

Australian Chicken Growers' Council Limited

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To:

**The Commissioner
Regulation of Australian Agriculture
Productivity Commission
PO Box 6500
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Australian Chicken Growers Council (ACGC) represents the interests of poultry meat growers nationally through six state organisations.

These are:

- New South Wales Farmers Association Poultry Meat Group
- Queensland Chicken Growers Association,
- South Australian Poultry Meat Group.
- Tasmanian Farmers and Graziers Association Chicken Meat Group,
- Victorian Farmers Federation Chicken Meat Group,
- West Australian Broiler Growers Association.

As the peak representative body for contract chicken meat growers in Australia, the ACGC appreciates the opportunity to provide comment to Productivity Commissions Inquiry into Agricultural Regulation. Additionally the ACGC would like to thank the Productivity Commission for taking the time to meet with the industry personally. The ACGC would note that all of the following comments are made in connection to those issues raised at the round table meetings. The ACGC is also a member of the ACMF and as such supports any comments made in their submission.

The Australian poultry meat industry operates in each of the 6 states across the country and as a result is required to meet regulatory requirements across all of the government jurisdictions.

Building Codes

One area that is legislated at a national level and then duplicated separately in each State is the National Construction Code. There has been much debate about whether or not under the current Australian Building Code (BCA) as to whether poultry sheds should be classified as either a Class 10 A building or a Class 8 building being defined as

Class 10: a non-habitable building or structure—

Class 10a — a non-habitable building being a private garage, carport, shed, or the like;

and

Class 8: a laboratory, or a building in which a handicraft or process for the production, assembling, altering, repairing, packing, finishing, or cleaning of goods or produce is carried on for trade, sale, or gain

Until recently most poultry meat sheds were classified as 10a although some local governments and building assessors were requiring new buildings to be classified as Class 8. Since this matter came under the spotlight at both a State and Federal level all new shedding is required to be classified as Class 8.

There has been recognition that animal production shedding is usually low occupancy which is certainly the cases with poultry meat sheds (see ACMF submission) however even with modifications to the requirements for Class 8 there is still a significant financial penalty to meet compliance which the industry sees as totally unnecessary given the history of the industry.

Much of the additional cost is associated with infrastructure related to firefighting capacity. It is clear from current developments that the cost of providing a ring main and/or multiple tanks ranges from \$24 500 per shed on a multi- shed sight to \$40 000 where only one shed is constructed. Thus a typical 10 shed farm would cost an additional \$245 000 and \$370 000 if an emergency lighting system is required. While it has been generally accepted that as farms have backup generators there was no need for emergency lighting however at least one state (Queensland) has added the requirement for battery backup as well as a generator so a specific emergency lighting system must be installed at a cost of around \$12 500 per shed. Such systems could have a significant impact on bird welfare with birds smothering due to lights flashing on in some parts of the shed only.

There are additional costs associated with the classification such as additional access doors signage etc.

There are basically two types of fire in a poultry meat shed. Small localized fires which can be dealt with by farm staff either with the normal water supply which each shed has or fire extinguishers or a major conflagration where the shed will be essentially destroyed in 10 minutes or so.

Currently the on farm firefighting infrastructure is required if the farm is within a 40 minute response time for a fire brigade which is clearly too long.

The industry believes given the low occupancy rate of poultry meat sheds the risk to 'life safety' is extremely low. While there have been a number of shed fires over the years including a number which have resulted in the total destruction of the shed there have been no fatalities or reported injuries.

Recommendations

There should be a specific class developed for buildings used for intensive animal production based on low occupancy rate and low risk to life safety rather than a farm building section as part of Class 8.

Fire brigade response time should be reduced to 15 minutes if this continues to be the indicator of firefighting infrastructure

Planning and Environment

Significant inconsistencies in both the content and implementation of laws and by-laws both between states and within local government has lead to significant increases in both the cost of and the time taken to obtain a development approval for a greenfield site or the expansion of an existing farm. This has led to both the expansion of existing farms and development of new farms in some states and localities which have not been necessarily ideal for the orderly expansion or efficiency of the industry or the processor involved.

The typical cost of a DA varies between \$30 000 and \$50 000 (uncontested) and around \$200 000 plus if it goes to appeal. The cost to the local council is often double this amount.

One of the issues that needs to be addressed is rural zoning. In many jurisdictions the land use in rural zones has not been limited to rural production. Discretionary subdivisions have been allowed and land use is often more related to lifestyle than commercial production. This has the effect of “sterilising” large areas as residents object to any intensive rural activity. Land zoned “rural” should be protected from other land uses. Reverse amenity laws should be introduced where people want to build in close proximity to poultry sheds or other intensive animal production. Given that poultry meat farm operate in a similar fashion around Australia there is a strong case for a common set of guidelines for use in all state and local government areas. Assessing the environmental performance could also be based on a common guidelines including odour dispersion modelling.

Recommendations

- National set of guidelines for assessing poultry meat shed applications
- Access to a specialist team of assessors for applications.

- Environmental approvals should be taken out of the hands of local government and administered by the state eg DPI.
- Local government should be limited to the approval of applications containing town planning decisions.
- There should be oversight of local government's approval process by the state.

NPI

While there is Federal legislation requiring reporting of ammonia emissions and fuel burnt not all states have enacted enabling legislation to require reporting by individual farms. While the reporting is not overly onerous the problem lies in the fact that reporting entities have their farms identified on Google earth with their address and contact details unless they have nominated their state organisation to represent them which removes their contact details but not the farms location on Google earth. This exposes the farm to the possibility of bio-terrorism and unwarranted attention from groups opposed to intensive farming.

Recommendation

The location of farms reporting under NPI should be not made public

Competition Policy

The ACGC would highlight comments made in our previous submission and at the round table with regard to the commercial relationship between processors and growers. The structure of the industry inherently causes a significant imbalance of bargaining power with growers having little leverage when it comes to negotiation. Additionally the authorisation for negotiation currently used in most states while

being largely effective if both growers and processors undertake the negotiation in good faith, lacks two important mechanisms.

Firstly under the current arrangements there is no requirement for either party to engage in the negotiation process. Thus a negotiating group of growers cannot compel the processor to enter into negotiations.

Secondly if an impasse has developed in the negotiations it is very difficult to achieve an appropriate outcome. Because of the Public Benefit Test it can be difficult to show public good from a secondary boycott thus rather than Public Good there could be a test for lack of public detriment which would be easier to prove.

Recommendations

There should be a provision in the authorisation process that requires all parties to participate in collective negotiation. The resolution of a long standing dispute could be better finalised if it were simpler to implement a secondary boycott based on lack of public detriment.

Food safety

Food safety is critical to the chicken industry, and regulation in this area is necessary to protect consumers and also the reputation of the product and the industry itself. A food safety incident associated with chicken, no matter how localised the source, has the potential to do enormous damage to the industry more broadly, through loss of consumer confidence in chicken. The ACMF therefore believes that all producers of chicken meat, no matter how big or small, must comply with a common set of standards and compliance arrangements.

Inconsistency in the approach taken by state-based regulators to the implementation of the Poultry Primary Production and Processing Standards, developed by FSANZ, is another case where the burden of regulatory compliance varies between jurisdictions and affects the relative competitiveness of the industry operating in different states. For companies with have operations in more than one state, there is also a cost burden associated with the management and monitoring of internal

standards for compliance with regulations on a state-by-state basis, rather than against one common set of standards and compliance procedures.

Food safety is therefore yet another area where the development of a nationally consistency regulatory regime that reflects the cross-jurisdictional nature of the chicken meat industry is a key priority.

Animal Welfare

Although consistency in implementation of nationally agreed standards improved somewhat in the case of the Land Transport Standards, the current system allows for inconsistency across Australia in terms of what the rules are, and importantly how they are enforced. Regulatory inconsistency creates the possibility of a range of burdens, including higher compliance costs where inspection / 'auditing' of industry against regulatory requirements is implemented (noting that, although the state may bear the cost of inspections / audits, there is a cost to farmers, in terms of preparation for and participation in an inspection or audit).

There are also costs for industry that are incurred simply in the internal procedures for management and monitoring of regulatory compliance within the business. For companies which have operations in more than one state, this means that they need to be checking their internal standards for compliance with regulations on a state-by-state basis, rather than against one common set of standards and compliance procedures.

The ACMF believes that, not only is the current state-based approach inefficient, but that there needs to be strong national leadership in this particular area. For this reason, we strongly favour the concept of regulatory responsibility for domestic production animal welfare reverting to the Commonwealth Government, rather than being regulated at a jurisdictional level.

The ACGC supports the principles of:

- Commonwealth government to have responsibility for regulation of production animal welfare.

In the absence of the above:

- strong national leadership in production animal welfare, and
- Nationally harmonised legislation in respect to animal welfare.

Workplace Health and Safety

Compliance with current *Workplace Health and Safety Act* and Regulations in each state has become a nightmare for small business. While there was a move to harmonise Safety legislation between states not all states ultimately signed up. Small business usually does not have the capacity to seek professional help and so must rely on guidance material prepared either by their industry organisation or the relevant State Government department.

The problem has been exacerbated by the move to make the relevant Acts and Regulations more outcome focused rather than being prescriptive which now places a significant emphasis on interpretation. This works well for those who have access to professional advice which most small businesses do not. It is difficult to make a recommendation given the significant role Health and Safety plays in the workplace. There maybe some merit in re-examining the relevant Acts and Regulation to see whether they can be simplified and whether some of the content has arisen as a result of industrial relation matters rather than true safety considerations.

In our joint industry meeting with the Productivity Commission at the QFF offices, the industries suggested that the Commission might as part of its inquiry, undertake a range of case studies across farm businesses. The ACGC would be highly supportive of such an initiative, and happy to put the Commission in contact with growers if required.

Finally we would like to stress again the importance of harmonisation of regulation across levels of government, for it is often not the individual regulation that is overly burdensome, but in fact the cumulative impact.

The ACGC would like to thank the Productivity Commission for taking the time to undertake this inquiry.