



Productivity Commission Regulation of Australian Agriculture: Draft Report

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Background

The Western Australian Farmers Federation Inc. (WAFarmers) is the State's largest and most influential rural advocacy and service organisation. Founded in 1912, WAFarmers boasts a membership of over 3,300 farmers including grain growers, meat and wool producers, horticulturalists, dairy farmers, commercial egg producers and beekeepers. Collectively our members are major contributors to the \$5.5 billion gross value of production that agriculture in its various forms contributes annually to Western Australia's economy. Additionally, through differing forms of land tenure, our members own, control and capably manage many millions of hectares of the State's land mass and as such are responsible for maintaining the productive capacity and environmental wellbeing of that land and the animals that graze it.

WAFarmers welcomes the opportunity to submit a response to this important review process.

Introduction

WA has had long term issues with red tape at a National and State level and is supportive of the Productivity Commission's position that red tape reduction to growth the profitability of agricultural businesses in Australia is important. Regulatory reductions need to be effective, relevant, cost effective and should not limit productivity.

Agricultural producers and growers are not adverse to comply with appropriate regulatory obligations as these are seen as being beneficial to production systems and market access.

WAFarmers have attempted to response to the key recommendations in the consultation document for consideration as part of this review process.

The State Government is delivering a new plan to reform regulation in Western Australia. The Plan is a whole-of-government plan to modernise our economy and ensure that the least possible regulation delivers the greatest possible benefit for the community.

Red tape reduction is about making interactions with government simpler and easier. It is estimated public sector red tape is costing Western Australia \$12 billion every year.

Reducing unnecessary controls and restrictions enables businesses and the community to innovate and grow, while maintaining community wellbeing and individual safety. Efficient and effective assessment of proposed regulation ensures that new rules do not impose unnecessary and excessive restrictions or red tape.

WAFarmers is of the opinion that the Western Australian Government has committed significant resources to reducing red and green tape, and associated business and community costs, which is being driven through a Ministerial Taskforce on Approvals, Development and Sustainability (MTADS). A supporting Director General level taskforce includes a focus on reducing business costs across the agriculture and food sector, and reducing impediments to new business development.

Parallel to this, DAFWA is working on reducing the compliance load on business by investigating a model that allows a state regulator and an industry standards organisation to

superimpose compliance approaches, reducing compliance audits to a single pass. Local Government should also be encouraged by the Australian Government to participate constructively in the process of streamlining application processes. Adequate resourcing is a particular issue for this tier of government.

WAFarmers recognises the importance of effective and necessary regulation to maintain and uphold the industry's reputation as a producer of safe and nutritious food. As identified in our previous submissions, we support comprehensive food standards and regulation across the production and processing chain to ensure the integrity of the industry.

There are existing areas which we believe are unnecessary red tape burdens on farming businesses and these burdens have the potential to stifle modernisation and restrict growth in an industry which requires innovation to prosper. We commend the Commission on completing the review, however, we are concerned by some of the recommendations and their implications for agricultural businesses especially the recommendation to introduce an independent animal welfare office. Our submission expands on these points and provides further comment on the draft recommendations.

2 Land use regulation

DRAFT RECOMMENDATION 2.1

Land management objectives should be implemented directly through land use regulation, rather than through pastoral lease conditions. State and territory governments should pursue reforms that enable the removal of restrictions on land use from pastoral leases.

Pastoral leases can be onerous or simply restrict opportunity for improvements in productivity or diversification of enterprises. Land use regulation whether it is through planning instruments or workable vegetation laws may prove to be better options and provide increased flexibility rather than the current strict lease conditions.

WAFarmers continues to support reform in this space, as such we are encouraged by the State Government's review into pastoral leases and how they are managed. It is hoped that any changes implemented further streamline the system whilst providing more flexibility and security for lease holders. WAFarmers welcomes any input from the Commission on this matter.

DRAFT FINDING 2.1

Pastoral leases offer less security of tenure than freehold land, creating uncertainty for leaseholders and investors. In general, converting pastoral leases to freehold facilitates efficient land use.

Land tenure is a significant barrier that many leaseholders experience, particularly in regards to the inflexibility of accessing capital to further invest in agricultural enterprise. Inflexible use, increasing rents and cumbersome and expensive processes to convert to freehold tenure are holding back improved productivity. Furthermore the difficulty in apply for and gain approval for diversification permits further reduces productivity.

Freeholding is not always achievable or the best option for producers. In many scenarios the costs associated with converting to freehold status outweigh the benefits, additionally factors such as distance to market or regional centre and land use suitability need to be assessed. Many Western Australian pastoralists would like to have perpetual leases or longer tenure as it provides more substance to a transaction that may allow access to capital or handing the property on to the next generation. However if the cost outweighs the benefits, many farmers would remain satisfied with the status quo.

DRAFT RECOMMENDATION 2.2

State and territory governments should:

- ensure that, where reforms to Crown lands confer additional property rights on a landholder, the landholder pays for the higher value of the land and any costs associated with the change (including administrative costs and loss of value to other parties)
- set rent payments for existing agricultural leases to reflect the market value of those leases, with appropriate transitional arrangements.

WAFarmers does not support this recommendation in its entirety. However states hold limited residual value in lease tenure; lessees have been responsible for creating real value of their leases, leaseholders have proven to be good land managers, while imparting outstanding land care and pest management practises. The valuation framework for changes to land tenure should acknowledge these components in addition to the change in property rights that are conferred in the conversion process.

It is important the governments transparently set rents for crown lands and pastoral leases using the consistent pricing principles that recognise the unique social, economic and environmental contributions made by lessees.

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.

WAFarmers partially supports the views of the Commission in relation to managing land use conflict. The call for policies to protect agriculture are in effect an alternative for the strategic land use planning that take into account longer term values for land use.

We have seen in the past short term examination of highest value uses that fail to consider the long term implications for important industries such as agriculture. We continue to see project by project assessment, rather than strategic land use planning dominate the approach of government to resource sector development. The community is increasingly concerned that this approach does not adequately address the values that are important to them.

WAFarmers recognises that an explicit right of veto over resource development projects transfers the ownership control from the Crown to the individual. The call from many farmers for a 'right to veto' to a resource development outlines two concerns. The first being that governments do not adequately assess the risk of a project, and the cumulative risks of multiple projects on the land and water resources on which agriculture is dependant.

Secondly, there is an imbalance that exists between farmers and resource companies in the negotiations of land access agreements. WAFarmers supports empowering farmers in their negotiations with land access, and this is evident in our alternate agreement that was accepted by APPEA in 2015. A right to say yes or no, that is reasonably exercised, will

provide farmers with greater protection in these regulations. Appropriate state-based regulatory frameworks that support this principle would provide greater balance in the negotiation process. WAFarmers identifies there are differing frameworks in place in a wide range of jurisdictions and encourage an agreement, similar to our own, to be accepted nationwide.

There is an opportunity for the Commission to be more proactive in its views about the importance of fair, balanced and science based regulation to inform the resource sector developments. WAFarmers encourages recommendations that support greater balance and the protection of farmers' property rights in relation to land access.

3 Environmental regulations

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.

A risk based, landscape scale approach to regulation that ensures the costs and obligations faced by landholders are proportionate to the environmental effects of a proposed action is supported by WAFarmers.

The current framing of the EPBC Act is disproportionately in favour of the expensive referral system. The construct of the Act means that referral is the only way to absolutely ensure compliance with the Act. The EPBC Act's framework means that the Commonwealth cannot provide certainty that low risk farming activities, such as those that may be state based exemptions; do not require referral at the Commonwealth level.

Greater consideration must be given by the Federal Government as to how state regulatory frameworks surrounding native vegetation exist as they could be used in the creation of a "National Environmental Significance" list that can be enshrined under the Federal law. The Western Australian Government has begun the process of implementing an environmental matrix that can be used to calculate offsets for any clearing and/or conservation measures. As this matrix differs from that of the Commonwealth, it does move away from the "one stop shop" analogy as there appears to be duplication. That said, WAFarmers commends the Western Australian Government to implementing a purpose built matrix that caters to the needs of the constituency. The Commonwealth matrix would have simply been unworkable.

The Commission notes that the full establishment of the one-stop shop model will likely benefit farm businesses. However, significant change is required to the legal framing of the one stop shop approach in the EPBC Act to enable the Commonwealth to give effect on its intention, which is the removal of duplication. WAFarmers encourages the Commission to

investigate avenues to further streamline this process, and consider implementing work done in local jurisdictions, like the matrix in Western Australia.

The current collaboration of jurisdictions to implement a common assessment method for listing nationally threatened species and where agreed, threatened communities is welcomed by WAFarmers.

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.

Market based approaches to conservation recognise that landholder management of native flora and fauna delivers significant public benefits. The current regulatory framework imposes considerable costs, opportunity costs on farmers and fails to address the fundamental issue of equity.

The challenge with the past implementation of environmental service markets, particularly at the national level, has been the perceived expense of implementation and administration.

Given the current rapid rate of adoption of digital technology and the use of spatial information by farmers, there is an opportunity to refocus on alternative market structures that will better suit farm businesses.

Further, there is an opportunity to integrate environmental service markets and industry best management practice programs to provide an efficient monitoring and reporting mechanism for farmers to demonstrate the delivery of environmental services. An example of this has been the hand out of iPhone compatible lenses by DAFWA and an app to assist in the tracking of Russian Aphids in wheat crops.

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.

Efforts to improve flow and increase the amount of extension resources are congruent with recommendations to improve the understanding of farmers and their regulatory responsibilities. It is important to ensure that engagements with landholders are appropriately targeted and are both proactive and passive.

Proactive communication is required as the level of awareness and understanding of environmental laws, and particularly the EPBC Act is low among the farming community.

This can mean efforts such as targeted education and communication campaigns in regions that are affected by new listings and greater cooperation between all tiers of government.

Ensuring information is suitable for farming audiences is essential. In the case of the EPBC Act, there is limited information available:

- In plain English, and utilising high resolution spatial data to identify the existence of listed matter of MNES at a particular location.
- Assess (without the need for specialists) activities that are considered to be likely to have a significant impact, and thus may require referral.
- Provide guidance as to how you can demonstrate that you have exercised due diligence in considering the implications.

There is an opportunity to better utilise spatial data and provide accurate information to a farmer at the point in time that they are considering a potential action.

There should be a focus on ensuring that when a landholder needs to make a decision they have ready access to the information they need, collated in a format that covers the relevant regulation across different jurisdictions and is specific in nature.

Furthermore, there should be proactive engagement in how information regarding new listings is conveyed to landholders to ensure it is given due consideration in land management planning.

4 On-farm regulation of water

DRAFT FINDING 4.1

Complexity and ongoing changes in water regulation contribute to the cumulative burden of regulation on farm businesses. However, the diversity of Australia's river catchments makes streamlining and harmonising regulation difficult. More flexible governance arrangements may be needed to develop locally appropriate regulatory settings for accessing water.

National streamlining and harmonising of water regulations is welcome, but does need to accommodate the varied locations and requirements of the farming community. Water sources are diverse in hydrology, infrastructure and historical development and the evolution of regulation that determines access and use of ecosystem services. These factors combine to influence the characteristics of the property rights that are defined in relevant state water access arrangements. Recognition of this history is essential to ensure that these rights are not diminished in the process of any potential reform.

Water reform in Australia has been a continual process since Competition Policy Reform in 1990s. The burden of continued reform is to drive uncertainty through the perspective of farming as well as uncertainty experienced by local communities who suffer from the flow on effects of reduced production from irrigated agriculture.

DRAFT RECOMMENDATION 4.1

The Australian Government should implement the findings of the Interagency Working Group on Commonwealth Water Information Provision to reduce duplicative and unnecessary water management information requirements imposed on farm businesses.

WAFarmers support this recommendation. Regulations relating to the provision of water information impose regulatory burdens and costs associated with the collection and reporting of data by the regulated entity.

While in the main this is not farmers (but rather Government agencies and irrigation infrastructure operators) the costs of these activities are passed on to farmers via water charges, consistent with the national water charge regulations administered by ACCC.

A reduction in, and consolidation of, the amount and types of data required for reporting by irrigation companies would decrease the cost of business for irrigation companies, with the subsequent flow on benefit of reduced charges for farming businesses.

5 Regulation of farm animal welfare

5.1 The concept of animal welfare

Livestock farmers take the welfare responsibility of animals very seriously and seek to avoid unnecessary suffering by various means, such as the provision of basic needs in line with the five freedoms. They are committed to the delivery of good animal welfare outcomes through a national framework approach. They recognise that production efficiencies are dependent on animals that are healthy and well cared for; and that sound husbandry practices are in line with national codes of practice will deliver good outcomes in terms of both animal welfare and farm businesses.

Of course, policy and practice must seek to eliminate cruelty and unnecessary suffering and to cater for an animal's needs; and farmers ensure that each and every animal has a life worth living, from the animal's point of view. This emphasis on an animal's quality of life means that positive as well as negative experiences must be counted. For most individuals, especially those not directly involved in the farming of food production animals, their opinions about what ascertains good and appropriate animal welfare practices can be influenced by prejudiced information, which in some circumstances may not be factual, scientifically based or logical in terms of good welfare practices for production based livestock.

The point we are trying to emphasise is that the suggestion for the establishment of a national 'independent' advisory body is not realistic given the very nature of the topic and the diversity of livestock production management systems and requirements across Australia. If we use the example of the Animal Welfare Advisory Committee (AWAC) in Tasmania, often progress is inhibited and/or delayed because individuals on the committee have preconceived standards and beliefs, which they are not prepared to compromise, and this in turn prevents progress being made on the topic of concern.

A similar point was also identified in the draft report regarding the lengthy delay in drafting the national animal welfare standards and guidelines into State and Territory legislation. It is pertinent to note that this process could have been achieved some time ago if after eight years of consultation and after the final standards and guidelines were released for further public consultation, the RSPCA hadn't immediately come out in the press claiming the standards were insufficient even though RSPCA representatives had sat at the negotiation table for eight years and had agreed to the standards and guidelines being released for further public consultation. The RSPCA's sudden change of opinion caused uncertainty and suspicion amongst others involved in this lengthy process, effectively causing considerable delays to the implementation of the national standards and guidelines across Australia.

AWAC was established under the Animal Welfare Act 1993 and comprises members from organisations specified in the Act, section 39. The Committee advises the Minister on animal welfare matters, including animal welfare legislation and community education. In Western Australia, The *Animal Welfare Act 2002* (the Act) and its accompanying regulations provide the legal framework for ensuring that all animals in Western Australia have appropriate standards of care. The Act intends to promote and protect the welfare, safety and health of animals, ensure the proper and humane care and management of animals in accordance with generally accepted standards and reflect the community's expectation that people in charge of animals will ensure that they are properly treated and cared for.

As these Bodies/Committees are already in place, WAFarmers does not support the proposal for another independent body, effectively duplicating what is already in existence.

The FAWC in the UK and the EuroFAWC, both of whom are expert heavy and lack understanding of on-farm practices, provide 'opinions' to governments, which may not translate into enhanced animal welfare activities, as is certainly the case in the UK. Often these opinions are solely based on desktop literature reviews rather than practical application. Australia already has organisations that do the same job.

A constant and somewhat bias theme recurring throughout this chapter is the constant referral to the industries/governments 'conflict of interest' with the adoption, monitoring and enforcement of agreed farm animal welfare practices. This assertion can also apply to animal right based organisations, some of which are driven by ulterior motives to drive their own funding requirements in preference to the objective preservation of farm animal welfare standards. The chapter neglects to recognise the positive and beneficial farm animal welfare outcomes that have already been achieved over many years by industry working collaboratively with government departments, and animal right groups like the RSPCA.

WAFarmers does not support the assertion that community expectations about animal welfare are not being met. While the national animal welfare standards represent minimum effective and science-based requirements for achieving animal welfare outcomes (as per best practice in regulation), industry quality assurance programs demand a higher bar of achievement on farm, in response to customer demands. These industry schemes enable the food industry to respond to strongly held belief systems outlined by special interest groups and make credence claims accordingly, to suit those consumers and therefore there is no market failure to justifying the establishment of a new statutory (independent) body.

Furthermore it should be noted that community welfare beliefs do not always translate into long term purchasing decisions for the majority of consumers.

Animal protection and welfare has been embraced enthusiastically by Western Australians, many of whom engaged with and contributed to the parliamentary Inquiry into the RSPCA. The committee received 138 submissions, conducted 18 hearings, attended a site visit at RSPCA WA headquarters, and deliberated extensively on the evidence presented to it. Public confidence in the administration of publicly funded projects is paramount, given the RSPCA WA is the recipient of a \$500,000 per annum government grant, and there is a strong public interest in the transparency and accountability of agencies that carry out public functions.

The Parliamentary Inquiry Committee determined that with some fine tuning of the Animal Welfare Act 2002 more can be achieved in furthering better animal welfare outcomes for Western Australians. There is no need for another advisory body to duplicate this process.

The Chair of the Committee, Hon Rick Mazza MLC, said 'the Committee has examined many aspects of the operations of the RSPCA WA. The Committee has focused on gathering the facts, made dispassionate assessments of the evidence and concentrated on achieving constructive outcomes. This Inquiry has been a valid attempt to clear the air and set the record straight'.

Community sensibilities towards animals have undergone a seismic shift when the former situation is considered. Most people agree that execrable acts of cruelty are appalling and are not tolerated. Many Western Australians have a deep affection towards, and a close association with, animals.

The Inquiry Committee recommended that the Animal Welfare Act 2002 be amended to include an express provision to provide that only the CEO of the Department of Agriculture and Food has the power and discretion to appoint all general inspectors. The Committee also recommended that the Department of Agriculture and Food remain responsible for the administration of the Animal Welfare Act 2002.

The Committee found that some previous advertising by RSPCA WA could be perceived as misleading to potential donors and members of the public it is seeking to influence. The Committee found RSPCA WA had been careless in its accuracy in some of its advertising campaigns, and that no matter how noble the cause, it is important that material is factual and accurate. It is also noted membership of the RSPCA is decreasing due to disillusionment of their current policies including their position on live exports.

WAFarmers struggles to see how a small Independent body sitting in Canberra could possibly achieve nationally agreed farm animal welfare standards across Australia given the diversity of livestock production systems and the jurisdictional legislative processes overseeing these systems.

WAFarmers strongly believes there must be clear and concise separation between appropriate farm animal 'welfare' standards (as opposed to appropriate welfare standards for long term companion animals) and the strict enforcement penalties which must apply to those found guilty of animal 'cruelty'.

The long term development of the national animal welfare standards and guidelines on-farm, in transit and in feedlots, are being endorsed by States and Territory Governments. WAFarmers believes this process must be allowed to develop and be implemented before a review to modify or change these standards and guidelines is instigated by State or Territory based welfare committees.

In contrast to the productivity commissions call for a 'national' independent body, today the RSPCA in Australia is not one 'single' entity but eight autonomous RSPCAs, with each one established as an incorporated association under the relevant state or territory associations' incorporation legislation. These eight RSPCAs are, in turn, member societies of RSPCA Australia, the national coordinating body. There in sets the precedent.

Industry quality assurance schemes, including compulsory retailer schemes like Global Animal Partnership (GAP) 5-Step™ Animal Welfare Ratings Standards for Beef Cattle; the only farm animal welfare rating system developed by producers working collaboratively with non-profit animal advocacy organisations, where retailers' needs are integrated with concern about animal welfare, and where scientific research joins with on-farm wisdom; and the RSPCA assurance schemes, all of which are independently audited and meet community and international expectations. These renowned schemes reflect Australia's farming commitment as a leader in modern, scientifically based and accepted welfare standards for farmed animals.

Improvements to animal welfare can be progressed via quality assurance schemes. We do not need an independent advisory body to achieve this.

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.

WAFarmers supports the recommendation 5.1 that the Australian Government should take overall responsibility for ensuring scientific principles guide the development of farm animal welfare standards, but does not support the recommendation for the Australian Government to task a newly established independent body with the development of national standards and guidelines as these have already been developed and are currently being place into State and Territory Legislation.

WAFarmers does not support the duplication of this process by an independent body. More importantly, WAFarmers strongly believes we must allow the animal welfare standards and guidelines to be implemented in each State and Territory, before a review is initiated in an agreed timescale.

WAFarmers certainly do not support a body being established in the future with regulatory powers. Its capacity should be of an advisory role only.

Information request 5.1

The most effective governance structure for an independent body

WAFarmers does not support the establishment of an independent body. However, if one is to be established it could be a statutory body, which is a body set up by the government to consider evidence and make judgements in some field of activity.

What responsibilities the body should include

The body could advise the relevant Minister on animal welfare matters, including animal welfare legislation and community education. It should not have a regulatory function. In this capacity the body would use all the relevant communication channels (website, Facebook) to inform and engage with the community. The body should engage with the research and development corporations and the scientific community on a frequent basis. The body must not be distracted or lend support to minority views on certain activities, for example the banning of live exports.

Funding of the body needs to come from the Government and possibly regional authorities on a fee for service basis. WAFarmers certainly does not support the reallocated of funding from initiatives that are proven to work and provide real animal welfare outcomes to a speculative arrangement based on unproven assumptions.

Draft recommendation 5.2:

Governments should review their monitoring and enforcement functions and make changes so that there is separation between agriculture policy matters and farm animal welfare monitoring and enforcement functions.

This recommendation is nonsensical in that monitoring and enforcement inspectors have an important role in the policy development process.

To help improve compliance practices, the department sets clear expectations about acceptable standards of farm animal welfare performance, as well as publishing easy to understand guidance material and information about how to meet those expectations.

Compliance practices are the result of concise strategic planning and policy setting which cannot be done in isolation. Compliance inspectors, (either employed by the government or the RSPCA), should be recognised as important contributors to the policy setting process.

This information assists industry to better understand its responsibilities in achieving good welfare practices, and gives inspectors every opportunity to know what they need to do to meet their obligations. In addition, the department will consider the performance of operators when developing its compliance activities each year. This information is combined with a range of other available information about the risks of particular activities to ensure that the department's proactive activities are targeted.

It goes without saying; that it is extremely important that monitoring and enforcement activities are well funded and resourced by the government to meet community expectations and their obligation on the ground.

5.6 Live export regulation

In terms of live exports, Australia is the only country in the world to ensure the wellbeing of sheep and cattle leaving these shores for other countries in the development of the Exporter Supply Chain Assurance System (ESCAS) and recently with Livestock Global Assurance Program (LGAP), and it is about time this significant effort and achievement is recognised.

The development of LGAP has been initiated by the Australian livestock export industry to help protect the welfare of exported animals and demonstrate its professionalism and dedication to continual improvement. LGAP is a global assurance and conformity assessment program aimed at fostering world's best practice in the welfare and management of animals, applicable to any international market. LGAP aims to do more for improving animal welfare in foreign markets, in that it is not being limited in scope to just Australian livestock.

ESCAS has certainly met its obligations by firstly improving and ensuring best animal welfare standards are practiced in overseas facilities and secondly, through the education and training of staff in overseas countries. This in turn has significantly increased welfare practices in these markets to the extent that attitudes and behaviours have changed considerably, particularly in regards to the use of stunners in the slaughtering process. No program is 100% fool proof and the advent of LGAP could enhance monitoring and compliance protocols even further. Industry has agreed to fund these important programs to meet their obligations to the community in terms of ensuring a high level of animal welfare is practiced as well as the need to safeguard this important and legal trade route.

6 Regulation of technologies and agricultural and veterinary chemicals

The ability for the Western Australian agricultural sector to access the latest technology, chemical actives, or information is essential. The production of food is a global industry, and Australia must be globally competitive, otherwise the industry risks becoming obsolete.

Any country that has a competitive advantage over Australian farmers will use it, and therefore government must regulate agriculture while considering how to remain as internationally competitive as possible.

6.1 Regulating the evolving world of agricultural technologies

Access to genetically modified organisms and products

WAFarmers supports the right for farmers to farm as they choose. However, for that choice to be possible, they must have a number of options available to support their production system.

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.

WAFarmers supports the right for farmers to farm as they choose. The availability of that choice should be appropriately legislated, scientifically tested, and consider the health and safety of people and the environment.

WAFarmers supports this recommendation and the assessment practices utilised by the Office of Gene Technology Regulation (OGTR) and the Food Standards Australia New Zealand (FSANZ).

The current price premium for non-GM (CAN) canola and GM canola (CANG), is approximately \$38-40, as of 17 August, for the prices published by [AWB](#) and [GlenCore](#). However this premium for non-GM grain has varied from \$10 to approximately \$65

However with the choice of conventional and GM cultivars, farmers consider a number of factors to determine the economics of production, including potential price differences, seed price, yields, oil contents, and the availability and value of herbicide control options to their businesses. A farmers use of cultivars, GM or conventional, considers maintaining the sustainability of the crop rotation and thereby minimising the quantum of pesticides needed by utilising the full variety of technological options available.

At the Perth hearing, WAFarmers was asked to provide additional information on how WA managed co-existence and segregations of non-GM and GM canola within the supply chain. This information is best supplied by CBH Group, to ensure the most accurate information is provided.

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.

WAFarmers supports the removal of the Western Australian *Gene Technology Free Areas Act 2003*. WAFarmers considers the moratorium a potential limitation on the availability of gene technology to farmers, as well as provides significant uncertainty for the future if the current exemptions that allow the cultivation of GM canola were to be removed.

The provision of accurate information about genetic modification technologies is essential, as the wider community generally do not understand how the technology works. If accurate and understandable information is available, consumers may be more accepting of the technology being utilised.

New breeding techniques

WAFarmers is concerned that the lack of clarity on this issue, and the timeliness of the considerations may lead to a decline in the new technologies being made available in Australia. There needs to be transparency about what technologies are considered to be genetic modification (GM), and then an education process for industry and the wider community about this issue.

Access to telecommunications infrastructure

The agricultural industry, and farm businesses are complex operations that rely on the availability of updated information, support from external consultants, as well as producing a commodity that is influenced by the global commodity market.

However, the failings of telecommunication infrastructure are an ongoing issue for farmers, agriculture service providers, and consultants within Australia. Telecommunication infrastructure is essential, and while there have been some announcements recently with investment in the network, WAFarmers reiterates the importance to farmers to have adequate access to mobile and data access.

6.2 Access to agricultural and veterinary chemicals

WAFarmers considers access to agvet chemicals to be essential for most agricultural production systems, as they are general the most cost effective option for control of weeds, pests, and disease issues.

The accessibility to agvet chemicals by farmers is primarily driven by the cost of the active, the availability of the active, as well as rotation of chemicals, the efficacy of the active, and their resistance management plans in their production system. Farmers generally use

chemicals as a key component of their integrated pest, weed and disease management programs.

Farmer's access to chemical actives that are available internationally will ensure that our production systems remain globally competitive, without imposing significant costs to farmers.

The assessment of chemical actives into Australia under the APVMA, while considering any potential issues with worker health and safety, environmental considerations, trade implications, and protecting people, animal and crops, must be robust and versatile to consider the potential benefits and impacts of the active being available in Australia. APVMA must be mindful that Australian agriculture, although important to the Australian economy, is a small producer, and therefore a small market for incoming chemical actives. Any costs incurred in registration of a product will be passed on to the farmer, or may lead to the chemical registrant to not proceed with registration.

Existing chemical regulation already exceeds that applied to much of the imported produce consumed by the Australian population. Further regulating Australian farmers only serves to disadvantage them in export trade whilst providing no benefit to Australian consumers in relation to the large proportion of imported produce they are already consuming.

DRAFT RECOMMENDATION 6.2

The Australian Pesticides and Veterinary Medicines Authority should make greater use of international evidence in its assessments of agricultural and veterinary chemicals (including by placing greater reliance on assessments made by trusted comparable international regulators). Reforms currently underway in this area should be expedited.

WAFarmers support the use of international evidence for assessment of agvet chemicals, as it is likely to provide efficiencies in the registration process. Not allowing the use of international evidence will result in cost imposition on Australian farmers to gather the evidence locally. It is also likely to result in the loss of important chemicals.

International evidence should be utilised for re-registration of chemical actives that are for review. Evidence that is inadequate to allow for proper consideration should be considered if available from international agencies. However this would not be appropriate if there is a significant difference in the circumstances that would negate the applicability of that data.

However, with the reconsiderations of chemical actives that have a long-term use in Australia, a risk based approach should be used in conjunction with the lack of reports of adverse circumstances during that period of usage. International evidence that supports the use should also be considered. It is a concern that international evidence to deregister a product could also be utilised to the detriment of chemical active registration in Australia.

While recognition of international data is important to gain efficiencies, APVMA should use the information to guide their assessment. APVMA must remain their power to independently assess chemical active registrations for chemical use in Australia.

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.

While WAFarmers support an approach to consistent national regulation, it is a concern that Western Australia's production environment will not be considered independently on the vast and varied production environments throughout Australia. There are significant variations in population densities, proximity to urban populations, and the proximity to different commodities (i.e. in Western Australia, horticultural and viticultural production are generally confined to regions, and are distinct to broad acre production areas).

WAFarmers requested specific information from a chemical supply company in Western Australia, however an answer could not be provided prior to the submission.

Access to agvet chemicals for minor uses

WAFarmers support the development and implementation of program with clear protocols for minor use permits.

Labelling of agvet chemicals under work health and safety regulations

WAFarmers remains concerned about the potential for removing the exemption for labelling of agvet chemicals from 2017. The current assessment of agvet chemicals in Australia by APVMA, and the labelling that accompanies the registration assesses issues with worker health and safety issues, is considered adequate by industry.

WAFarmers is not convinced that complying with the Global Harmonisation System for chemical labelling will improve worker safety, as there has been no evidence provided that the inclusion of precautionary statements will improve worker safety beyond current levels.

WAFarmers requests the current exemption for labelling requirements to be maintained.

WAFarmers provided a response to the Department of Agriculture and Water Resources: Review of duplication between agricultural veterinary chemical and work health and safety legislation on 30 May 2016. A copy of our submission is available on our website; however it is attached as supplementary information for our submission.

7 Biosecurity

Australian agriculture benefits significantly from our reputation of clean production systems due to our freedom from a number of international issues. However, our reliance on this freedom for market access must be maintained with support from government and industry.

Western Australia also has a unique regional freedom from a number of issues prevalent on the east coast of Australia, due to our isolation and unique biosecurity restrictions and requirements.

Given these distinct requirements, biosecurity regulations in WA have driven the need for variations to arrangements to those applying in the eastern states of Australia. This gives the State access into valuable and emerging markets. Adopting uniform national biosecurity regulations is not necessarily in the best interests of Western Australia.

WAFarmers in accordance with the WA Government's position would not want to see the Biosecurity Act 2015 applied in a manner which undermined the integrity of local biosecurity provisions and compromised attempts to maintain disease or pest free status and retain market access.

Consequently, Western Australia has regulation which can apply in the event of an outbreak in other parts of Australia. Furthermore, the regulatory environment applying to food manufacturing inhibits the ability of industry participants, particularly SMEs, to access export opportunities. The inconsistency in regulation of domestic and imported food and the costs associated with the regulation of export activity act as a strong deterrent for export market development.

7.1 Australia's biosecurity arrangements

WAFarmers have been involved in a number of reviews of Australia's biosecurity system, including the implications of these changes to Western Australia agricultural businesses.

WAFarmers indicated in its responses to these inquiries that there is currently significant overlap of funding mechanisms to support an array of biosecurity systems both at State and National levels and there is a lack of clarity and transparency around the purpose and benefit of each system.

WAFarmers is of the opinion that with industry working collaboratively with governments, a refinement and realignment of all these biosecurity systems will result in considerable improvements to safeguard Australia's agricultural industry, its community and economy.

At present, the compliance burden of export regulation is a significant cost burden to businesses. Export documentation requirement and fees charged by Australian Quarantine Inspection Service (AQIS) are the same for all businesses regardless of the size of the exporting business. However the move to a more risk based and flexible national biosecurity system for imported goods has created new regulatory complications for state jurisdictions.

Compliance with AQIS legislation, monitoring and audit requirements is often a disincentive to local export market development, particularly for new entrants and SMEs. To emphasize this point, which is of significant concern to the WA bee industry; under the new national

Biosecurity Act, there were no obligations/provisions made within the regulations to require AQIS inspectors operating in Western Australia, to report import notifications to the Western Australian Quarantine Inspection Service (WAQIS) of the arrival of any restricted items into the State. WAFarmers initiated an alarmed response identifying this oversight and worked with DAFWA to seek a hasty resolution to the issue. This example highlights the imbalances and complexities which do occur between state and national biosecurity legislative requirements.

Jurisdictional overlaps and export process delays ultimately act as a disincentive to invest or expand food businesses into international markets. Government do have a role in the educative process both at the business and administrative regulatory level to build a common understanding. However, an on-going concern, is the diminishing Federal Government funding and resourcing support being given to State/Territory jurisdictions and this must be addressed with some urgency.

Biosecurity continues to be a major focus for the agriculture sector particular because it affords the local industry a competitive advantage in export markets. The Boosting Biosecurity Defences project is led by the Department of Agriculture and Food WA (DAFWA) and has received funding of \$20 million under the Royalties for Regions program. It seeks to build the capacity of the agricultural industry, rural community and government, to manage biosecurity risks to protect the value, market access and reputation of Western Australian agriculture.

Industry currently has limited engagement with government on development of priorities, policy, and response strategies. However government are increasingly pushing biosecurity functions and funding obligations back onto industry, without providing industry with the opportunity to engage properly in the decision making process, or acknowledging the valuable contribution industry experts can offer to this process.

For example, with the recent incursion of Russian Wheat Aphid (RWA), the WA Department of Agriculture and Food (DAFWA) developed a response plan including industry funding mechanisms without proper consultation with the wider industry. Consequently the response plan failed and industry growers are experiencing huge cost implications to their individual businesses.

There is clear evidence available to indicate existing crisis response planning is failing and there is a real opportunity to improve these systems if a balanced consultative model is adopted. Agricultural businesses have, and will continue to, contribute funding and resources to biosecurity planning and mitigation, if they are actively involved in the decision making process on an equitable basis.

7.2 Why are governments involved in biosecurity?

When should governments be involved?

Government entities should be involved in biosecurity activities when there is a threat that could adversely affect productivity and efficiency of Australian agriculture or the wider community, and there is not an entity that is able to prevent or manage the risk or threat adequately.

7.3 Benefits and costs of biosecurity

The Biosecurity Act 2015 will only achieve its aims if it is adequately resourced. The perception in community and industry is that government is cutting resources and preventative measures are being sacrificed to meet political constraints.

WAFarmers wants to stress the need for WA to keep the right to maintain and implement its own regulations in place for certain pests and diseases to ensure regional freedom which is essential to our market access. WAFarmers would support moves to update the biosecurity legislative framework to reflect changes in the requirements and expectations of our major customers and the need to maintain international competitiveness through our export supply chain.

7.4 Regulatory issues raised about biosecurity

The capability to undertake the risk assessment necessary is lacking. Increased effort to up-skill existing resources is required immediately. In addition, without real data which is experimentally collected in the field to add into current models or risk assessment framework confirmation as to whether or not the investment is sound cannot be improved.

Each region would require further data input to support improvements regarding the general risk frameworks currently in place. A March 2012 forum on Western Australian grains industry biosecurity preparedness identified a number of issues associated with local biosecurity processes:

- Surveillance and diagnosis was considered inadequate to maintain data sets for trade purposes and new market access submissions.
- A need to improve the capacity of the WA grains industry to respond and mitigate harm to the industry from any incursion of exotic pests, which included inadequate understanding of the possible impacts of grains pests on the WA grains industry.

These findings suggest a need for investment in surveillance and diagnosis; including the surveillance hardware and software required to collect, analyse, store and share data; human capacity to respond to an incursion of an exotic pest; and biosecurity R&D to build knowledge of grains pests.

The National Plant Biosecurity RD&E Strategy should have an important role in driving the allocation of investment in biosecurity RD&E to reduce replication and ensure the most gain in knowledge from the investment. Resource capacity at priority times to prevent mid to high level risk events from occurring continues to be a concern to Western Australia. The scope for preventative biosecurity across Australia should be a high level focus for future competitiveness policy development. The WA Government has previously submitted to the Australian Government that increasing demands for modern biosecurity measures at a State level have not been matched with adequate funding support.

Concerns about import risk assessments

WAFarmers is concerned that Federal import risk assessments do not adequately consider the importance of area freedoms for certain commodities.

An example is the restrictions of honey importation to Western Australia. Honey into Western Australia must be heat treated to prevent the incursion of diseases that south-west Western Australia is free from, that are prevalent elsewhere in Australia. However there was a recent assessment for importation of drone semen that considers the absence of varroa an adequate biosecurity measure to prevent a number of diseases, such as acute paralysis virus, deformed wing virus, and slow paralysis virus.

WAFarmers provided a response to the Department of Agriculture and Water Resources: Draft policy review of Importation of honey bee semen on 1 December 2015. A copy of our submission is available on our website; however it is attached as supplementary information for our submission.

Bovine Johnes disease

In July 2016, new arrangements for the management of Bovine Johnes Disease (BJD) were implemented after Animal Health Australia revoked the nationally agreed BJD program, effectively deregulating the program. The new arrangements place the onus and costs for biosecurity management and Johnes disease controls firmly back onto individual beef, dairy, goat and alpaca producers.

In WA, the cattle (beef and dairy) industry in collaboration with DAFWA agreed not to deregulate its BJD program in Western Australia and to maintain current surveillance and management activities which is funded by the industry through the Cattle Industry Funding Scheme, which is a voluntary contribution that is paid on every sales transaction per head.

The presence of BJD in Western Australia is extremely low and it is most important this status is maintained given the reliance on the export market for meat, dairy and live cattle. Many of these importing countries demand Johnes disease freedom. Secondly, WA wants to maintain its current BJD freedom status as it would be in a favourable position if there was ever a public health link associated with Johnes disease. The prevalence of Ovine Johnes disease in WA has risen significantly since the state and national deregulation of the OJD program and the WA cattle industry does not want to see a similar scenario to happen in the cattle industry.

Industry through the Cattle Industry Funding Scheme employ DAFWA inspectors and experts to provide technical expertise for the WA Johnes program. This includes the collection of data, monitoring and auditing and surveillance activities at borders and beyond. The Scheme has also funded DAFWA experts to complete a cost benefit analysis of the options available for the management of a BJD program in WA given the deregulation of the program nationally. In the interim, WA will maintain its current BJD import conditions with surveillance, monitoring and compensation protocols being funded by the industry.

8 Transport

8.1 Heavy vehicles

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.

Western Australia is yet to sign up to NHVR, and WAFarmers continues to advocate remaining outside the NHVR framework. Western Australians do experience some delays in accessing road access permits, however Main Roads WA is working to streamline this process and these efforts are welcomed by WAFarmers.

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.

As above, Western Australia sits outside of the NHVR framework. However, any process that facilitates increased access for the transport of agricultural goods is welcome. Main Roads Western Australia is implementing a process under the Strategic Road Access Strategy that will allow for more roads to be open and is trying to reduce interference from Local Government Authorities. Although this process is welcome, WAFarmers would like all roads to be open in quicker timeframe. We acknowledge safety is paramount, however farmers require chemicals, seed and fertilisers to be transported by road in a timely manner, and just as the farmer has a commitment to deliver produce to drop off points by certain times. There must be a process to facilitate access to allow farmers to carry out their business with minimal interference.

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.

Without seeing any details about such a proposal, WAFarmers would be open to a discussion on this recommendation. The current methods of raising revenue through registrations and fuel based charges are inequitable and do not reflect the actual cost of individual vehicles using the road network. The Road Fund model and hypothecation of revenues outlined in the Commission’s inquiry into public infrastructure could be considered; however more information is required on how this may impact remote communities.

Due diligence must be exercised when implementing a user pays model to ensure that roads across the country are well maintained without imposing unequal costs on those who live in rural and remote centres. Those living remotely have to travel much longer distances to access basic services such as health and education and this could be seen as a penalty. The system will have to be unbiased and apply the same to metropolitan and regional residents and businesses.

Under the current framework, primary producers have access to reduced registration fees by way of concession and fuel tax credits through the Diesel Fuel Rebate Scheme. These measures recognise that many farm vehicles and machinery do not operate frequently on public roads, and in many instances are used sporadically over the course of the year. Before supporting a new user pay system, evidence must be presented on how the new model will benefit primary producers compared to the status quo.

A concern may be in how this system is policed. Currently in Western Australia there are no telematics, its introduction may be met with apprehension by some members of the heavy vehicle community in fear of a “big brother” approach. Further, it will be seen as another cost as individual vehicle owners will be responsible for bearing the cost for installing the technology.

WAFarmers currently has a policy that opposes the introduction of toll roads in Western Australia. The model currently in placed in Eastern Australia has seen profits increase, but not the standard of the road infrastructure. Any capital raised through road use should be reinvested into the road network. As mentioned, WA has a range of concessions for farmers as they are not frequent users of the road network with heavy vehicles when compared to high use operators and heavy haulage providers. This benefit is of great benefit to the agricultural sector and will need to be protected should a user-pay system be explored.

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.

Western Australia has an agreement with Main Roads that allows the relocation and use of farm machinery on public roads when correct permits and/or safety equipment is used. There is no requirement for the NHVR in this space and the current system in WA is flexible and workable.

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.

WAFarmers is happy with the abolishment of the RSRT. As agriculture is dependent on road transport. With Western Australia expanding vast distances, the tribunal's last pay order would have had a devastating impact on Western Australian producers.

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.

Although there is no appetite to introduce the NHVR framework to WA, there have been no funds from the disbanded RSRT allocated to projects based in Western Australia. Some of the funding should be made available and allocated to Western Australian safety initiatives.

8.2 Rail

The Western Australian grain rail network was privatised in 2001, and has ownership structures a number a times.

WAFarmers have been long term supporters for the economics of railways compared to road, however the current access issues currently with negotiations between CBH Group and Brookfield Rail, are an example of regulatory failings. Parts of the WA rail network have also been closed through changes to the original lease agreement between government and the lease holder. The closures have led to a number of lines, termed 'tier 3', and are smaller grain freight lines that form part of the CBH recieval network.

These failings were further highlighted by the Australian Competition and Consumer Commission (ACCC) in their reviews of the Asciano acquisitions.

Currently the Western Australian railway network is not certified, as the Railways (Access) Code 2000 lapsed in certification on February 11 2016, which was governed by the Economic Regulation Authority (ERA). The ERA released their 2015 review of the Railway (Access) Code on 2 February 2016, however a copy was provided to the State Government on 8 December 2015.

WAFarmers remain frustrated that the regulatory regimes implemented by the Western Australian government do not work for monopoly infrastructure, as is evidenced by the ongoing issues being experienced by Western Australian growers. In conjunction with the current failings, there is limited appetite for the State Government to resolve the issues currently being experienced in the foreseeable future.

Price distortions between road and rail services

Currently, road networks are subsidised by the State and Federal Governments, as they are considered key infrastructure for the community and economy. However the rail network, since privatisation, although significantly more economically viable for long term haulage of commodities and freight, is being priced at just below road service provision.

8.3 Ports

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.

WAFarmers agree with this finding; however our organisation remains opposed to the privatisation of Fremantle Port unless clear benefits for agriculture are provided.

WAFarmers are concerned that the privatisation failings with the rail network in Western Australia will be repeated in privatising Fremantle Port.

WAFarmers considers that privatisation of monopoly infrastructure should be governed under a national access and pricing regime to ensure maximum transparency of arrangements between the government and the lease holder. The ability for ACCC to oversee competition issues arising for monopoly infrastructure and monopoly powers is essential, and will ensure that agriculture can remain globally competitive.

8.4 Coastal shipping

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.

WAFarmers supports this recommendation, as it is likely to improve competition and therefore lead to more competitive pricing and service provisions.

9 Food regulation

WAFarmers supports clear labelling of food, to ensure that Australian agriculture is accurately represented.

9.1 Rationale for food regulation

WAFarmers supports measures to better inform consumers through enhanced country of origin labelling although the relevance of such an issue within the context of a competitiveness policy document is weak.

There is room for improvement in the Country of Origin Labelling (CoOL) provisions, especially in the need for a terminology which is more accessible to consumers. Any changes to the labelling measures need to strike a balance between consumer interest and support of the Australian food industry, while minimising the compliance burden.

Support has been broadly given to the recommendations of the House of Representatives Standing Committee on Agriculture and Industry Report on the inquiry into country of origin labelling for food. The development and adoption of food labelling standards in the Food Standards Code is subject to extensive consultation and approval through the Office of Best Regulation.

The move toward voluntary industry lead labelling schemes as demonstrated with the Health Star Rating scheme and alcohol pregnancy warning labels is creditable. The process and timing involved in the current Country of Origin labelling reform and the Free- Range Egg labelling information standard has provided industry, specifically small and medium enterprises (SMEs), with insufficient time to acquaint them with the content of the draft information and provide feedback.

Consumers do seek clear simple information on where food comes from and this information should be applied consistently on all food products. In Western Australia, local companies with a domestic focus seek to maximise parochial purchasing through the use of regional or Western Australian branding, such as 'Buy West Eat Best' logo. The success of the program has clearly demonstrated that people are interested in purchasing local food.

The requirement outlined in the draft Country of Origin information standard that businesses are required to utilise the "Made in Australia" kangaroo logo on their labelling in addition to a bar chart reduces the amount of label space available for marketing purposes. While being required to identify the country of origin of ingredients and whether the product is made in Australia, the market should ultimately be allowed to determine the best way to market their products to gain the greatest competitive advantage.

9.2 Food regulation in Australia

Mandatory labelling of genetically modified foods

DRAFT RECOMMENDATION 9.1

Food Standards Australia New Zealand should remove the requirement in the Food Standards Code to label genetically modified foods.

WAFarmers supports the commission's view that GM labelling is a consumer value issue, and is an option that businesses can use for their product.

While the removal of the mandatory requirements for labelling is positive, there is potential that removing all forms of transparency and accountability within the production chain may

lead to consumer issues. However the retention of mandatory labelling for GM foods could lead to potential issues with labelling for processing or manufacturing aids that are genetically modified, and may be evident within a food product.

Although there are no food safety issues with genetically modified foods, there is the potential for the discussion on mandatory labelling to educate the wider consumer audience about gene modification techniques.

Additionally, mandatory labelling of GM products may provide opportunities for alternate products to attract increased market share. An example is that labelling of imported GM soy proteins could be seen as an incentive for manufacturers to utilise domestic supply of lupins or other locally produced GM and non-GM produce.

Gluten-free labelling

DRAFT RECOMMENDATION 9.2

Food Standards Australia New Zealand should review the standard for the level of gluten allowed in foods labelled as 'gluten-free', taking into account scientific evidence, international standards and risks to human health, and set a maximum allowable parts per million level for foods to be labelled 'gluten-free'.

WAFarmers supports this recommendation as it will provide further clarity for consumers with gluten issues

9.4 Regulation of food safety in the production process

WAFarmers supports the application of a nationally consistent practical and risk-based approach to food safety regulation that supports public health and safety but does not place unnecessary cost burden on businesses.

The application of food safety requirements throughout the production chain for local food manufacturers, but not for imported businesses, may unduly raise the opportunity costs of local businesses and has contributed to some products that are not approved for production nevertheless being imported.

Local Government is the primary enforcement agency of the Food Act in WA and undertakes food safety assessments of food businesses, including some primary production businesses subject to primary production and processing standards and those engaged in some form of processing for retail. Each local government authority has the ability to determine the frequency of assessment of food businesses within its boundaries.

The food regulatory system is founded on a model of national consistency. All States and Territories have adopted state legislation based on the Model Food Act, and are signatories to the Food Regulation Agreement 2000 (as amended 2000 and 2008), signed by COAG members. The Food Regulation Agreement advocates a cooperative approach to food regulation across all levels of government.

It is considered that the national legislated food safety standards are developed through a rigorous and transparent process. They are not prescriptive, but rather outcomes based which provides room for businesses to innovate and implement risk management activities appropriate for their business to mitigate food safety risks.

Only those primary industries that fall within a high risk category have specific food safety standards. The audit and inspection process can be one of the most costly aspects to business of complying with food safety regulations. Some food businesses undergo audit or inspection by a state and federal regulator in addition to audits for key clients and markets and can subsequently be inspected by a local government officer with limited knowledge of the industry or processors. A number of retailing businesses and fast food establishments have their own QA standards which they apply to suppliers, such as, BRC Global Standard and WQA Woolworths. As a result, food processors face overlapping and at times inconsistent regulations.

Although the term 'free range' as applied to eggs, is not regulated in national labelling standards, additional labelling laws implemented in some jurisdictions provide conflicting conditions on labelling requirements, which poses unnecessary regulatory burden for those businesses operating in multi-State jurisdictions.

Food regulation in the honey sector

WAFarmers is concerned that changes to honey labelling, although forcing a level of national consistency, has now meant that international customers, that brought honey based on TA levels, are no longer being supplied adequate information to allow them to choose Australian, or particularly WA honey.

10 Labour regulation

10.2 Access to overseas workers

The agricultural sector currently loses approximately \$700 million per annum as a result of labour shortages. One form of possible labour is the Seasonal Workers Program (SWP) overseen by Department of Foreign Affairs and Trade and Department of Employment. The program allows workers to come to Australia from the Pacific Island nations and Timor-Leste. This is of great benefit to primary production as initial testing demonstrates that seasonal workers deliver a 20 per cent increase in labour productivity. Furthermore, the SWP also sees remittance returned back to the origin nations which stimulates their local economies.

The program has had a relatively slow uptake in Australia, and even more so in WA as there are currently no SWP placements in the broad acre sector. This is further exacerbated in Western Australia as the majority of primary producers do not know the program exists or its scope has been broadened to include most farming enterprise. Additionally there are regulatory burdens encountered by farmers in conjunction with high upfront costs experienced by the farmer prior to the employee's arrival.

To enter into this program requires a leap of faith from a price taking sector that is usually risk averse and cost conscious. The upfront cost to businesses to participate in the program

is approximately \$2000 through the payment of airfares and visa applications. Although this cost is recouped upon commencement of work, the farmer has to wear the risk upfront; this is only further increased by employers who invest in large SWP workforces. With this in mind, there is minimal incentive for a producer to enter into this program, particularly when all the risks involved lay with the farming business.

WAFarmers participated in a recent stakeholder group in Canberra, working with the respective government agencies as well the program provider. It is hoped many of the ideas discussed at the forum are implemented which will benefit both the Labour Sending Units as well as the Approved Employers.

Superannuation for Temporary Residents

WAFarmers agrees more needs to be done to ensure Australia's superannuation system is fit for purpose today and into the future. It is extraordinary that the income threshold has remained static for 25 years and the current level does not reflect the tax free threshold. It defeats the purpose of the system to pay temporary resident superannuation when they are unlikely to retire in Australia. The high regulation surrounding superannuation is costly with producers having to pointlessly pay superannuation that will not be collected and complete paperwork that should not be required. Temporary residents account for 85% of the agricultural workforce, by removing the requirement for superannuation to be paid to this sector there will be a significant amount of capital made available to reinvest into Australian agriculture.

457 Visa Training Requirements

WAFarmers agrees with the comments made the Productivity Commission. It is already difficult for farmers to access skilled workers under the 457 visa system. Further increasing the regulation surrounding this labour force will only impede future growth and productivity of the Australian agricultural sector.

Backpacker Workforce

WAFarmers has been vocal in its opposition to the current proposal of a 32.5 per cent tax rate imposed on backpackers. WAFarmers attended the roundtable in Sydney, and will continue to work closely to find a mutually acceptable tax rate for employers and employees. WAFarmers would like to see the current system remain insitu, however if changes are required a tax rate of 19 per cent and the removal of the tax free threshold would be accepted. Further comments will be made to the Federal Government's review.

10.3 Workplace relations

Labour regulation is a key impediment to competitiveness and productivity in the agriculture sector. WAFarmers encourage the Government to implement recommendations for reform in a timely manner, including the modern awards objective as a sensible approach to this reform is require, more so than what is currently being experienced. The current reform seems to be bureaucratic in nature that may lead to an increase in red tape to the employer.

The Commission made reference to the draft report Workplace Relations Framework and that the inquiry advocated for greater use of qualitative and quantitative data analysis when

setting penalty rates; a model which could be adopted in the Pastoral and Horticultural Awards.

WAFarmers supports consultation with the agricultural stakeholders in relation to whether a similar approach could be applied to penalty rates in the agriculture sector which has many characteristics that make it unique when compared to other industries.

10.4 Work health and safety

WAFarmers supports reform of WHS laws which are complex, onerous and very difficult to change. WHS laws should be outcome-based, with a broader objective of compliance with the existing framework. Businesses bear the weight of compliance with the laws, but are poorly represented on the overarching body. The primary outcomes sought to be achieved by the current WHS laws are higher prosecution success rather than encouraging safe practice. This heavy hand is a disincentive and may drastically harm small business should a penalty be incurred. There is limited or no evidence that the current laws have resulted in improved safety outcomes. The industry requires a more pragmatic, targeted approach that looks to support farming businesses in making their workplaces safer. Fear of heavy handed sanctions is a major deterrent for many producers. There needs to be a change in attitude, so the system works for industry, rather than against it.

11 Competition regulation

11.2 Competition law

WAFarmers supports the use of the effects test to determine the potential impacts on competition. However it is concerning that cooperatives and corporate organisations may be considered equally.

Cooperative businesses are owned by their customers, and Western Australia has Cooperative Bulk Handling (CBH) Group as the largest grain storage and handling provider in Western Australia. CBH Group are focused on providing grain producers in WA with upcountry storage facilities and a reliable, low cost and efficient value chain through to export markets.

As the primary grain storage and handler in WA, CBH do have considerable market share. However as a cooperative, CBH must minimise cost imposition on growers and therefore the members, and to do so they must gain efficiencies, and implement business decisions that could be considered anti-competitive under the proposed changes to section 46.

Cooperative and corporate organisations have fundamental differences, and therefore allowances should be considered that capture these differences. Cooperatives are owned by those that use the service. In the case in WA, CBH is owned by farmers, for the benefit of farmers. Unlike corporate businesses, which are operated to maximise shareholder profits.

WAFarmers provided a response to the Australian Government Treasury: Options to strengthen the misuse of market power law discussion paper on 12 February 2016. A copy of our submission is available on our website; however it is attached as supplementary information for our submission.

11.3 Industry codes of conduct

DRAFT FINDING 11.2

Existing competition regulation and oversight is adequate for managing the risk of supermarkets abusing market power in their dealings with farm businesses and wholesale merchants.

Suggestions to amend exemptions that allow collective bargaining under section 45 of the *Competition and Consumer Act 2010* (Cwlth) are unlikely to increase collective bargaining by farm businesses.

12 Foreign investment in agriculture

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).

WAFarmers does not support this recommendation. WAFarmers considers the current thresholds to be appropriate. However, there is scope to increase the threshold from \$15 million to \$55 million as this is more in line with purchases purchased through foreign investment.

However, WAFarmers requests more transparency on the criteria used to assess the foreign investment, including national interests, to provide the assessment process with better transparency.

WAFarmers welcomes the development of a foreign investment register, however the register should be made public to maximise transparency

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.

WAFarmers supports this recommendation. Fees should be set in order to recoup any costs incurred by the FIRB, and my no means should under-recovery be accepted. Furthermore, the FIRB could set a schedule of fees for their services so they can increase as needed e.g. CPI. This will allow all fees to be reviewed and set on a rolling 12 month cycle

13 Export regulation

WAFarmers supports the points outlined by the National Farmers Federation.

For Western Australia (WA) the main live export industries, by economic ranking, are sheep, cattle and goats. Currently WA annually exports around 2.5 million live sheep, although in previous years it has exported over 4 million sheep. The more than 60 per cent decline in the WA sheep population since the early 1990s has reduced the number of sheep available to be exported live. However, due to similarly pronounced reductions in sheep numbers elsewhere in Australia, the live sheep trade remains strongly dependent on WA. WA continues to supply around three-quarters of the national exports of live sheep. Sheep death rates during sea transport from WA have declined since the early 1990s and now remain at approximately 1 per cent. Prices paid for exported sheep remain strong, in spite of the appreciation of the Australian dollar.

WA exports more than 300,000 live cattle, mostly to Indonesia. This trade grew rapidly in the 1990s and has remained strong over the last decade. It is important to WA's northern region. WA and the Northern Territory are the dominant States for live cattle exports. These states supply around three-quarters of all live cattle exports from Australia with WA supplying around 40 per cent of national exports of live cattle. The WA trend in export volumes since the mid-2000s is upwards and opposite to that for WA's live sheep exports. Since 2006 WA has annually exported less than 15,000 live goats, forming less than 15 per cent of national exports.

Economic studies typically show that the live trade enhances the value of Australia's red meat industry. Studies of a cessation of the trade usually project consequential reductions in beef, lamb and mutton prices. Importantly, these studies note that the regional impacts, especially in areas dependent on the trade, such as WA's northern beef region and the WA southern agricultural sheep region, would be particularly disadvantaged. However, meat processors are shown to benefit from the cessation of live exports due to access to more animals at cheaper prices. There are approximately 6,000 businesses with sheep in WA and live sheep export generates income in the range of \$175 million to \$275 million. Sheep production occurs mostly in the higher rainfall southern parts of the WA agricultural region. The principal markets for these sheep are Middle Eastern countries: Saudi Arabia, Kuwait, Bahrain, Qatar, Jordan and Oman, but with the introduction of the ESCAS animal welfare system these markets have been suspended.

Live cattle exports from the Kimberley region are worth around \$120 million and make up 45% of the live cattle exports from WA. Exports from the Pilbara region are relatively small at 6%, with a value of \$15 million. Exports from Geraldton have a value of \$27 million; however this port draws on a number of regions, but mainly from the Gascoyne and the Midwest. Fremantle, with 39% of the exports valued at \$106 million, draws on several regions including portions of the southern rangelands as well as the agricultural region.

WAFarmers encourages the Federal government to work more closely with its Indonesian counterparts to secure 6-12 import permits for live and breeding cattle.