# Regulation of Australian Agriculture

Productivity Commission Draft Report, July 2016

This is a draft report prepared for further public consultation and input. The Commission will finalise its report after these processes have taken place.

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Commonwealth of Australia 2016



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| The Productivity Commission |
| The Productivity Commission is the Australian Government’s independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.  The Commission’s independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.  Further information on the Productivity Commission can be obtained from the Commission’s website ([www.pc.gov.au](http://www.pc.gov.au/)). |
|  |

# Opportunity for further comment

You are invited to examine this draft and comment on it by written submission to the Productivity Commission, preferably in electronic format, by **Thursday 18 August 2016**. Further information on how to provide a submission is included on the inquiry website http://www.pc.gov.au/inquiries/current/agriculture.

The final report will be prepared after further submissions have been received and public hearings have been held, and will be forwarded to the Australian Government in November 2015. Under the *Productivity Commission Act 1998* (Cwlth), the Government is required to table the report in each House of the Parliament within 25 sitting days of receipt.

### Public hearing dates and venues

|  |  |  |
| --- | --- | --- |
| Location | Date | Venue |
| Perth, WA | 16 August 2016 | Mantra on Murray  305 Murray Street, Perth |
| Melbourne, Vic | 17 August 2016 | Productivity Commission  Level 12, 530 Collins St, Melbourne |
| Wagga Wagga, NSW | 18 August 2016 | Mercure Wagga Wagga  1 Morgan St, Wagga Wagga |
| Sydney, NSW | 19 August 2016 | Adina Apartment Hotel  359 Crown St, Surry Hills |
| Canberra, ACT | 22 August 2016 | Productivity Commission  Level 2, 15 Moore St, Canberra |
| Toowoomba, Qld | 23 August 2016 | Burke & Wills Hotel  554 Ruthven Street, Toowoomba |
| Brisbane, Qld | 24 August 2016 | Rendezvous Hotel Brisbane on George  103 George Street, Brisbane |
| Townsville, Qld | 25 August 2016 | Rydges Southbank Townsville  23 Palmer St, Townsville |

### Commissioners

For the purposes of this inquiry and draft report, in accordance with section 40 of the *Productivity Commission Act 1998* (Cwlth) the powers of the Productivity Commission have been exercised by:

|  |  |
| --- | --- |
| Paul Lindwall | Presiding Commissioner |
| Ken Baxter | Commissioner |

# Terms of reference

### Inquiry into regulation of Australian agricultural sector

I, Scott Morrison, Treasurer, pursuant to Parts 2 and 3 of the *Productivity Commission Act 1998*, hereby request that the Productivity Commission undertake an inquiry into the regulatory burden imposed on Australian farm businesses.

### Background

The Australian Government has identified the agriculture sector as one of the five pillars of the economy. It is promoting the economic potential of the sector by removing unnecessary regulatory burdens and promoting improved productivity and global competitiveness.

The Australian Government’s deregulation agenda has focussed on reducing Commonwealth red tape. As part of its deregulation agenda, the Government is implementing reforms in agricultural and veterinary chemicals, biosecurity and export certification. However, there is an opportunity for better national outcomes for the agriculture sector by considering regulation at all levels of government. This is particularly applicable in the areas of transport, environmental protection, native vegetation management, land tenure, animal welfare and food safety in which the states and territories have significant responsibility.

While regulation targets valid objectives, such as protecting consumers from unsafe food, protecting the environment or supporting the export of goods, poorly implemented and administered regulation and the cumulative impact of regulation can have adverse effects on fan-n businesses. It can unnecessarily restrict farm management decisions and reduce investment.

Inconsistent and overlapping regulations between jurisdictions can also create adverse effects and raise costs for faun businesses.

### Scope of the inquiry

The inquiry will focus on regulation with a material impact on domestic and international competitiveness of farm businesses and the productivity of Australian agriculture.

The inquiry will define priority areas for removing or reducing unnecessary regulatory burdens where doing so will/can contribute to improved productivity for farm businesses as well as the wider economy.

The inquiry will also review regulation of farm businesses to identify unnecessary restrictions on competition.

While focussed on the impact of regulation on farm businesses, the inquiry should also consider the material impact arising from regulation imposed along the supply chain such as regulations introduced to meet the requirements of international markets.

Consistent with its legislative remit, the Commission is to have particular regard to:

* areas of regulation that directly affect farm businesses, including those identified as areas of concern through the white papers on agricultural competitiveness and northern Australia. This includes regulatory arrangements affecting access to new technologies, investment opportunities, land tenure, relevant environmental protection and native vegetation laws, animal welfare and the Exporter Supply Chain Assurance System
* areas where there is greatest scope to reduce unnecessary regulatory burden and pursue regulatory objectives in more efficient (least cost) ways
* whether the current level at which matters are regulated (national, State and local) is appropriate and whether there is scope for better coordinated action across governments to reduce unnecessary overlap
* whether Australia’s farm export competitiveness can be improved by minimising duplication between domestic regulation and importing country requirements
* relevant regulatory approaches adopted in other countries.

#### Specific requirements

In undertaking the inquiry, the Commission should:

* identify specific areas of regulation that are unnecessarily burdensome, complex or redundant
* identify priority areas for regulatory reform
* provide recommendations to alleviate regulatory burden identified.
* For the purposes of this inquiry, the regulatory issues affecting:
* marine fisheries and aquaculture industries will be investigated as part of a separate Productivity Commission inquiry into the Regulation of Australian Marine Fisheries and Aquaculture Sectors.

### Process

The Commission is to advertise nationally, consult with key interest groups and affected parties, hold hearings, invite public submissions and release a draft report to the public.

To expedite the review the Commission should consider relevant submissions to the white papers on agricultural competitiveness and Northern Australia and other relevant material in the public domain.

The final report should be provided within nine months of the receipt of these Terms of Reference.

S. MORRISON

Treasurer

[Received 20 November 2015]

Contents

Opportunity for further comment iii

Terms of reference iv

Acknowledgements x

Abbreviations xi

Overview 1

Draft recommendations, findings and information requests 31

1 About this inquiry 43

1.1 What has the Commission been asked to do? 45

1.2 Our approach to reviewing regulation 46

1.3 There are regulations at every stage of the agricultural supply chain 49

1.4 Benefits and costs of regulation are acknowledged 51

1.5 Conduct of the inquiry 55

2 Land use regulation 57

2.1 The role of government in land use 59

2.2 How is land use regulated? 60

2.3 Agriculture on Crown land 62

2.4 Conflicts between farming and residential land use 71

2.5 Conflicts over land access for resource exploration and extraction 77

2.6 Planning, zoning and development assessment 82

3 Environmental regulations 91

3.1 Why are governments involved in environmental protection? 92

3.2 Environmental regulations: the current state of play 94

3.3 The effect of environmental regulations on farm businesses 103

3.4 Addressing issues in environmental regulations 124

4 On-farm regulation of water 143

4.1 Water and agriculture 143

4.2 Regulating farm access to water 149

4.3 Regulating farm use of water 164

4.4 Regulating farm disposal of water 164

4.5 Water reporting 167

5 Regulation of farm animal welfare 171

5.1 The concept of animal welfare 172

5.2 A role for government in farm animal welfare? 174

5.3 Australia’s animal welfare system 178

5.4 How are farm animal welfare standards set? 181

5.5 Improving the effectiveness of farm animal welfare regulation 196

5.6 Live export regulation 211

6 Regulation of technologies and agricultural and veterinary chemicals 223

6.1 Regulating the evolving world of agricultural technologies 225

6.2 Access to agricultural and veterinary chemicals 245

6.3 Is there scope for more significant reform? 259

7 Biosecurity 261

7.1 Australia’s biosecurity arrangements 262

7.2 Why are governments involved in biosecurity? 269

7.3 Benefits and costs of biosecurity 270

7.4 Regulatory issues raised about biosecurity 273

8 Transport 293

8.1 Heavy vehicles 294

8.2 Rail 323

8.3 Ports 326

8.4 Coastal shipping 329

8.5 Biofuel support programs 334

9 Food regulation 339

9.1 Rationale for food regulation 340

9.2 Food regulation in Australia 343

9.3 Regulation of food labelling 346

9.4 Regulation of food safety in the production process 367

10 Labour regulation 379

10.1 Distinctive features of labour markets 381

10.2 Access to overseas workers 382

10.3 Workplace relations 397

10.4 Work health and safety 400

11 Competition regulation 409

11.1 Statutory marketing 411

11.2 Competition law 426

11.3 Industry codes of conduct 434

12 Foreign investment in agriculture 439

12.1 About Australia’s foreign investment framework 441

12.2 The importance of foreign investment to Australia 445

12.3 A closer look at the new foreign investment arrangements for agriculture 452

13 Export regulation 473

13.1 Regulation of agricultural exports 474

13.2 The regulatory burden of export certification 476

14 The way forward 485

14.1 The nature of the regulatory burden facing farmers 486

14.2 Systemic regulatory problems and inquiry themes 487

A Public consultation 499

References 507

The following appendixes are available online at www.pc.gov.au

B A brief history of statutory marketing in Australian agriculture

C Case studies: the burden of regulation on farm businesses

D Analysis of rice price premiums

# Acknowledgements

The Commission is grateful to everyone who freely gave their time to discuss the very wide range of matters canvassed in the terms of reference, especially those who met with the Commission, participated in case studies and provided written submissions.

The Commissioners would like to express their appreciation to the staff who worked on the inquiry. The team was led by Rosalie McLachlan and included Lisa Chan, Imogen Curtis, Senna Eswaralingam, Cordelia Foo, Lisa Lee, Ana Markulev, Bonnie Nguyen, Marianna Olding, Rohan Nelson, Oliver Richards and Isfaaq Timol.

# Abbreviations

|  |  |
| --- | --- |
| ABARES | Australian Bureau of Agricultural and Resource Economics and Sciences |
| ABS | Australian Bureau of Statistics |
| ACCC | Australian Competition and Consumer Commission |
| ACL | Australian Consumer Law |
| AGMIN | Agriculture Ministers’ Forum |
| agvet | agricultural and veterinary |
| APVMA | Australian Pesticides and Veterinary Medicines Authority |
| ASIC | Australian Securities and Investments Commission |
| ATO | Australian Tax Office |
| COAG | Council of Australian Governments |
| CoOL | Country-of-origin labelling |
| CSIRO | Commonwealth Scientific and Industrial Research Organisation |
| DAWR | Department of Agriculture and Water Resources |
| EPA | Environment Protection Authority or Agency |
| EPG | Ethanol Production Grants |
| EU | European Union |
| FAO | Food and Agriculture Organization of the United Nations |
| FDA | United States Food and Drug Administration |
| FDI | Foreign direct investment |
| FIRB | Foreign Investment Review Board |
| FoFR | Australia and New Zealand Ministerial Forum on Food Regulation |
| FSANZ | Food Standards Australia New Zealand |
| GDP | Gross domestic product |
| GM | Genetically modified |
| GMO | Genetically modified organisms |
| HVNL | Heavy Vehicle National Law |
| ICA | Interstate certification assurance |
| IIO | Irrigation Infrastructure Operator |
| IGAB | Intergovernmental Agreement on Biosecurity |
| MDBA | Murray-Darling Basin Authority |
| NBC | National Biosecurity Committee |
| NEBRA | National Environmental Biosecurity Response Agreement |
| NFF | National Farmers’ Federation |
| NHVR | National Heavy Vehicle Regulator |
| NPI | National Pollutant Inventory |
| NRM | National resource management |
| NZ | New Zealand |
| NWC | National Water Commission |
| NWI | National Water Initiative |
| OAW | Office of Animal Welfare |
| OBPR | Office of Best Practice Regulation |
| OECD | Organisation for Economic Co-operation and Development |
| OGTR | Office of the Gene Technology Regulator |
| OIE | World Organisation for Animal Health |
| PC | Productivity Commission |
| PIMC | Primary Industries Ministerial Council |
| RIA | Regulatory impact assessment |
| RIS | Regulation impact statement |
| RSRT | Road Safety Remuneration Tribunal |
| RSPCA | Royal Society for the Prevention of Cruelty to Animals |
| SDL | Sustainable Diversion Limit |
| SKU | Stock keeping unit |
| VICH | International Cooperation on Harmonisation of Technical Requirements for Veterinary Medicinal Products |
| WHO | World Health Organization |
| WHS | Work Health and Safety |
| WTO | World Trade Organization |