Principle 7 of the Tasmanian PAL Policy¹, which provides for the protection of non-prime agricultural land to be determined through the consideration of the significance of the land for agricultural use. Principle 7 is implemented through the strategic zoning of land, rather than through a heavy reliance on a case-by-case assessment of individual development applications in determining the significance of the land for agricultural use. A key aim of the recalibration is to create a zone that can broadly capture Tasmania's agricultural land and allow for a single zone to primarily 'ground' the PAL Policy for the protection of agricultural land (i.e. the Agriculture Zone).

CHAPTER 3: ENVIRONMENTAL REGULATIONS

The quality of Tasmania's environment and the sustainability of farming practices in the State are key values sought by consumers in many markets and underpin Tasmania's enviable reputation for quality in agricultural products. These values are supported by the Tasmanian Government through administration of the State's environmental regulations.

Comments in relation to Draft Recommendations:

Comments in relation to:

DRAFT RECOMMENDATION 3.1 - *The Australian, state and territory governments, in consultation with natural resource management organisations, should ensure that native vegetation and biodiversity conservation regulations:*

- *are risk based (so that landholders' obligations are proportionate to the impacts of their proposed actions)*
- *rely on assessments at the landscape scale, not just at the individual property scale*
- *consistently consider and balance economic, social and environmental factors.*

¹ Principle 7 provides that '*The protection of non-prime agricultural land from conversion to non-agricultural use will be determined through consideration of the local and regional significance of that land for agricultural use*'. State Policy on the Protection of Agricultural Land 2009.

The Tasmanian Government supports this recommendation.

Tasmania's long-established Resource Management Planning System provides the framework to ensure that policy and legislation consider economic, social and environmental objectives. Achieving a balance in these objectives requires careful consideration of the different values held across the community of interests.

Tasmanian controls on the removal of wildlife are risk-based and principally based on consideration of the conservation status of the species. The Tasmanian Government has introduced a risk-based process for access to permits to manage the impact of various wildlife species on crops, including deer. For common species such as wallabies and possums, farmers can readily access permits with low compliance and reporting requirements, reflecting the low risk profile that control of these species involves. The Tasmanian Government has also made significant investments in the development and extension of tools for farmers to use in order to control or negate the impact of wildlife on crops.

It should be noted that reference in the Draft Report to quotas for the removal of possums is an Australian Government requirement, as a precondition for trade in wildlife products.

Comments in relation to:

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 Tasmanian Government supports this recommendation.

The Tasmanian Government has participated in a number of successful market based approaches to conserving native vegetation and biodiversity often in partnership with the Australian Government. Environmental off-setting is also used independently and in conjunction with market based programs.

Comments in relation to:

DRAFT RECOMMENDATION 3.3 - The Australian, state and territory governments should review the way they engage with landholders about environmental regulations, and make necessary changes so that landholders are supported to understand the environmental regulations that affect them, and the actions required under those regulations. This would be facilitated by:

- recognising and recruiting the efforts and expertise of landholders and community-based natural resource management organisations*
- building the capability of, and landholders' trust in, environmental regulators.*

The Tasmanian Government supports this recommendation.

Many members of the community including primary producers are not always fully aware of the intricacies of environmental legislation. This reinforces the importance of governments and industry bodies in ensuring the law is accessible to the community.

The Tasmanian Government supports a number of initiatives to provide advice and information to landholders on biodiversity. These include web-based tools to assist with assessment of natural values and management of issues and mitigation of impacts: the Natural Values Atlas

(www.naturalvaluesatlas.tas.gov.au), the Threatened Fauna Adviser (http://www.fpa.tas.gov.au/fpa_services/planning_assistance/advisory_planning_tools), and the Threatened Species Link (<http://www.threatenedspecieslink.tas.gov.au>). Information tools for landholders on Tasmania's forest practices system, including land clearing is also available (http://www.fpa.tas.gov.au/forest_practices_system/information_for_landowners).

The Government also provides extension programs on weeds and soil management, and advice and assistance with managing native vegetation.

The Tasmanian Government facilitates natural resource management at a regional level and actively supports community-based natural resource management organisations.

General comments in relation to Chapter 3

Tasmania's principal environmental legislation (the *Environmental Management and Pollution Control Act 1994*) provides for both the State's Environment Protection Authority and municipal authorities to regulate pollution control on farms.

The first paragraph on page 101 of the Draft Report should be amended to reflect this shared responsibility. It is not clear why processors are included in the list of examples illustrating how pollution control legislation affects different farm businesses. On-farm composting, particularly on a commercial scale, may be a more relevant example of a potential odour source for which regulation may be appropriate.

Page 95 of the Draft Report refers to Tasmania introducing controls on clearing of native vegetation on private land in 2002. While this is true of restrictions on clearing of threatened native vegetation communities, which came into effect in 2002, other controls existed earlier with the signing of the Regional Forests Agreement in 1997.

With regard to Box 3.3, point 8 on page 96, the Tasmanian Government monitors reservation of native vegetation communities via the Permanent Native Forest Estate Policy, including the clearing and conversion of threatened native vegetation communities and reports reservation levels annually to the Tasmanian Parliament.

With regard to Box 3.4 on page 98, a reader might assume that broad scale clearing in the Tasmanian context is similar to that of mainland states. This comment concerning Tasmania could be edited to ensure the reader is aware that the clearance and conversion limits on native forest on private land in Tasmania are a maximum of 40 hectares per year / per property. It is also noted that under the Permanent Native Forest Estate Policy, clearance and conversion of native forest on public and private land for the purposes of undertaking Routine Management Activities, or for constructing or maintaining significant infrastructure, is permitted and not limited by statewide or forest community retention levels or property conversion limits.

It is noted that 'forestry' as such is out of scope of Draft Report, however these points regarding forestry and conversion of forest for agricultural purposes are relevant in that context.

The issue of deer management in Tasmania is sensitive with a range of strongly held views in the community. In Tasmania deer are managed strategically, taking into account their impacts

on agriculture and also their ability to be managed sustainably for hunting. Many landowners also receive an income from hunters who pay for access to private land to hunt deer.

The Tasmanian pollution control regulatory framework embodies sufficient flexibility to allow regulators to take a responsive, risk and evidence-based approach. A case is made on page 118 of the Draft Report that emissions modelling is unnecessary, however modelling can be an efficient mechanism for establishing appropriate risk-based environmental controls, and subsequent monitoring and reporting of emission control performance can be used to inform review of those settings.

CHAPTER 5: REGULATION OF FARM ANIMAL WELFARE

Comments in relation to:

DRAFT RECOMMENDATION 5.1 - The Australian Government should take responsibility for ensuring that scientific principles guide the development of farm animal welfare standards. To do this, an independent body tasked with developing national standards and guidelines for farm animal welfare should be established.

The body should be responsible for determining if new standards are required and, if so, for managing the regulatory impact assessment process for the proposed standards. It should include an animal science and community ethics advisory committee to provide independent evidence on animal welfare science and research on community values.

The Tasmanian Government does not support this recommendation. Tasmania supports the Commission's view that scientific principles and evidence based policy should guide the development of farm animal welfare standards and guidelines to provide rigour and balance. However, no case has been made to warrant additional regulatory bodies being established or that it would lead to improved farm animal welfare regulatory outcomes:

- The existing standards development process already includes independent input and coordination across jurisdictions via the forum of Animal Health Australia, and the Animal Welfare Taskgroup reporting to AGSOC and ultimately AGMIN; and
- States and territories are responsible for adopting the mandatory standards and voluntary guidelines to reflect contemporary scientific knowledge and community expectations for animal welfare. Importantly in Tasmania this regulatory process is well defined through the Animal Welfare Act 1993 (Tas).

Comments in relation to:

DRAFT RECOMMENDATION 5.2 - State and territory governments should review their monitoring and enforcement functions for farm animal welfare and make necessary changes so that:

- *there is separation between agriculture policy matters and farm animal welfare monitoring and enforcement functions*
- *a transparent process is in place for publicly reporting on monitoring and enforcement activities*
- *adequate resourcing is available to support an effective discharge of monitoring and enforcement activities.*

State and territory governments should also consider recognising industry quality assurance schemes as a means of achieving compliance with farm animal welfare standards where the scheme seeks to ensure compliance (at a minimum) with standards in law, and involves independent and transparent auditing arrangements.

The Tasmanian Government supports this recommendation, with the caveat that industry quality assurance schemes or programs must be appropriately accredited and audited by Government so that they meet the required standards.

General comments in relation to Chapter 5

The Tasmanian Government agrees with the Commission's view of the issues of balancing imprecise community views with industry tradition and commercial imperatives.

The Tasmanian Government considers that there is no alternative to government that can be truly described as an independent arbiter in relation to the regulation of animal welfare.

CHAPTER 6: REGULATION OF TECHNOLOGIES AND AGRICULTURAL AND VETERINARY CHEMICALS

Comments in relation to Draft Findings and Recommendations:

Comments in relation to:

DRAFT FINDING 6.1 - There is no economic or health and safety justification for banning the cultivation of genetically modified (GM) organisms.

- *The Office of the Gene Technology Regulator (OGTR) and Food Standards Australia New Zealand (FSANZ) assess GM organisms and foods for their effect on health, safety and the environment. Scientific evidence indicates that GM organisms and foods approved by the OGTR and FSANZ are no less safe than their non-GM counterparts.*
- *The successful coexistence of GM and non-GM crops is possible and has been demonstrated both in Australia and overseas. This means that if there are any market access or trade benefits (including price premiums for non-GM products), they would be achieved regardless of whether GM crops were in the market.*

DRAFT RECOMMENDATION 6.1 - The New South Wales, South Australian, Western Australian, Tasmanian and Australian Capital Territory governments should remove their moratoria (prohibitions) on genetically modified crops. All state and territory governments should also repeal the legislation that imposes or gives them powers to impose moratoria on the cultivation of genetically modified organisms by 2018.

The removal of the moratoria and repeal of the relevant legislation should be accompanied by the provision of accurate information about the risks and benefits to the Australian community from genetic modification technologies. State and territory governments, the Office of the Gene Technology Regulator and Food Standards Australia New Zealand should actively coordinate the provision of this information.

The Tasmanian Government does not support this recommendation, in the context of Tasmania removing its GMO moratorium.

Tasmania has since 2001 maintained a moratorium for marketing purposes on the commercial release of GMOs into the environment. The current policy and legislative framework on GMOs was developed through extensive public consultation and is subject to regular review that includes public consultation, with the results made publicly available.

Tasmania's *Genetically Modified Organisms Control Act 2004* provides for the whole or any part of Tasmania to be declared a GMO free area for the purpose of preserving the identity of non-GM crops and animals for marketing purposes. On 31 October 2005, the State was declared a GMO-free area with the aim of positioning the State in the global marketplace as a producer of food that is genuinely GM-free.

A review of the GMO moratorium in 2013 found that the State's GMO freedom may serve as a hedge against potential future shifts in consumer sentiment and buying behaviour. In August 2014, the Tasmanian Government extended the moratorium on GMOs for a further five years until November 2019. The five-year moratorium provides certainty to industry to further develop markets for Tasmania's GM-free products and protects the State's brand.

The Tasmanian Government does not dispute the weight of scientific evidence concerning the safety of GM organisms and foods, or the Productivity Commission's draft finding that there is no health and safety justification for banning the cultivation of GM crops.

The Tasmanian brand is built on Tasmania's premium quality, 'clean and natural', cool climate and biosecurity attributes. The ability to grow food and other agricultural products in a GMO-free environment is an important component of the Tasmanian brand, particularly in relation to the booming premium food and beverage sector for which Tasmania is globally renowned.

Currently only some of Tasmania's food and agricultural products are marketed as Tasmanian, and only a minority of producers are choosing to use the GM-free attribute as part of their branding and marketing. However, removing the moratorium could have significant consequences for those businesses, and would result in Tasmania losing a significant point of difference at a time when there is increasing interest in food provenance.

The concern that Tasmania's GM-free commodities may not consistently command a premium price in interstate or overseas markets is only one relevant consideration. This is because the key benefit of the moratorium stems from *all* agricultural producers, food and beverage manufacturers and the tourism sector having access to the benefits of brand differentiation.

The Tasmanian Government appreciates that there is the potential for rapid advances in GM technologies, which is why it is actively monitoring developments in technologies, markets and consumer sentiment. An environmental scan completed by DPIPW in 2015 found that although there were rapid advancements in GM technologies, none warranted a review of the moratorium. Conversely, there continues to be strong support for continuing the moratorium because of its benefits to branding and marketing.

Can GM and non-GM production systems co-exist?

The Commission's Draft Report emphasises the potential for GM and non-GM production systems to co-exist, yet the report provides case studies illustrating the difficulty in avoiding cross-contamination in the field and during processing. Furthermore, it asserts that "the ability for state and territory governments to impose moratoria should be based solely on a demonstrated market failure regarding the co-existence of GM and non-GM production systems" and cites several Australian examples of 'successful' co-existence as evidence that there is no market failure. However, these jurisdictions have had little choice but to accept a relatively high level of GM contamination in their non-GM production systems. This demonstrates the impracticality of ensuring genuine segregation between GM and non-GM production systems.

There are very few places in the world that retain genuinely GM-free production systems. Once reversed, this status cannot be re-instated. For this reason, the Tasmanian Government would need to be very sure that the benefits outweigh the costs before lifting the moratorium. It is worth noting that during the period in which the moratorium has been in place, Tasmania has increased its share of total Australian agricultural production despite producers in other states having access to GM technology.

Comments in relation to:

DRAFT RECOMMENDATION 6.3 - The Australian, state and territory governments should expedite the implementation of a national control-of-use regime for agricultural and veterinary chemicals (which includes increased harmonisation of off-label use provisions), with the aim of having the regime in place in all states and territories by the end of 2018.

The Government supports including off-label use provisions in agricultural and veterinary (agvet) chemical reforms. Such reforms should enhance both access to chemicals and the agvet chemical regulatory framework.

The Tasmanian Government acknowledges that inconsistencies between jurisdictions do exist and that some of these are currently being addressed through COAG reforms. However, these reforms do not include harmonisation of off-label use provisions.

CHAPTER 7: BIOSECURITY

As no recommendation have been made concerning biosecurity the following general comments are provided.

The Tasmanian Government places a high level of importance on Biosecurity. Maintaining the states favourable bio secure status is of the upmost importance for our economy and environment.

Regarding Table 7.1 on page 267 of the Draft Report, the list of Tasmanian biosecurity legislation could be updated to include two additional Act of importance; the *Animal (Brands and Movements) Act 1994* and the *Animal Farming (Registration) Act 1994*.

7.4 Regulatory issues raised about biosecurity

Tasmania supports the approach of the new *Biosecurity Act 2015* (Cwlth) but believes greater emphasis should be given to regional *consequences* in the Biosecurity Import Risk Analysis process as well as those factors described in the Draft Report.

CHAPTER 8: TRANSPORT

Comments in relation to:

DRAFT FINDING 8.1 - Despite the commencement of the Heavy Vehicle National Law and the establishment of the National Heavy Vehicle Regulator, there remain significant variations and inefficiencies in heavy vehicle regulation, including delays in processing road access permits.

This finding is noted. The Tasmanian Government is aware that some of these concerns exist within industry and is working with the regulator, local government road managers and industry to address these matters.

Comments in relation to:

DRAFT RECOMMENDATION 8.1 - States and territories that are participating in the Heavy Vehicle National Law should increase the number of routes that are gazetted for heavy vehicle access. Permits should only be required in locations where there are significant risks to public safety or infrastructure that must be managed on a case-by-case basis.

There are arrangements in South Australia to allow road users to propose and undertake road route assessments for gazettal, and in Queensland to fund road assessments and gazettals on both state and local roads. These arrangements should be considered for adoption in other jurisdictions or expansion in respective states.

This recommendation is noted. With regard to implementing access arrangements in Tasmania, the following context is provided for the Commission's information.

Significant components of the Tasmanian road network (comprising both state and local government owned and managed networks), such as bridges and culverts, were not designed to carry the masses presented by the current Over Size Over Mass (OSOM) vehicle fleet. As a result, in Tasmania a key task in these reforms has been the development of a system that maximises vehicle access while managing the risk to road networks, and minimising the administrative burden to heavy vehicle operators and road managers.

In the 2015-16 State Budget, the Tasmanian Government provided \$1.7 million to assist local councils to assess their road networks. This work has resulted in a series of strategic road networks being placed on an on-line Notice. This allows the majority of OSOM vehicle movements in the state to occur without the need for a permit. It is expected that, over time, access to networks will increase, further reducing the need for permits.

Tasmania is the first jurisdiction to introduce access arrangements for OSOM vehicles, where networks are determined using a comprehensive vehicle classification framework, and which take into account the vehicle's potential impact on infrastructure and safety.

Comments in relation to:

DRAFT RECOMMENDATION 8.2 - The Australian, state and territory governments should pursue road reforms to improve the efficiency of road infrastructure investment and use, particularly through the introduction of road-user charging for selected roads, the creation of Road Funds, and the hypothecation of revenues in a way that incentivises the efficient supply of roads.

The Tasmanian Government notes the body of work in relation to road reforms being undertaken through the Transport and Infrastructure Council's National Heavy Vehicle Road Reform Working Group. The proposed Road Fund requires significant further analysis and should be considered in the context of a broader investigation of road reform for heavy vehicles.

Comments in relation to:

DRAFT RECOMMENDATION 8.3 - The National Heavy Vehicle Regulator, road managers, and relevant third parties (such as utilities and railway companies) should ensure that requirements for moving oversized agricultural machinery are proportionate to the risks involved. To achieve this they should, wherever possible, make greater use of gazettal notices or other exemptions for oversized agricultural machinery, and issue permits for oversized agricultural machinery that are valid for longer periods and/or for multiple journeys.

The Tasmanian Government is broadly supportive of the view that requirements for moving oversized agricultural machinery should be proportionate to the risks involved, and be administered as efficiently as possible. The extent to which such regulatory requirements require amendment is a matter for individual jurisdictions to determine, in the context of their specific circumstances, and with consideration of broader heavy vehicle access arrangements.

Comments in relation to:

DRAFT FINDING 8.2 - The road safety remuneration system (including the Road Safety Remuneration Tribunal) imposed costs on businesses, including farm businesses, without commensurate safety benefits and its abolition will reduce this burden.

While changes to the road safety remuneration system (including the abolition of the Road Safety Remuneration Tribunal) are matters for the Australian Government, the Tasmanian Government supports in-principle the reduction of unnecessary costs on businesses, including farm businesses.

Comments in relation to:

DRAFT RECOMMENDATION 8.4 - The Australian, state and territory governments should review the National Heavy Vehicle Regulator (NHVR) as part of the planned review of the national transport regulation reforms. The review should fully assess concerns over inefficiencies in heavy vehicle regulations, and identify ways in which new funds allocated following the abolition of the Road Safety Remuneration Tribunal could best be used by the NHVR to improve road safety in all states and territories.

The Tasmanian Government supports the continuous improvement of the National Heavy Vehicle Regulator and will continue to engage through the existing Transport and Infrastructure Council to achieve positive outcomes for the Tasmanian industry. The Government notes that the best

use of funds transferred to the National Heavy Vehicle Regulator following the abolition of the Road Safety Remuneration Tribunal, is a matter that will be considered through the Council process.

Comments in relation to:

DRAFT FINDING 8.3 - Privatisation of major ports has the potential to increase economic efficiency, provided appropriate processes are followed to ensure that the public interest is protected through structural separation, regulation or sale conditions. Increasing the sale price of ports by conferring monopoly rights on buyers is not in the public interest.

The Tasmanian Government does not support the privatisation of State-owned ports in Tasmania.

Given Tasmania's reliance on Bass Strait shipping for connections to interstate and international markets, continued access to the Port of Melbourne at fair and reasonable prices is critical to the Tasmanian agricultural sector, as well as to the Tasmanian economy more broadly. The Tasmanian Government is actively protecting the interests of Tasmanian businesses with respect to plans to privatise the Port of Melbourne. To this end the Government agrees with the Commission that appropriate processes must be followed to protect the public interest through any privatisation process.

Comments in relation to:

DRAFT RECOMMENDATION 8.5 - The Australian Government should amend coastal shipping laws by 2018 to substantially reduce barriers to entry for foreign vessels, in order to improve competition in coastal shipping services.

Reliable, cost-effective shipping connections across Bass Strait are critical to the Tasmanian economy, including the agricultural sector. Approximately 75 per cent of Tasmania's total food production by value is currently sold to interstate (50 per cent) or international (25 per cent) markets.

The Tasmanian Government will continue to work with the Australian Government to ensure that any changes to coastal trading arrangements support cost-competitive and sustainable shipping services for Tasmania. In this context, the maintenance of current freight equalisation assistance for Tasmanian shippers remains critical for Tasmanian businesses, including in the agricultural sector.

Comments in relation to:

DRAFT RECOMMENDATION 8.6 - Arrangements to support the biofuel industry — including excise arrangements and ethanol mandates — deliver negligible environmental benefits and impose unnecessary costs on farmers and the community. The Australian, New South Wales and Queensland Governments should remove these arrangements by the end of 2018.

This recommendation is supported in-principle, noting that the removal of ethanol mandates is an issue for individual jurisdictions. However, given the low take up of ethanol blend fuels by Australian consumers, and the absence of ethanol producers in Tasmania, implementation of this recommendation is likely to have little impact in Tasmania at this time.

The Tasmanian Government notes the reported comments by the Australian Forest Products Association regarding the Association's support for biofuels production more broadly.

CHAPTER 9: FOOD REGULATION

Comments in relation to:

INFORMATION REQUEST 9.2 - The Commission is seeking information on the costs and benefits of egg stamping relative to alternative traceability systems for eggs (such as labelling on egg cartons and requiring food businesses to keep records). Are there examples where the source of an outbreak of salmonellosis caused by eggs could not have been traced in the absence of egg stamping?

Tasmania's Director of Public Health has estimated that salmonella accounts for over 200 individual notifications of illness per year. In most of these cases, eggs are the suspected source.

Concerns over egg safety prompted Tasmania's Auditor-General to conduct a performance review of Tasmania's regulatory system for eggs in 2007. The Auditor-General determined that mandatory egg stamping was a simple, cost effective measure for egg food safety that was already operating successfully in other Australian and overseas jurisdictions. His report noted that some of Tasmania's egg producers were voluntarily stamping eggs.

With stamped eggs, product recalls can be properly targeted because the source of the problem (and the accuracy of the supply records of a food business) will usually be immediately identifiable from the product itself. This prevents further consumer exposure to the unsafe product and minimises costs to other producers who, without traceability, might be implicated in the incident.

Food Standards Australia New Zealand (FSANZ) reached the same conclusions on mandatory egg stamping as Tasmania's Auditor General. FSANZ found that egg stamping, along with producer accreditation and auditing, would deliver a net benefit of up to \$75 million per year to the Australian community, and would be likely to reduce deaths and illness associated with eggs.

Egg stamping is not expensive to implement. The costs of stamping have been investigated by FSANZ, which reviewed the evidence from Australia and overseas jurisdictions where mandatory stamping has been in place for many years. The compliance cost of stamping for a producer was found to be (on average) less than one cent per dozen eggs. This applies for large industrial producers using automated machinery, and for small backyard producers using a hand stamp.

There is also no significant time cost to producers associated with stamping. For industrial producers, stamping occurs during the automated packing and grading process. With small backyard producers, the eggs are stamped by hand as they are placed in cartons (a dozen eggs can be stamped by hand in around 10–20 seconds).

The Tasmanian Egg Food Safety Scheme achieves an appropriate balance between providing for food safety, including responses to egg-related foodborne illness, whilst also supporting smaller egg producers and hobbyists. A key objective of the Scheme is to have full enhanced traceability in case of an egg-borne food safety or biosecurity incident. The scheme differentiates the accreditation and stamping requirements between different scale producers. Non-commercial, "backyard" egg producers, who produce eggs on their property primarily for their own consumption, are fully exempt from the Scheme requirements. Further information is

available via: <http://dpiwwe.tas.gov.au/biosecurity/product-integrity/food-safety/eggs/egg-food-safety-scheme>

Food safety audits

The Tasmanian Government notes the concern consistently expressed by farm businesses about the cumulative burden of regulation. One of the factors correctly identified in the Draft Report as contributing to this cumulative burden is the requirement for producers to undergo both regulatory audits to verify compliance with domestic food safety requirements or export requirements, and commercial food audits required by customers such as supermarkets and other retailers. The proliferation in recent years of audits to satisfy commercial food safety and quality assurance requirements, and of the quality assurance industry that has grown to meet this demand, has come at a significant cost to producers in both time and money. However, when commenting on the burden of regulation, farmers often do not distinguish between the mandatory audits imposed through regulations and the quality assurance systems imposed by buyers.

While governments can and should continue to examine opportunities to streamline regulatory audits to minimise the burden on producers, there needs to be greater recognition of the high cost to producers from the lack of mutual recognition between commercial quality assurance systems, which often results in producers with more than one buyer having to undergo multiple audits to meet similar but incompatible standards. In this respect, the Tasmanian Government welcomes the efforts of the major supermarket retailers to develop the Harmonised Australian Retailer Producer Scheme highlighted in Box 9.9 of the Draft Report.

CHAPTER 10: LABOUR REGULATION

As no recommendation have been made in relation to Chapter 10 the following general comments are provided.

Although possibly outside the scope of the Productivity Commission's Inquiry, the Tasmanian Government welcomes the Australian Government's review of taxation arrangements for working holiday makers (visa sub-classes 417 and 462), including the so-called 'backpacker tax' reforms, superannuation arrangements and regulatory imposts on businesses.

Backpackers are a vital source of seasonal labour for Tasmania's horticultural industries, including the State's burgeoning fruit industry. The Tasmanian Government agrees that the review should examine the role that working holiday makers play in filling labour gaps within the agricultural industry, and supports a compromise that will ensure that Australia's taxation regime for working holiday makers is competitive with comparable countries such as New Zealand and Canada.

10.4 Work Health and Safety

The Tasmanian Government strongly supports work health and safety initiatives the agriculture sector.

The Tasmania Government's Safe Farming Tasmania Program is a joint initiative of WorkSafe Tasmania and DPIPWE aimed at reducing farm-work related death, injury and disease and improving the health and safety of workers in the farming industry. It focuses on raising awareness of farm safety issues, including packing and processing, and working with industry stakeholders to provide training and education on farm safety issues. The program is supported by a reference group that is broadly representative of industry stakeholders, including women, youth and contractors.

Safe Farming Tasmania Program recently produced a comprehensive guide, *Farming Safely in Tasmania*, aimed at farmers, farm owners and farm managers, as well as farm workers and families. The guide is designed to explain the legal obligations of farmers to provide a safe workplace for workers, contractors, visitors and family members, and to help farmers to implement a system to manage health and safety risks and reduce the likelihood of a farm-related death, injury or illness. It also provides practical guidance on managing hazards and tasks specific to farming workplaces, including links to more detailed information where appropriate.

CHAPTER 12: FOREIGN INVESTMENT IN AGRICULTURE

Comments in relation to:

DRAFT RECOMMENDATION 12.1 - The Australian Government should increase the screening thresholds for examination of foreign investments in agricultural land and agribusinesses by the Foreign Investment Review Board to \$252 million (indexed annually and not cumulative).

The Tasmanian Government notes the recommendation to increase the threshold for foreign investment in agricultural land to \$252 million before an examination of the investment by the Foreign Investment Review Board is required, and that if adopted, this would return the threshold to the previous benchmark in existence prior to December 2015 when it was reduced from \$252 million to \$15 million, and the threshold for agribusinesses was reduced from \$252 million to \$55 million.

The Tasmanian Government recognises that a positive environment that attracts foreign investment in agriculture is critical to Tasmania's future economic growth and prosperity. Tasmania is a small and somewhat isolated market that relies on foreign investment to bridge the gap in local and national investment.

Foreign investment in Tasmanian agriculture has been historically significant since colonisation with one of Australia's oldest farms, Van Diemen's Land Company, being established in 1825 by virtue of British investment. In 2013, the Tamar Valley Dairy was sold to New Zealand agribusiness Fonterra, which secured 122 jobs and preserved existing milk supply arrangements. Mitsubishi recently invested in Murray Goulburn's new milk dryer in Tasmania.

More recently, in March 2016, Moon Lake Investments Pty Ltd, 100 per cent owned by a Chinese national, acquired the substantial land and assets of Tasmanian Land Company Ltd (TLC) including the Van Diemen's Land Company; Australia's biggest dairy business. The proponents have publicly made strong commitments about future investment in expansion, growth and innovation in the future operations of the business, including productivity, new dairy farms and value-adding.

The Tasmanian Government is actively pursuing foreign investment opportunities in markets such as China and India. The Premier and Minister for State Growth have each led trade missions to China, and in 2014 the Government hosted the visit to Tasmania of the President of the People's Republic of China, Xi Jinping.

The Government has also established the Office of the Coordinator General to aggressively pursue investment opportunities and remove unreasonable barriers to investment.

Comments in relation to:

DRAFT RECOMMENDATION 12.2 - The Australian Government should set application fees for foreign investment proposals at the level that recovers the costs incurred by the Foreign Investment Review Board in reviewing proposals, and should closely monitor the fees to ensure no over- or under-recovery of costs.

The Tasmanian Government supports this recommendation, as well as the Commission's proposition that the current foreign investment fee structure is higher than cost recovery and more like a tax on foreign investment. In a market like Tasmania, the current fee structure could result in relatively small investment transactions, such as an agricultural land investment of just \$15 million, incurring a \$100,000 application fee.

Tasmania promotes itself internationally as a competitive environment for agriculture, highlighting the State's clean energy, abundance of water and high yielding agricultural land. It is imperative that our competitive platform is not eroded by the Federal Government imposing an artificial tax on foreign investment.

CHAPTER 13: EXPORT REGULATION

As no recommendation have been made in relation to Chapter 13 the following general comments are provided.

13.2: The regulatory burden of export certification

The regulation of export certification is a Commonwealth responsibility. To enable businesses to enter and maintain export markets, the Australian Government needs to maintain timely and efficient certification processes.

In the Tasmanian Government's view, the agricultural sector would be likely to benefit from greater coordination between the programs and sections of government responsible for export regulations and arrangements. For example, greater collaboration and coordination in the negotiation of market access (Department of Agriculture and Water Resources led), devising of export market promotion strategies (Austrade led), and regulation of domestic food standard and labelling, would provide greater clarity and certainty with regard to pathways to market, and be likely to contribute to a reduction in the regulatory burden on the sector.