



AgForce Queensland Industrial Union of Employers

ABN 21 241 679 171

Second Floor, 110 Mary Street, Brisbane, Qld, 4000
PO Box 13186, North Bank Plaza, cnr Ann & George Sts, Brisbane Qld 4003

Ph: (07) 3236 3100
Fax: (07) 3236 3077
Email: agforce@agforceqld.org.au
Web: www.agforceqld.org.au

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To Whom it may Concern

Dear Sir/Madam

Re: Response to Draft Report into Regulatory Burden Imposed on Australian Farm Businesses

AgForce thanks the Productivity Commission for documenting the complex web of regulation that covers the Australian agricultural sector and the associated recommendations for reform. AgForce has taken the opportunity in an attachment to this letter to provide the Commission with additional comment and direction in relation to a number of the recommendations, findings and information areas in the draft Report.

AgForce looks forward to government's consideration of and action on many of the Commission's recommendations and where possible is keen to work with government in its implementation of these recommendations. With membership managing over 50% of the Queensland land area, we believe we can and should provide a leadership role in assisting the implementation of coercive policy approaches.

AgForce thanks the Commission for the opportunity to provide feedback on the draft report. Any questions in relation to this submission should be referred to GM Policy, Lauren Hewitt, via telephone on (07) 3236 3100

Yours sincerely

Charles Burke
Chief Executive Officer

Enc

Agforce Response to Draft Productivity Commission Report

- **Land Use Regulation**

Draft Recommendation 2.1

AgForce strongly agrees with the cessation of land management objectives through pastoral lease conditions. Since the implementation of the *Land and Other Legislation Amendment Act 2014*, detailed land management plans are no longer required of pastoral lessees as a condition of lease renewal. AgForce supported this move in favour of a tenure-blind approach to achieving best practice land management which encourages all producers to appropriately manage their land.

With approximately half of Queensland term lease upon which native title still survives, neither native title holders nor pastoral lessees can commercialise their land beyond current agricultural purposes. This remains a significant stumbling block for many wishing to diversify and build value into their current enterprise. To overcome this issue AgForce has proposed to the State Queensland Government a review to lease which creates a new form of tenure which allows both lessees and native title holders to pursue commercial opportunities. This request has not been acted on and as such AgForce proposes that a joint Federal and State and Territory Government review should be commenced with a view to delivering more secure and tangible rights for both native title holders and pastoralists.

- **Environmental Regulations**

Draft Recommendation 3.3

AgForce supports the creation of a one-stop shop for all environmental regulations affecting a parcel of land. This could be achieved by a website where a landholder provides their Lot/Plan details and all the actual and potential regulations are listed for that property. Currently a landholder has to scale several government websites and be an expert in interpreting regulatory requirements. The Queensland Farmers Federation have produced a practical environmental management and planning legislation guide 'Legislation Affecting Primary Producers' <http://www.qff.org.au/policy-projects/our-work/planning/#legislationaffectingprimaryproducers>. This guide is the first step towards a one-stop, web-based, continuously revised, regulatory hub for agricultural land parcels.

AgForce supports a more consultative approach to making environmental regulation and also stresses the need for regulators to communicate regulations once in place.

An excellent example of this has been the Federal Government's failure to communicate the application of the *Environmental Protection and Biodiversity Conservation Act 1999* to producers. Following recent changes to Queensland vegetation management legislation, the Department failed to engage with producers and communicate risks of not complying with the EPBC Act, rather sat and speculated over what might unfold on-ground and then commenced compliance investigations when it became apparent that producers were failing to implement the legislation correctly.

Another example is the confusion over exemptions and flora survey requirements for Queensland's protected plants, when trigger maps occur over an area where vegetation clearing is proposed <https://www.ehp.qld.gov.au/licences-permits/plants-animals/protected-plants/clearing.html>

- **On-farm Regulation of Water**

The Commission has taken over some of the responsibilities of the National Water Commission and will be looking into water policy reform including inquiries into the National Water Initiative (first report by end 2017 and 3 yearly after that) and on the Murray Darling Basin plan and water resources plans (first report by end 2018 and 5 yearly after that). AgForce will look to make submissions to those and other relevant inquiries.

As was noted in AgForce's initial submission to the Commission, certainty and stability of regulation on water is needed given the long investment timeframes and payback periods. AgForce supports

integrity of water rights and the principle that these rights not be eroded without compensation. As has been noted by the Commission, regulation should be risk based and proportionate.

AgForce supports the Commission as part of its water responsibilities, to examine the need for regulation of water brokers to support growing confidence in water markets, particularly where these are developing.

Draft Finding and Recommendation 4.1

AgForce agrees that a catchment or aquifer level approach to regulation is often necessary to deliver responsible and sustainable use. As noted in our initial submission, the Queensland Government's approach to water planning, including the proposed administrative streamlining, appears to be largely effective in this task. There is however, a need to improve the integration of resource sector and agricultural takes in water planning and management.

With the provision of access to trading or relocation of water take, there is little role for governments to regulate the use or efficiency of use of water for agricultural purposes beyond the initial process of allocation.

AgForce believes that technology could be better used to allow real-time trading of water rights eg, the capacity for intra-flow trades ie, instantaneous versus 3 to 5 days

Queensland has online registers of transactions and there is still work to be done to improve public access to jurisdictional registers and to facilitate data searches within these registers (NWC 2014a, p. 40)

AgForce supports the streamlining of reporting requirements and reducing duplication, including for water management as proposed in recommendation 4.1.

- **Regulation of Farm Animal Welfare**

Draft Recommendation 5.1

AgForce does not believe that government should waste funds on establishing an independent animal welfare and community ethics body. Rather, Government should re-establish a national committee of livestock industry representatives, vets and welfare groups to oversee animal welfare policy and provide advice to Government. National standards and guidelines which involved significant input from industry, have recently been endorsed by State and Territory governments. Therefore, AgForce submits there is no reason to duplicate this process through a proposed independent body when the current animal welfare documents have been accepted.

An independent animal science and community ethics body, without industry engagement, is likely to set unachievable standards, leading to high compliance costs and an increased tension between activist groups and rural industries.

Uninformed consumers do not make animal welfare decisions based on science, but rather on how they would feel in the same situation. The Commission assumes 'science' will pacify/address community concerns/outrage over an issue. A recent MLA study found consumers were disproportionately concerned about long transport without food or water even though the science supports the time frames established in the Livestock Transport Standards.

AgForce is of the belief that Industry driven QA programs have more potential of delivering improved animal welfare outcomes than government regulation because Industry prides itself on delivering best practice management. Industry, through the Peak Industry Councils and industry service providers such as AHA, RIRDC, MLA and AWI, should be facilitated to take responsibility and ownership for sustainable best practice in animal welfare.

Government's commitment to on-ground staff funding to regulate animal welfare issues is shrinking and in general, as the PC report points out, reliant on public tip-off to investigate breaches.

Queensland's Biosecurity Capability Review recently determined that a commitment to shared responsibility between industry and government was the logical solution to constrained budgets, increasing risks, reduced compliance effort and failure of regulation to deliver outcomes.

Industry ownership and responsibility for the issue is not driven through more regulation, but through smarter engagement and support.

- **Access to Technologies and Agricultural and Veterinary Chemicals**

Draft Recommendation 6.1

GM technology is required to combat disease and improve productivity of agricultural produce. AgForce recommends that the Government provide a community information website such as Best Food Facts <https://www.bestfoodfacts.org/> with trusted, science-based advice on GMO's. AgForce also recommends the government work more with organisations such as Croplife Australia to advance the community understanding of GM technology.

AgForce agrees that states with moratoria on GM crops should be removed.

Draft Recommendation 6.2

Using data from overseas registrations enables Australian producers access to the wide range of effective and safe agvet chemicals to manage pests, parasites, diseases and weeds. Using overseas data would reduce the multi-million-dollar cost of registering new agvet chemicals in Australia and entice multinational registrant companies to consider introducing new agvet active constituents into Australia. Ongoing, new agvet chemicals are needed by Australian producers to manage pesticide resistance issues and accessibility for small market uses (eg, ectoparasitic vet-chemicals for livestock). Implementation of this recommendation would reduce the cost of registering chemicals in Australia.

Draft Recommendation 6.3

AgForce disagrees and suggests additional investigation into impacts of national harmonisation before adopting this recommendation. The current APVMA off-label Minor Use Permit system is effective for rapid response to new pest and weed incursions and safely extending label use to other pest and weed species. It is a regional and/or industry rapid response mechanism. AgForce recommends the current Minor Use Permit system is maintained. The current permit system can be readily extended nationally to use in all states, when appropriate.

- **Biosecurity**

Both AgForce and National Farmers Federation recently participated in the Review of the Intergovernmental Agreement on Biosecurity, providing submissions and attending public hearings. AgForce key recommendations were:

- Increased industry involvement and partnership in IGAB structure.
- Biosecurity is everyone's business. National community levy for biosecurity (eg, link to GST, if possible).
- Maintain a mentored network of regional, skilled biosecurity surveillance experts.

Information Request 7.1

AgForce is concerned about biosecurity risks posed by trespass, both by land and in the air by drones (unmanned aerial vehicles). There is no way of recording trace-back with trespassers and often the individuals will not be aware of the biosecurity risk they may be causing. This issue extends to other public access areas such as stock routes and reserves, where livestock may also be present.

The risk of trespass may not be a concern amongst many peri-urban and hobby farmers who may not understand the associated biosecurity risk.

- **Transport**

Draft Recommendation 8.1

AgForce is fully supportive of more gazetted heavy vehicle routes however, they should only be required if there is a risk to public safety. More routes would significantly reduce the burden of slow and expensive permitting processes.

Draft Recommendation 8.2

AgForce is supportive of working to improve the efficiency of road infrastructure investment. While a road-user model may offer greater efficiency for road infrastructure investment, analysis on how this would affect rural Australia would need to be carefully considered. The possibility of universal service obligations should also be explored to ensure less populated areas are not left with under-funded infrastructure.

Draft Recommendation 8.3

AgForce is fully supportive of this recommendation. AgForce has worked tirelessly seek a risk-based approach opposed to arbitrary restrictions and requirements for the movement of oversized agricultural machinery.

More gazettal notices, exemptions and longer permit durations are sensible short-term solutions to enable producers to move their oversized machinery as needed.

Draft Recommendation 8.4

AgForce is supportive of the recommendation to review the NHVR as part of the planned review of the national transport regulation reforms. Any review to help identify and address inefficiencies in the heavy vehicle regulations is welcomed. While some progress has been made since the NHVR's inception, there is still considerable work to be done to improve the permitting process and to strengthen the connectivity between all road managers.

Draft Recommendation 8.5

AgForce support the National Farmer Federation's submissions on this recommendation.

Draft Recommendation 8.6

AgForce Grains is fully supportive of the use of a biofuels mandate to help develop Queensland's biofuels sector and rejects the draft recommendation that all arrangements should be removed by 2018.

• **The Way Forward**

Information Request 14.1

AgForce endorses the Commission's findings that there is no one nor simple solution to preventing overregulation, nor is an effective RIA enough. In considering some pathways forward, AgForce suggests the PC investigate some of the following options:

- Embed regulatory improvement in departmental service delivery standards in annual state budgets with a link to financial outcomes eg, an efficiency dividend or a tied payment for achieving policy outcomes at least cost - a payment in line with a proportion of the savings to society achieved by regulatory reforms.
- Embed mandatory stakeholder consultation, review and evaluation processes in all legislation eg, like the water planning process with a statement of proposals, a draft Bill and then a Committee process for the actual Act.
- Enshrine a fully independent Office of Best Practice Regulation with some financial resources to incentivise/reward outcomes. This approach was implemented successfully in Queensland with the creation of the Office of Best Practice Regulation (OBPR), an independent office to undertake high quality RIA's and investigate areas of overregulation. One of the features of this office was good stakeholder relations and it is noted that OBPR's recent change to the Queensland Productivity Commission lack both these hallmarks of industry engagement and the appearance of independent. The OBPR had a clear outcome - reducing red tape and regulation by 20% and

implemented a modified, British Columbia style of counting obligations as the primary measure of the burden of Regulation.

- It identified a range of priority areas, including 10 fast-track reforms and eight medium-term priorities and reported annually against its targets.
- A 'cap and trade' approach to regulation across all government whereby the volume or intrusiveness of regulation is capped to a pre-determined level and then governments have to reform to achieve those caps or alternatively pay other tiers of government/departments who have exceeded (fallen below) their required caps to have access to additional regulation. This probably can't be simply pages of regulation or there may be perverse outcomes.
- Adoption of the NSW policy of a 'one on, two off' policy whereby the number of legislative instruments repealed must be at least twice the number introduced. Repeals can be 'banked' for later use, and can be swapped between portfolios.
- Governments at all levels have to pay those affected for the 'externalities' of their regulation ie, impacts outside of the desired policy outcome or where rights are impinged upon eg, NRM regulation that dilutes pre-existing or historical property rights.
- Enforce sunset clauses for all regulation and ensure a RIS process is undertaken before continuing/reintroducing it.

- **Other Areas of the Report without Recommendations, Findings or Information Requests**

Competition Regulation

AgForce supports the establishment within the ACCC of the Agriculture Unit to examine competition and unfair trading issues in agricultural supply chains with a view to improving enforcement and compliance with the *Competition and Consumer Act 2010*. This will help improve information flows and transparency within the supply chain, particularly through the conduct of market studies and identifying farm gate outcomes. Importantly the Unit will also look to increase awareness about codes of conduct, collective bargaining and the ACCC role and processes.

AgForce also support the Agriculture Unit establishment of an Agriculture Consultative Committee to support and help inform the Unit and the ACCC on agricultural competition issues.

AgForce supports the National Farmers Federation submission relating to competition law.

Foreign Investment

It is important that the oversight framework is effective, but also consistent and efficient so that it does not act as a barrier to further beneficial investment.

AgForce has supported recent efforts to increase the transparency of foreign investment in agricultural land, water and agribusiness assets, including the establishment of a national register and moves to lower the screening thresholds applied by the Foreign Investment Review Board (FIRB). A \$15M threshold for land purchases is more relevant to Queensland broadacre agriculture than the recommended \$252M (Draft Recommendation 12.1) which would trigger very few proposed purchases, although further justification for making this land purchase threshold cumulative and not indexed is needed. More evidence is also needed that these lower thresholds will actually be a disincentive to further foreign investment and gathering this evidence may require a review after a couple of years of operation.

AgForce supports reporting from the national Register at a geographical scale that can adequately inform and progress the public conversation about foreign investment. The Queensland Government reports on foreign investment at a local government level and this scale appears generally appropriate. This overdue information from the Register should inform the Commission's final report.

AgForce also supports greater transparency around assessment requirements within the National Interest Test and of subsequent compliance with conditions imposed by the Treasurer on purchases that subsequently proceed (within privacy constraints). Compliance with conditions has not been identified by the PC in the draft report.

As in our initial submission, in relation to fees for investment applications, AgForce supported a cost-sharing model where the costs of investment screening, compliance and enforcement activities is shared reasonably between the foreign proponent and the Government. Consideration should be given to ensuring costs are efficient, relate directly to the assessment of the investment itself rather than being a revenue stream for Government and that fees are not charged multiple times on the same application. It is important that application fees do not act as a disincentive to foreign investment.