



7 June 2007

Regulatory Burdens - Primary Sector
Productivity Commission
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RE: ANNUAL REVIEW OF REGULATORY BURDENS ON BUSINESS - PRIMARY SECTOR

This submission is made on behalf of Coles supermarkets (Coles) incorporating BI-LO supermarkets.

Coles is a national retailer that operates more than 730 supermarkets across all states and territories of Australia. Given the diversity of the products we sell and our extensive supply chain network, there are a large number of agricultural regulations that directly or indirectly impact on our business including quarantine, agricultural and veterinary chemical regulations.

Whilst we recognise that an effective regulatory system for the primary sector is critical to ensuring the well being of Australian agriculture and addressing community concerns about matters such as chemicals in foods, keeping across and up to date with all the complex requirements across jurisdictions is difficult, costly and time consuming for retailers and manufacturers. This submission highlights some current issues we have with the regulatory framework in Australia.

Quarantine and Trade between States

There are many complex and unnecessarily burdensome quarantine regulations at a federal and state level that increases the cost of food provision to Australian consumers. For example, Schedule 1 Part B Condition 14 Clause 5 of the *Plant Disease Regulations 1989 (WA)* requires all potatoes imported into WA from interstate (e.g. SA) to be labelled "Not for Planting". This requires our business to label potatoes specifically for WA and maintain segregation of product in the supply chain, which increases the cost to consumers, particularly in times of insufficient supply of WA potatoes (such as periods when there is high demand for growers to fill export orders overseas).

In addition, Schedule 1 Part B Condition 14 Clause 3 of the *Plant Disease Regulations 1989 (WA)* prohibits entry of imported potatoes into certain areas of WA (such as Shires of Esperance, Gingin, Jerramungup and Ravensthorpe). This burdens our business with complex segregation and distribution issues in the supply of potatoes in WA and makes it very difficult to provide and maintain a good quality potato offer for our customers in these areas.

We would welcome a review of pesticide application within Australia for quarantine purposes. If pesticide application for quarantine purposes is deemed necessary, we would prefer that application be in field rather than post harvest. This would ensure that serious issue of product contamination with pesticides (such as the organophosphates

fenthion and dimethoate) is addressed through appropriate withholding periods being observed prior to harvest. This would ensure that our customers have increased availability of fresh quality produce and reduce potential exposure to the consumption of pesticides.

Simplifying Australian Legislation

With primary production standards being developed for inclusion into Chapter 4 of the Australia New Zealand Food Standards Code that are in line with the intent of the legislation to be *'outcome based'*, this should reduce the need for complex regulations or guidelines to be developed by individual states for primary production. For example, the Primary Production Standard for Eggs & Egg Production (Proposal P301) is being developed for inclusion into the Food Standards Code, however, Safe Food Queensland (SFQ) have just released an extremely prescriptive (31 page) guideline for egg production within that state (i.e. *The Egg Food Safety Workbook - A Guide to Food Safety and Quality for Queensland Commercial Egg Suppliers*). This guideline is outside the intent of modern *'outcome based'* Australian legislation and may by its prescriptive and state based nature introduce complexity to national retailers which could lead to an increase in the price of egg and egg products for consumers.

Auditing Burden Reduction

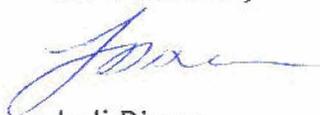
The current legislative environment requires food businesses and food regulators to demonstrate due diligence in regard to food safety matters. This has lead to a significant increase in audit activities of manufacturers and retailers through approved supplier and regulatory compliance audits. We recommend that in order to minimise this burden, regulators and food businesses consider meeting their food safety due diligence requirements by recognising the food safety component of third party audits carried out on food businesses operating to globally recognised standards such as British Retail Consortium (BRC) Standard, SQF and Freshcare.

Conclusion

Thank you for the opportunity to provide comment on the Review.

We hope that an outcome of the Review will be a simpler and more consistent regulatory approach to quarantine standards and auditing regulations in Australia.

Yours sincerely



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Coles Group Limited.