

KEY ISSUE AREAS

Industry-wide

- Achieving robust regulation review under the COAG 2006-2007 National Reform Agenda

Specifically

- Animal welfare rule systems
- Road transport rules
- Environmental reporting
- Live export regulation costs

Red Meat Industry

response to the

Productivity Commission

First Annual Review of Regulatory Burdens on Business – draft report

5 October 2007

The Presiding Commissioner
Review of Regulatory Burdens, primary sector
Productivity Commission, Belconnen ACT

In providing a submission to this First Annual Review of Regulatory Burdens on Business to be conducted by the Productivity Commission, the Red Meat Industry anticipated, and welcomed, the opportunity to address regulatory issues at levels of principle and detail.

As a major primary, manufacturing and export industry, the Red Meat Industry is concerned to pursue and achieve rigorous attention to key regulatory issues. In the context of the COAG National Reform Agenda from February 2006 and Federal red-tape reduction commitments, a submission in two parts was provided to the first review. A second Industry report will be submitted to the Review on Manufacturing and Distributive Trades in early 2008.

The Red Meat Industry is concerned by aspects of the draft Productivity Commission report. This Industry seeks a stronger role for the Commission including hands-on performance in re-examining regulatory regimes. The substantial changes Australia needs to maintain productivity, competitiveness and economic health will only be achieved through genuine review of the detail of regulatory schemes to clarify policy intentions and ascertain if these are being achieved through day-to-day administration of sets of rules.

Red Meat Industry Submission – participants

Meat & Livestock Australia (MLA) – Dr Peter Barnard General Manager IMES 02 9463 9333

Cattle Council of Australia (CCA) – David Inall Executive Director 02 6273 3688

Sheepmeat Council of Australia (SMCA) – Bernard O’Sullivan Executive Director 02 62733088

Australian Lot Feeders’ Association (ALFA) – Helen Murray Executive Director 02 9290 3700

Livecorp – Cameron Hall Chief Executive Officer 02 9929 6755

Australian Livestock Exporters Council (ALEC) – Ian McIvor Executive Director

Australian Meat Industry Council (AMIC) – Stephen Martyn National Processing Director 02 9086 2241

Response development with all Industry groups: Dr Sandra J Welsman, Principal, *Frontiers Insight* PL.

1. Red Meat Industry submissions and expectations

The Red Meat Industry (RMI) appreciates the width of the Draft Report (DR) and the many references to the RMI inputs including a number of direct quotations. A RMI response is provided to the Productivity Commission (PC) assessments on key issue areas raised by the RMI and some other points. The Industry agrees with a number of PC recommendations, but has significant concerns in important regulatory areas.

Developments since July confirm that regulatory balance and efficiency are crucial for the Red Meat Industry. Competitive pressures on world markets, enduring drought and the high Australian dollar reinforce the imperative of genuine action on regulation problems to contain all types of costs, to further increase productivity by reducing time spent managing regulation along the value chain, and to encourage innovation and investment across RMI sectors.

In this context, the RMI raised points of principle about regulations and their review:

- **the total weight of regulation** (and regulators) with inefficiencies and demotivating effects, is an issue that governments and industry should recognise in these reviews. RMI submission 1A was structured to show the spread of rules industry participants deal with, and to alert the Commission to industry concerns across many areas and to reinforce submissions from NFF, NSWFA and other primary industries.
- **the onus for arguing to retain costly rules should rest with proponents** of regulations and the NCP initiative that regulations were taken to be 'restrictive in principle' should be continued resolutely through regulatory reviews at all levels.
- **the emerging commitment to focus on detailed levels of regulation** impacting on businesses, from statutory instruments including Orders, to Guides, to the writing and application of Standards, is vitally important – particularly given the many past reviews and the intentions stated for this first annual review.

The RMI expected that the Productivity Commission (PC) might comment on, and reinforce, such points of principle in the actions the PC recommends. As reflected at points in this response, the RMI is disappointed that this has generally not occurred.

The four key issue areas identified in RMI Submission 1A were addressed in some depth in Submission 1B, with the view to these being 'short-listed' as priority areas for removal or reduction of regulatory burdens. These key issues and parts were:

- A. Animal Welfare rule systems
- B. Road transport rules as applied to this Industry
 - i. Achieving national uniformity on-the-road
 - ii. Driving time limits and other duties of care
 - iii. Chain of responsibility – regulatory creep and uncertainty
- C. Environmental Reporting expectations
 - i. National Pollutant Inventory
 - ii. Emission measurement
- D. Live Export regulation costs
 - i. Export rules – three year review of benefits and costs
 - ii. Shipping – cause and effect of changes?

2. The PC draft report – concerns about PC approach

The RMI understands the challenge facing the PC in terms of the scope and timeframe for this first Review, but points to expectations engendered by announcement of these Regulatory Burden reviews in response to issues raised by business groups.

For instance, alongside the formal terms of reference, the Federal Treasurer reinforced the important positioning of these investigations (with the first review as a framework for future years) in a media release ‘Reducing Red Tape and the Regulatory Burdens on Business’ on 12 April 2007.

The Government’s commitment to tackle red tape is ongoing. Accordingly, I have commissioned the Productivity Commission to commence an annual review process to identify regulation that is unnecessarily burdensome, complex or redundant, or duplicates regulation in other jurisdictions. This rolling programme of reviews will examine all sectors of the economy over a 5-year cycle, commencing with the primary sector this year. The Commission’s first review will be completed by the end of October 2007 and will form the basis of a rolling red tape reduction agenda, which will be considered by the Government each year. *Treasurer Costello, London 12.4.07*

The PC draft report discusses a wide range of rules, reflecting the multiplicity of industry concerns and complexity of regulations overall. However, many industries and perhaps the PC itself, will likely be disappointed by the few areas listed for targeted reform as a result of this much-publicised first Annual Review of Burdens. The RMI is also concerned with the depth of some assessments, that some issues have not been pursued, and that many PC draft responses provide limited directional guidance.

Recognising this first Annual Review will establish a framework for later years, the PC appears to have constrained its current and future role by interpreting its scope too tightly [DR pp9-10], particularly with regard to ‘current and recent reviews’.

There are several other review processes that are currently underway regarding aspects of Australian Government regulation. To avoid duplication, any concerns raised in submissions and consultations during this review will be referred to the relevant officials.

Due to the considerable regulatory reform activity in COAG and in individual jurisdictions in recent years, many issues have only just been reviewed and the effects of any policy changes have yet to be worked through. Given their early stage of implementation, it would be inappropriate to include them in this process. [DR p.xvi]

Applying these criteria, the PC appears to have dismissed a number of key issues raised by the RMI, and conceivably, by other industries and groups. It is equally concerning that this ‘handover’ approach seems to be extended by the PC to regulators that commit to undertake future reviews - as discussed below. The PC seems to be endorsing disparate ad hoc reviews, rather than setting about reducing regulatory load.

The RMIS sees another key issue arising: How to achieve robust, effective reviews of regulatory schemes in the context of the COAG National Reform Agenda.

The RMI submits five overarching points regarding the PC approach indicated by the draft report. It important these be taken into account in finalising the report and actions from this First Review (which will form a framework for future reviews).

1. Reflecting rising industry concerns across 2004-2005, Australia’s business regulation ‘climate’ was purposefully shifted by bipartisan COAG agreements, from February 2006, that direct and indirect costs of regulation must be reduced. This new level of commitment developed during 2006. For instance, the final Federal response to the Banks Taskforce was promulgated on 15 August 2006.

2. It is difficult to envisage that government departments and agencies were reflecting this new climate of policy and practice in their daily decision-making or conduct of reviews or consultation before late 2006 – as evidenced by a number of points made in RMI submissions eg. regarding regulatory impact statements.

3. If National Reform is the serious COAG and Federal intention, governments and the PC should not rely on or defer to regulatory reviews or rule schemes developed prior to late 2006. Regulators and reviewers reports, and submissions from industries or businesses, all need to be ‘read’ in the light of the regulatory climate prevailing prior to 2006.

4. Conceivably, even regulation reviews underway might not be structured against critical review expectations now set out in COAG and Federal frameworks. Federal Best Practice Regulation material, for instance, was finalised in August 2007.

5. Industry and business expectations of genuine review and reform have been rising since, for instance, the Federal announcement of the Banks’ Taskforce in October 2005. Submissions from some regulators noted changing views within an industry since say 2003-2004. This should have been expected, and likely reflects growing competitive and cost pressures in world market making effects of rule changes clearer, plus greater industry expectations that regulatory questions should be re-asked and addressed through these new high-level PC reviews.

Overall, both economic and COAG-led policy imperatives indicate that regulators and industries should be critically reviewing processes and criteria set in the past.

Noting escalation of rulemaking in the last five years, how will COAG or the Federal Government achieve targets of significant reductions in red tape, if agencies (including the PC) are not prepared to re-open recent blocks of legislation for close and objective examination of the laws, of subsidiary rules and day-to-day regulatory practices?

It is also questionable that such reviews can be carried out by regulators alone, so indications that the PC will rely on regulator reviews to achieve the expectations of COAG and industries raise particular concerns (refer PC categories ‘reforms that are progressing’ and ‘reviews in prospect’). Issues are encapsulated in a recent observation on regulatory reviews conducted outside the purview of the Productivity Commission:

Their mixed record of achievement can on occasion be explained by the origins and make-up of their secretariats. The biggest problems typically arise where an appointed review is fitted up with a secretariat drawn from the department responsible for the policy area under review. The dominance of the department’s own interests and views can be hard to shake unless the reviewer is already expert in the area being reviewed and has a diligent hands-on approach. *Banks, 2007*¹

In this context, the RMI explains a number of concerns regarding the PC assessments and recommendations, in the sections below.

An important instance, is the PC’s seemingly rushed finding at points in the draft report that ‘extra costs appear to be the inevitable consequence of the objectives of the regulation’. In reality, ‘extra costs’ from regulation could well be a continuum of ‘expected costs’ (to achieve policy objectives) plus ‘unnecessary costs’ (eg. from inefficient, inexpert implementation). Close and objective dissection of practices, costs and ‘returns’ is essential if red tape is to be genuinely reduced.

¹ Banks, Great Expectations: Management (and other) Lessons from the Regulation Taskforce, May 2007.

3. PC assessments – Red Meat Industry responses

The RMI appreciates and generally supports the PC analysis on ‘regulatory impact of federalism’, and notes the “recent COAG decision requir[ing] Regulation Impact Statements to assess whether a uniform, harmonised or jurisdiction-specific model for a particular regulatory framework would achieve the least burdensome outcome”.

Harmonisation of regulatory schemes across Australia is vital to widespread industries. When competing in world markets, Australian businesses cannot afford structural inefficiencies at home. The PC saw three general lessons emerging [DR p.xx].

- tight timeframes should be set for delivery of results to avoid additional reviews of processes (where policy objectives have been settled) and delays to productive change
- the practice of each jurisdiction adopting variations to meet specific local interests when implementing nationally agreed positions, negates many of the benefits of national regimes
- implementation is regularly frustrated by a succession of contemporary circumstances to the point that prospects of achieving outcomes originally agreed by COAG diminishes.

To these the RMI would add the lesson that national regulations must be truly cost-effective, taking into account all the types of costs listed in the PC Issues Paper. These lessons and other realities noted by the PC (eg. overuse of regulation to manage risk) - are well-known to the RMI. The question is how far the PC’s recommendations from this first Annual Review move to address such regulatory issues?

3A. Animal Welfare rule systems

[DR pp. 66-70]

The RMI submission recommended -

It is proposed the Commission nominate this regulatory area for its close review. The AAWS concept, bodies, procedures and rule content warrant critical testing against the 2006 ‘six principles of good regulatory process’.

This would include: scoping the problem/s; analysing current and planned responses; and for each option (such as levels of prescription) examining benefits/costs, impacts on stakeholders, fit with industry initiatives and research, and addressing questions such as funds for auditing of enterprises and households if proposed in the rules.

Target: To achieve a functioning, viable national animal welfare rule system by 2009.

In its assessment the PC supports action to address the issues. The PC comments:

- Major participants consider that the AAWS – its concept, regulatory bodies, procedures and rules – require close review against principles of good regulatory process.
- There are clearly benefits from quickly and efficiently implementing agreed new animal welfare standards and guidelines and ensuring uniform rules across states and territories.
- ... there are clear benefits in developing and making public an agreed timeframe for implementation at the outset. Agencies should be required to report periodically on progress towards implementation. [Giving the COAG National Water Initiative’s detailed public timetable as a model]
- It is not clear why industry-specific Codes could not be developed and implemented in each jurisdiction within, say, two years, depending on such factors as industry cooperation and the need for new scientific information.

However, such points are not included in the PC ‘Draft Response’ 3.16 (which is listed at the front of the report and may be all some key readers digest):

PC. *“There appears to be scope to implement the Australian Animal Welfare Strategy more quickly. The Commission seeks views on this matter.”*

The Red Meat Industry:

- ▶ appreciates PC recognition of issues with the AAWS concept, structure, regulatory bodies, timing, progress, and potential workability, and that substantial advance needs to be achieved on a timeframe such as two years. It is vital that stronger recommendations and outcomes are achieved from this first Annual PC Review.
- ▶ reiterates that there needs to be a full overhaul of the AAWS process, working from good regulatory principles. This should include: scoping the problem/s; analysing current and planned responses; and for each option (such as levels of prescription) examining benefits/costs, impacts on stakeholders, fit with industry initiatives and research, and addressing questions such as funds for auditing of enterprises and households if proposed. Outputs of an overhaul should include a new process, plus a public timetable reported against by all parties with reasons, as the PC suggests.
- ▶ stresses that such a PC recommendation should not just be passed-on to current agencies and forums as those arrangements are not working. Rather, one primary agency should be held accountable for achieving a deep review, and for ensuring progress. The review against good regulatory principles would be best conducted by that agency and Productivity Commission jointly, by mid 2008.

3B. Road transport rules

[DR pp61-64]

The RMI submission recommended -

- 1. The National Transport Commission and its process, have not achieved the harmonisation of road regulations that this nation requires.** Smarter approaches are needed with monetary returns for action by governments and regulators linked to benefits secured for industry and community sectors. COAG should include ‘road regulations’ on its hot-spot agenda with negotiated infrastructure resourcing to ensure standardised national weight, mass and height rules are clearly operating by 2008.
- 2. Livestock transport should be excised from the scope of the Model Legislation for Heavy Vehicle Driver Fatigue until a specific regulatory impact review** based on ‘good regulatory process’ principles is carried out with close consideration of duties of care involved, statistics on accidents, science of livestock transport and of fatigue, and of likely effects of accreditation requirements on current/future driver supply.
- 3. The Productivity Commission should investigate apparent ‘regulatory creep’ in emerging ‘chain of responsibility’ laws,** including analysis of the position of regulator-officers relative to others now nominated in chains of responsibility.

The RMI submission raised three key sub-issues: Achieving national uniformity on-the-road; Driving time limits and other duties of care; and Chain of responsibility laws. The PC appears to recognise only the first of these.

The PC Draft Response 3.14 reads:

“Although there are institutional arrangements in place to address interjurisdictional inconsistencies in road transport, there remains a large agenda that needs to be progressed in a more timely manner.”

The Red Meat Industry:

- ▶ notes the PC has reviewed the National Transport Commission rulemaking process and progress and agrees ‘there remains a large agenda that needs to be progressed in a more timely manner’ to achieve levels of interjurisdictional consistency anticipated by COAG government leaders.
- ▶ recommends that, based on the PC’s study of the NTC and industry issues, the PC’s Draft Response 3.14 include specific expectations and timing, as the PC has in some other Draft Responses.
- ▶ is concerned that issues raised regarding Heavy Vehicle Driver Fatigue rules, and Chain of Responsibility rules, have not been considered by the PC in this Annual Review. As these regulations were made ‘under a national agreement or arrangement’ they are within scope of the Annual Reviews [DR p9]. The cases put by the RMI demonstrate that these rules, like others [eg. DR p56], have significant impact on primary sectors. The NSWFA and VFF have raised these issues and they also affect mining [DR p127].
- ▶ asks if the exclusion of these issues means the PC has assessed the questions raised by the RMI (and others) closely and has determined that the RMI is questioning ‘the objectives of these regulations rather than [their] business impact’ [DR p9]. Or put another way, is the PC satisfied both these pre-2006 legislative schemes, as applied to the Red Meat Industry, are sound in principle, structure, science, regulatory process, and cost of regulations (ie. only necessary costs, no unnecessary costs)?
- ▶ recommends, on Heavy Transport Driver Fatigue rules, that the NTC be asked to publicly reopen and retest the application of these laws to Livestock Transport with close consideration of duties of care involved including animal welfare, statistics on accidents, science on livestock transport and on fatigue, and of likely effects of accreditation requirements on current/future driver supply.
- ▶ considers, on Chain of Responsibility laws, that the Productivity Commission itself should review and objectively test the development of these rules against world-wide good regulation theory and practice including academic and practical research on cause and effect of such rules, including application to regulator-officers. This would also be a practical opportunity for the PC to closely examine poor regulation features such as ‘regulatory creep’. As noted previously, ‘chain of responsibility’ could become Australia’s ‘world-class red tape’.

3C. Environmental Reporting expectations

The RMI submission recommended -

- 1. Australia's goals for ongoing, value-adding investment depend, in part, on certainty in environmental management requirements.** Now environmental controls are established, regular and candid review of national, regional or local pressures to 'raise the bar' at policy and practical levels ('regulatory creep') is needed.
- 2. After nine years, it is time to seriously test imputed benefits of the National Pollutant Inventory** and to closely examine the full cost/return equation.
- 3. The logic and thresholds of reporting requirements should be critically reviewed.** Better quality, less costly information could be obtained by estimating from aggregate numbers for enterprises beyond households, vehicles and farms.
- 4. Expansion of reporting requirements should be deferred.** Objective cost-benefit review of current and proposed schemes is needed first. New systems, if any, should be properly developed and accurate measurement technologies need to be available.

A range of industries made inputs on these issues. The PC Draft Responses are:

3.4. Reforms are progressing to reduce the compliance burden on individual farmers in intensive agricultural operations resulting from the reporting requirements in the NPI National Environment Protection Measure. The Environment Protection and Heritage Council should also consider expanding the role of industry associations in meeting reporting requirements.

3.5 The Environment Protection and Heritage Council should commission a review of reporting thresholds for all NPI substances. The review should occur by 2009.

3.6 The Environment Protection and Heritage Council should review whether facility-based data collected under the NPI could be aggregated before being made available to the public without unduly reducing the value of the information or the incentive for businesses to reduce their emissions.

The Red Meat Industry:

- ▶ welcomes PC recommendations on review of National Pollution Inventory policy and rules particularly thresholds, and looks forward to working with the NPI on potential use of aggregated data held by associations for reporting to the NPI and to the public in order to reduce burdens on and risks to producer operations.
- ▶ Endorses the PC's firm guidance in its assessment on DR p 45 (as reflected in Draft Responses on an emissions trading scheme on p166):

The regulatory design of the Australia emissions trading scheme is crucial in terms of affecting the extent to which the scheme achieves its objectives and at what cost to the wider community, including to businesses. Best practice regulatory design features, if adhered to, should keep burdens imposed on businesses under any regulation to a minimum relative to the benefits achieved.

3D. Live Export regulation costs

[DR pp 55-57]

The RMI submission recommended -

A bottom-line question for governments, this industry and stakeholders is whether 'performance' in terms of animal welfare outcomes and confidence in risk handling has been advanced by the new 2004 regulations for livestock export and shipping?

The next questions are whether benefits identified do reasonably offset substantial additional costs to the sector and supply chain businesses, and can changes be made to balance this equation more evenly across the sector and the community?

It is recommended the Productivity Commission nominate this regulatory area for a critical 'case study' review involving all parties. The review would objectively examine these questions and scrutinise the regime against the 'six principles of good regulatory process' – with the aims of significantly reducing 'red tape' and centralised, prescriptive regulation and improving overall outcomes for industry and community.

The short PC assessment concluded:

It appears that the extra costs of the amendments to the Regulations that the Red Meat Industry have alluded to are an inevitable consequence of the objectives of the amendments. These are that that every exporter holding a livestock export licence 'is suitable' to hold such a licence and that licence holders export livestock in a manner that meets 'minimum animal health and welfare standards' (Minister for Agriculture, Fisheries and Forestry 2004, paragraph 19).

The Commission understands that the Regulations will be subject to review at the end of 2007. Accordingly, no additional action is required at this stage.

The PC Draft Response 3.11 is:

A review of the Australian Meat and Livestock Industry (Export Licensing) Regulations is planned.

The Red Meat Industry:

- ▶ is concerned to build on advances to sector practices, performance and animal welfare achieved over the last five years. As part of this, initial evidence was provided about a range of concerns with costs to the industry and economy of the 2004 live export regulation changes, in part arising from ways in which these are implemented. Raising such points is a key element of regulation review. The PC Issues Paper lists aspects of regulatory performance in design of detailed rules and conduct of processes among factors leading to potentially unnecessary regulatory burdens.
- ▶ is disturbed by the statement: "It appears that the extra costs of the amendments to the Regulations that the Red Meat Industry have alluded to are an inevitable consequence of the objectives of the amendments", and requests copies of the analysis behind this PC assessment.
- ▶ sees particular issues arising from that statement. (i) it appears not to recognise that 'extra costs' are potentially a continuum of 'expected costs' (to achieve policy objectives) plus 'unnecessary costs' (eg. from design or application). Extra costs may be inevitable but the extent of those costs, including indirect costs and effects (DR p11) should be routinely up for question. (ii) it indicates acceptance by the PC of the extent of extra costs and this could influence subsequent reviews.

- ▶ notes the DR indicates a review of the Export Licensing Regulations is to occur at the end of 2007. This appears to have been prompted by the first Annual Review process. However, the RMI sought, and seeks, review of the full set of legislation, regulations and standards that relate to live export in a combined exercise, as these rules together influence live export business decision-making and development.
- ▶ recommends the PC draft response 3.11 be expanded to identify the need for 3-year review of the full regulatory package and that all reviews should apply principles of good regulatory practice and address the Government's best practice checklists.
- ▶ proposes the Productivity Commission and DAFF jointly conduct this next review of the Live Export regulations, by May 2008 (the sector and economy cannot afford a rushed exercise). A challenge facing governments, the PC and industries is how to achieve reviews sufficiently deep and balanced to identify and address the line between necessary and unnecessary costs especially those from indirect impacts and administrative performance. The RMI recommends the PC and DAFF utilise this as an active case study to test principles of good regulation and to develop further guidance on undertaking deep investigations into all types of costs and impacts.
- ▶ needs this next review to achieve strong advances for the economy and the meat industry. 'A bottom-line question for governments, this industry and stakeholders is whether 'performance' in terms of animal welfare outcomes and confidence in risk handling has been advanced by the new 2004 regulations for livestock export and shipping?' Do outcomes reasonably offset substantial additional costs to the sector and supply chain businesses? It is vital this exercise goes beyond direct costs, to fully review performance, whether animal welfare advances are being achieved or held back by extra rules, service and interaction quality, and performance by all parties. The RMI seeks regulation that works with businesses to enhance Australia's live export delivery, for instance, by identifying measures of appropriate performance and developing a performance-based approach to regulatory intervention.

Live Export Shipping

[DR p 55]

The RMI submission asked the same questions of live shipping regulations introduced in recent years. The PC said it would consider issues raised about shipping 'together with a submission by the Australian Maritime Safety Authority in response ... for the final report'. An AMSA input was lodged on the PC website about 29 August.

The Red Meat Industry and Live Shipping sector :

- ▶ consider that the higher order attention now in Australia to regulatory costs and impacts under productivity pressures and the policy direction of COAG, means regulators should be working with industries to critically review all processes and criteria. The AMSA input details activity prior to the 2006 COAG National Reform Agenda. Aspects of AMSA points on consultation and past decisions could be debated but forward processes are now more important. Changing sector concerns (as confirmed in the AMSA input), reflect a mix of growing competitive and cost pressures in local and world marketplaces, practical realisation of effects of past rule changes, and higher expectations that regulatory questions can and should be able to be re-opened and addressed through these reviews.

- ▶ emphasise the challenge of achieving informative, deep reviews apply across all regulatory schemes in complex industries. Governments, reviewing agencies such as the PC, and regulators, need strong processes to bring about effective, in-depth regulatory investigations into all facets of regulation impact within industries made up of commercial competitors ranging from large to small, established and upcoming innovators, and local and international operators. Relying on views or support from some in a highly competitive industry, may not achieve the strongest outcomes.
- ▶ reiterate the key questions raised in RMI submission 1B. What is the policy and technical basis for increasing severity of regulations and associated higher costs when benchmarked against world practices and ships trading as competitors in world markets? Are returns being achieved for Australia and industry that exceed real and likely cost increases? A rigorous red tape reduction process should objectively review such questions in order to achieve an optimum national result. For instance, the cost-benefit of a regulatory change introduced back in 2002 but not fully implemented until 2007, needs critical testing under the new red-tape reduction directives. Will the 2007 regime measurably improve industry performance on multiple criteria compared to prior five years without the regime?

3E. Regulations distorting grain markets

RMI submission 1A [p15] states Industry concerns about policy distortions to market-based operation of domestic grain markets with direct reference to the wheat single desk and to regulations favouring the production of bio-fuels from grain. A set of industry commissioned reports were also provided. The Pork industry made similar submissions. The drought circumstances, which are a recurrent feature of Australia's climate, make addressing distortion issues even more pressing.

The PC Draft Response 3.15 reads:

The Wheat Marketing Act should be subject to a review in accordance with National Competition Policy principles as soon as practicable.

The Red Meat Industry:

- ▶ welcomes the PC statements regarding the wheat single desk. Climate and market-place circumstances continue to demonstrate the importance of openly competitive and efficient grain marketplaces to achieve optimum grain production and usage.
- ▶ recommends strengthening of the PC Response along the following lines:

Regulation distortions in key marketplaces such as grain production for multiple markets domestically and globally are not to Australia's benefit. The Wheat Marketing Act should be subject to a complete review in accordance with National Competition Policy principles in advance of any decision to implement a new single desk arrangement.

Any other Federal or State regulatory arrangement that can create distortions in the functioning of grain markets for food or stockfeed, such as mandates prescribing levels of ethanol in fuel or subsidies for biofuels, should be similarly reviewed against National Competition Policy and Regulation Best Practice principles.'

3F. NLIS – National Livestock Identification Scheme

The PC Draft Response 3.21 reads:

The NLIS should be subject to ongoing government monitoring of its efficiency and effectiveness in meeting the needs of industry and the community.

The Red Meat Industry:

- ▶ notes the PC assessments regarding the National Livestock Identification Scheme and that it has been included in the PC list for review after sufficient time has passed for establishing and testing the scheme.
- ▶ is conscious of cost and red tape issues raised at times by some primary producers, industry associated businesses and organisations, and recognises the need to routinely review regulations, especially as circumstances change.

As identified in its submissions, the Red Meat Industry supports industry regulations and standards that show a net benefit to most industry participants in the production, processing, retail and export marketplaces. The NLIS is such a scheme [Submission 1A].
