# Regulation of Australian Agriculture

Productivity Commission Inquiry Report no. 79, Canberra.

Commonwealth of Australia 2016

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The Hon Scott Morrison MP

Treasurer

Parliament House

CANBERRA ACT 2600

Dear Treasurer

In accordance with Section 11 of the *Productivity Commission Act 1998*, we have pleasure in submitting to you the Commission’s final report into the *Regulation of Australian Agriculture*.

Yours sincerely

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| --- | --- |

# 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 farm 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 farm 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.

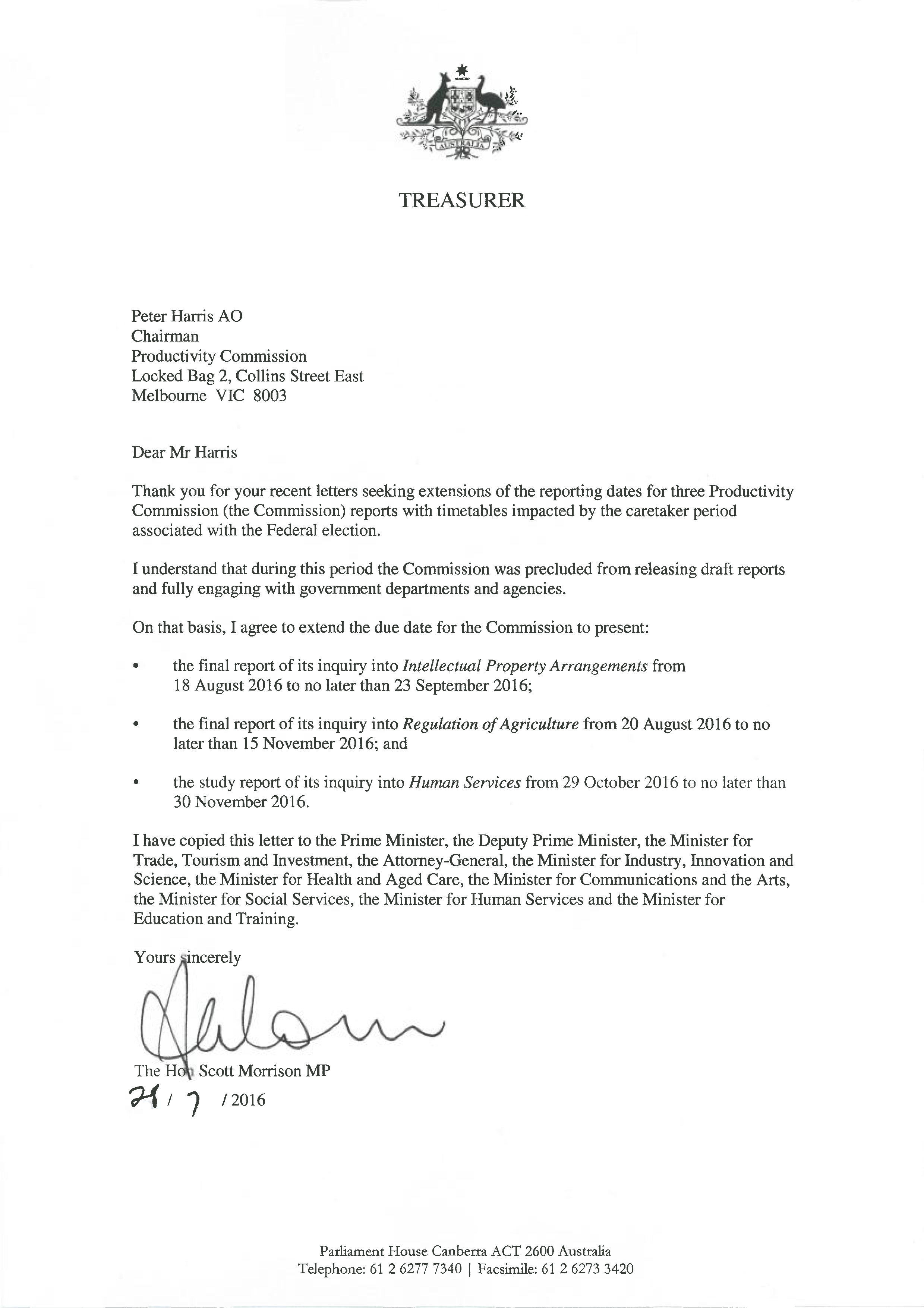
The final report should be provided within nine months of the receipt of these Terms of Reference.

S. MORRISON

Treasurer

[Received 20 November 2015]

Letter of extension



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# Acknowledgments

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.

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# 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 |
| GHS | Globally Harmonised System of Classification and Labelling |
| GM | Genetic modification, genetically modified |
| GMO | Genetically modified organisms |
| HVCI | Heavy Vehicle Charging and Investment |
| HVNL | Heavy Vehicle National Law |
| IAP | Intelligent Access Program |
| 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 |
| PPP standard | Primary production and processing standard |
| 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 |