

AIA Submission into Productivity Commission Draft Report on Regulation of Australian Agriculture

Ag Institute Australia (AIA) is pleased to make a submission on the Draft Report on Regulation of Australian Agriculture published in July 2016.

Ag Institute Australia

AIA is the peak body representing the professions of agricultural science and natural resource management. AIA members include research and extension scientists, advisers, policy managers, consultants, agribusiness people and farmers. The majority of our members live and work in rural communities.

AIA provides strong, independent, balanced and factually based representation and advocacy on a wide range of issues affecting the profession and agriculture generally.

In recent times these have included innovation, agricultural education, rural communication, the Murray Darling Basin Plan, farmer response to greenhouse gas emissions policy, and rural research, development and extension (RD&E) investment. This submission makes use of our substantial background and experience in all areas of agricultural development, production and marketing.

AIA is aware of the terms of reference for the inquiry, including its identifying in the Draft Report recommendations and requests for further information, which AIA addresses in this submission

Introduction

AIA accepts the overall premise in the report that *“The need for regulation is not disputed by farm businesses. In fact, some regulations, such as biosecurity and food safety regulations, were highlighted as providing clear benefits to Australian farmers. Rather, Australian farmers want ‘better’ (or less burdensome) regulation.”*

The AIA has addressed the Productivity Commission’s draft report in two sections: (a) we have answered the request for further information as a priority to enable the Productivity Commission to finalise its draft report; and (b) we have provided comment on our agreement or otherwise of the draft recommendations proposed in the draft report.

AIA Response

AIA, as an independent and authoritative organisation, is of the view that currently regulation in Australian agriculture is excessive. Overall, the AIA's main concern is to ensure the final draft of the Commission's report states clearly that a sound agricultural regulatory environment is evidence-based in support of meeting the long-term food and clothing needs of Australia and its exported contribution to an increasing global population.

The AIA is largely in agreement with draft recommendations put forward by the Commission and commend the Commission for tackling this challenging aspect of Australian agriculture which the AIA believes is stifling productivity growth.

Key items to which we draw the Commission's attention are as follows:

- All future regulation developed or existing regulations that are reviewed should include a risk-based approach with risk assessment based on scientifically valid information.
- Land use and access legislation should include a more explicit requirement for the role of agricultural professionals in informing the planning process, with objective scientific information.
- Given the safety features "built" into the agricultural and veterinary chemical production supply chain, consideration should be given to enabling more cost competitive processes for the introduction of minor use registrations of products.
- There should be a high priority on education of, communication to, and engagement with farmers and land users in relation to all types of legislation applicable to their production and marketing systems including farm trespass and biosecurity, and the implications of laws and the rationale for their introduction.
- In support of the Commission's request to address information gaps, the AIA provides responses for each of the requests for information made. Details of the responses are provided in the attached Table 1.
- With regard to the Commission's draft recommendations, the AIA provides commentary in the attached Table 2 which highlights areas of agreement and disagreement (with our reasons), noting that for some recommendations we provide no comment because they are outside of our organisation's scope.

Tables

Table 1. Information Requests

Table 2. Comments on Draft Recommendations

Appendices

Appendix A: AIA Biosecurity Position Paper

Appendix B: AIA Biotechnology Position Paper

Table 1. Information Requests

Issue / Recommendation in Draft Report	Details of Draft Recommendation and Information Requests (Focus Issues)	Importance of Issue to AIA (H, M, L)	Details of new/proposed AIA contributions
Land use and access regulations	<p>INFORMATION REQUEST 2.1</p> <p>What are the advantages and disadvantages of ‘right to farm’ legislation? Are there any other measures that could improve the resolution of conflicts between agricultural and residential land uses?</p>	H	<p>The AIA recommends that the principal requirement in any land use regulation is for strategic land use planning that identifies current and potential future land use and zones land accordingly with appropriate boundaries or buffers between land uses. This will minimise land use conflicts.</p> <p>Strategic planning for land use and access has traditionally been urban-centric with emphasis on residential, commercial and industrial land uses. There is a need in rural and peri-urban regions to ensure appropriately qualified agricultural practitioners are included in the development of land use strategies resulting in balanced, evidence-based land use plans.</p> <p>Strategic planning for land use and access should also include the concept of “strategically significant agricultural land”. Criteria could include very high quality soils in favourable climates suited to intensive agriculture, agricultural land that supports specialised value adding infrastructure eg dairy factories, irrigation infrastructure, etc. This concept should be</p>

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			<p>incorporated into state and local government planning policies.</p> <p>The AIA asserts that the terminology of "right to farm" is inflammatory and is often used to promote farming ahead of all other uses. Sound and scientifically informed planning approval mechanisms adopted by local and state governments provide the necessary protection for the rights of agricultural and other land uses occupying the same landscapes. The planning approval mechanisms need to include a transparent risk management assessment to ensure agricultural uses are duly considered for land use change proposals. This could include for example compensation for loss by the primary producer to be built into the cost of the development.</p>
Regulation of farm animal welfare	<p>INFORMATION REQUEST 5.1</p> <p>The Commission is seeking feedback on:</p> <ul style="list-style-type: none"> • the most effective governance structure for an independent body tasked with assessing and developing standards and guidelines for farm animal welfare • what the body's responsibilities 	H	<p>The AIA asserts that scientific principles guide the development of farm animal welfare standards and that members of the proposed independent body should have appropriate scientific qualifications defined in Position Descriptions that should be specifically developed for the body. The governance body should also be independent, and it should be proactive in engaging with the media, always seeking to secure a balanced representation of the facts of any cases brought to it, and establishing well-understood standards in animal management (e.g. in defining 'free range'</p>

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	<p>should include (and whether it should make decisions or recommendations and if the latter, to whom)</p> <ul style="list-style-type: none"> • what processes the body should use to inform and gauge community values on farm animal welfare • how such a body should be funded. 		<p>standards). A range of scientific disciplines should be represented in such a body, including social scientists familiar with research methods for measuring community attitudes and values and applying these within broader cost benefit analyses that include “triple bottom line” outcomes. It will be important that such a body maintains alignment with broader community values.</p> <p>The AIA recommends that the body should be government funded with the costs to all parties being transparent. This would drive accountability for the outcomes developed by the body.</p>
Genetically modified crops and Regulation of agricultural and veterinary chemicals	<p>INFORMATION REQUEST 6.1 How well does the regulatory framework for technologies and agvet chemicals perform? Are the institutional arrangements and regulatory objectives underpinning the OGTR and APVMA appropriate and up to date? What</p>	H	<p>The AIA requests the Commission to broaden the scope of its discussion on genetically modified organisms to encompass biotechnology tools more generally, especially given recent and accelerating advances in technologies (eg gene sequencing capacity) that have positive economic, social and environmental outcomes (refer Appendix 1 AIA Biotechnology Paper). The framework has largely been effective for major uses for new product introductions. It has however been less effective for minor use products.</p>

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	improvements could be made?		<p>The reason for this is that the Australian market is too small for biotechnology companies to go through the full registration requirements process to be justified commercially. This results in a situation where suitable products are not available or worse still, other products are used "illegally" off-label.</p> <p>The AIA asserts that there are already extensive controls across the safety hierarchy when primary producers use chemicals and that a greater focus by regulators on a risk-based approach to products, should be applied.</p>
Biosecurity regulation	<p>INFORMATION REQUEST 7.1</p> <p>Participants raised concerns about farm trespass, particularly as trespass can increase biosecurity risks. What strategies could be used to discourage farm trespass? Are existing laws for trespass sufficiently enforced in relation to farm trespass?</p>	H	<p>The AIA considers that there is limited understanding of trespass legislation by rural land owners and managers. Regulatory authorities, particularly those responsible for biosecurity and land tenure more generally, should consider increasing awareness of farm trespass issues, laws and their relationship to biosecurity risk, to land users, owners and other parties likely to trigger biosecurity risks.</p>

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Food regulation	<p>INFORMATION REQUEST 9.1</p> <p>The Commission is seeking information on whether the new country-of-origin labelling system would deliver higher net benefits to the community as a voluntary system rather than as a mandatory system.</p>	H	<p>The AIA is of the view that products should be labelled sufficiently to allow consumers to make an informed decision about the products they are buying and consuming, including whether it contains GM content and how much. Problems arise when goods have mixed Australian and overseas product content. In this case there is a need to specify the percentage contribution of each.</p> <p>Further the AIA is also of the view that labelling of products should not disadvantage those (labelled) products in the market. Labelling should also be considered as a means of further educating consumers on the benefits of the type of agricultural production system used to produce the food and what benefits that system has delivered.</p>
Food regulation	<p>INFORMATION REQUEST 9.2</p> <p>The Commission is seeking information on the costs and benefits of egg stamping relative to alternative traceability systems for eggs (such as</p>	H	<p>The AIA asserts that risk-based regulatory mechanisms should apply to egg production systems. Before an egg stamping system is introduced, the AIA recommends that the regulatory impact statement address the current and likely future risks of disease outbreak against the costs of introducing such</p>

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	labelling on egg cartons and requiring food businesses to keep records). Are there examples where the source of an outbreak of salmonellosis caused by eggs could not have been traced in the absence of egg stamping?		a system. Egg producers already face high costs without adding more.
Food regulation	<p>INFORMATION REQUEST 9.3</p> <p>The Commission is seeking information on whether there are opportunities to further reduce the burden of regulatory food safety audits while still achieving regulatory objectives, and if so, where these opportunities lie.</p>	H	<p>The AIA recommends that the definition of what constitutes "organic" needs to be further debated and clarified. At present, the organic food industry is overly reliant on self-regulation, and given its potential impact on the broader food market, it requires closer scrutiny.</p> <p>Also in relation to organic food, the AIA is of the view that overwhelmingly consumers accept that a certification system necessarily guarantees value, quality and safety. A system that is ineffective will not benefit from auditing, but rather will have the effect of increasing costs. Only by more rigorous assessment of the organic food industry, in particular its risks and benefits, can the opportunities for reducing the burden of food safety audits be assessed.</p>

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The Way Forward	<p>INFORMATION REQUEST 14.1</p> <p>The Commission is seeking feedback on possible strategies and governance arrangements for improving the incentives for policy makers to use regulatory impact assessment processes as an analytical tool to support the quality of regulation making, rather than as a legitimising tool or compliance exercise.</p>	H	<p>Education and communication should be a major issue for the Commission as it reviews regulation in Australian agriculture. The general population of consumers does not necessarily know or care about regulation and certainly don't know how it impacts on cost of goods. However, they are becoming more discerning in their buying choices in purchasing fresh meat and fresh fruit and vegetables. Those who have to abide by the regulations (e.g. including primary producers) view them as a government impost often without an appreciation of the reasons why they are there and the protection they provide. The underlying drivers for legislation e.g. health, biosecurity, quality, needs to be subject of clear communication paid for by the beneficiary as far as is possible.</p> <p>The AIA considers that the regulatory impact assessment (RIA) process needs to be more than just a perfunctory exercise to legitimise legislation. In many instances, the consultation process in seeking feedback on proposed legislation, is poorly conducted resulting in minimal understanding of the potential impacts (including cumulative impacts) by the target audience and subsequently minimal input on possible</p>

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			<p>improvements to the legislation drafts.</p> <p>One incentive to avoid this would be to stipulate a standard, mixed-method consultation approach for each regulation that includes threshold levels of engagement and response with the target audience. If the threshold is not achieved a further consultation round must occur until the threshold is reached.</p>

Table 2. Comments on Draft Recommendations

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Land use and access regulations	<p>DRAFT RECOMMENDATION 2.1</p> <p>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.</p>	M	N	<p>The AIA is concerned that regulation can be a blunt instrument, where one size is supposed to fit all applications. The AIA is of the view that regulations need to be evidence and risk based.</p> <p>What is the reasoning behind this recommendation? What is the evidence that land management and agricultural productivity will be improved by moving from leases to regulation? Lease conditions can be tailored to individual situations. While leases remain, the land remains as community owned assets and special conditions may be appropriate regarding both land use and management. For example any leased block may be highly erodible or contain rare and endangered indigenous species. As community values change or agricultural technology changes, it is easier for authorities to apply conditions on land use or management to leases rather than private land. The business models of leased blocks should be geared to the circumstances, responsibilities and risks of leases.</p>



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Land use and access regulations	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.	M	N	As per comments above. Further, given the length that pastoral leases are normally granted for (typically 40+years), the suggestion that this results in less security for the leaseholder is spurious. Major investments in the form of pastoral leases are held by large public (e.g. AACo) and private companies (e.g. Jumbuk Pastoral Company, NAPCo, Minderoo) overseas investors are keen to participate. Conversion to freehold will reduce the ease of multiple uses on large pastoral leases (e.g. mining, other third party access), reduces governments' flexibility in providing for future land uses, and conversion will be regarded as a Future Act where Native Title is either registered or determined.



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Land use and access regulations	<p>DRAFT RECOMMENDATION 2.2 State and territory governments should:</p> <ul style="list-style-type: none"> • 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. 	M	Y	<p>The AIA believe these are fair and reasonable.</p> <p>If this recommendation comes to pass, then the actions noted should occur. It is logical that the community and other title holders (e.g. Native Title holders) should receive market value for its assets</p>

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Land use and access regulations	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.	H	N	<p>The AIA asserts that land value needs to also account for non-production related values. The highest value use should be based on production and not potential sales for housing or rate income. As it stands, this recommendation is short sighted as a universal policy.</p> <p>Quarantining land such as strategically significant agricultural land from permanent non-agricultural development is a sound planning concept and could be important for preserving choice for future generations and potentially for food security. Further it will prevent investors ramping up prices for agricultural land close to urban centres where a future sale for urban development is anticipated.</p> <p>A better balance is required between longer term production value and short term mining or resource company income. Value to community needs to include long term value of jobs, food (in a world where more food is needed), cost of remediation and closure etc. Valuation of resources should also include value to local</p>

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	<p>A right of veto by agricultural landholders over resource development would arbitrarily transfer property rights from the community as a whole to individual landholders.</p>	<p>H</p>	<p>N</p>	<p>community.</p> <p>Property rights cannot be universal to the point where landowners have an absolute say on the fate of their land. Similarly, ownership for agricultural purposes should not over-ride the potential for other uses, particularly where strong community benefit may apply. As a society we may wish to retain land in a certain condition (e.g. covenants for nature or for cultural or other value) and this value needs to be included in the valuation of land (not just based on \$/ha output). Further, we have lost too much highly fertile and productive land on the edge of some cities due to housing which is an unproductive use of land, forcing food production (market gardens) further away from the people that need it (and increases cost).</p> <p>The AIA is of the view that resource development is typically a short term activity, however agricultural production can be a long term</p>

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				activity which produces enduring benefits to the community. A more level playing field is required and that the current planning system is biased towards resource development and away from agricultural production.
Environmental regulation	<p>DRAFT RECOMMENDATION 3.1</p> <p>The Australian, state and territory governments, in consultation with natural resource management organisations, should ensure that native vegetation and biodiversity conservation regulations:</p> <ul style="list-style-type: none"> • 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 	M	Y	The AIA supports the concept of net environmental gain applied to developments that impact on native vegetation (for example, as per Victorian legislation)



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	<ul style="list-style-type: none"> consistently consider and balance economic, social and environmental factors. 			
Environmental regulation	<p>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</p>	M	Y	<p>This recommendation is supported. Greater resources, closer alignment and constant vigilance including going outside of Australia to assess risks, is important.</p> <p>This should not apply in relation to broad-scale land clearing for agricultural development</p>



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	landholders.			
Environmental regulation	<p>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:</p> <ul style="list-style-type: none"> • recognising and recruiting the efforts and expertise of landholders and community based natural 	M	Y	<p>The AIA asserts that this recommendation requires the deployment of professionally trained agricultural extension officers who have a combined knowledge of farming systems, natural resource management and adult education. This public investment can be justified based on the community good of the programs. Environmental regulations should be used as a last resort to move landowner laggards to compliance.</p>



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	resource management organisations <ul style="list-style-type: none"> • building the capability of, and landholders’ trust in, environmental regulators. 			
Water regulation	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	M	N	The AIA recognises that part of the complexity comes from the lack of consistent terminology and definition of water related descriptions among the different jurisdictions. The AIA agrees that catchment and local differences require flexible governance arrangements. However a consistent set of principles for water regulations can and should be developed to guide regulation across all jurisdictions.



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	water.			
Water regulation	<p>DRAFT RECOMMENDATION 4.1</p> <p>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.</p>	M	N	<p>The AIA asserts that reporting duplication of water use information should be eliminated and as far as is possible only one governance entity should collect all necessary information. All information requested should be justified with explicit and clear explanation as to why it is required and how it will be used.</p> <p>The AIA is also concerned about the Productivity Commission's role in water governance now that it has taken over the function of the National Water Commission. This has potential to be a conflict of interest, or at the very least, a very biased position where the focus is on "productivity" (mostly interpreted as financial return from the use of the resource) and not on water as a fundamental resource necessary for every aspect of our social, environmental and</p>



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				economic wellbeing.
Regulation of farm animal welfare	<p>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.</p> <p>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.</p>	M	Y	The AIA agrees with the recommendation. A suggestion is that the Australian government should consult with the Animal Welfare Science Centre at the University of Melbourne. This group would ensure scientific principles and proper animal ethics considerations are followed in the development of guidelines.



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	It should include an animal science and community ethics advisory committee to provide independent evidence on animal welfare science and research on community values.			
Regulation of farm animal welfare	<p>DRAFT RECOMMENDATION 5.2</p> <p>State and territory governments should review their monitoring and enforcement functions for farm animal welfare and make necessary changes so that:</p> <ul style="list-style-type: none"> • there is separation between agriculture policy matters and farm animal welfare monitoring and enforcement functions • a transparent process is in place for publicly reporting on monitoring 	M	Y	The AIA agrees with the intent of this recommendation. It is important that animal welfare administration has credibility in the eyes of the wider community.



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	<p>and enforcement activities</p> <ul style="list-style-type: none"> adequate resourcing is available to support an effective discharge of monitoring and enforcement activities. <p>State and territory governments should also consider recognising industry quality assurance schemes as a means of achieving compliance with farm animal welfare standards where the scheme seeks to ensure compliance (at a minimum) with standards in law, and involves independent and transparent auditing arrangements.</p>			

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Genetically modified crops and Regulation of agricultural and veterinary chemicals	<p>DRAFT FINDING 6.1</p> <p>There is no economic or health and safety justification for banning the cultivation of genetically modified (GM) organisms.</p> <ul style="list-style-type: none"> • 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 	M	Y	<p>The AIA agree with the intent of this recommendation. The AIA requests the wording could be improved so that the intent captures biotechnology more generally and is not restricted just to GM crops only. The recommendation should refer to the use of biotechnology tools more generally and refer to livestock as well as crops</p> <p>The AIA makes the comment that the OGTR need to ensure that they are making decisions based on evidence and have regard for ensuring testing processes are as efficient as possible (without excessive requirements).</p> <p>Refer also to Appendices A & B.</p>



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	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 are in the market.			
Genetically modified crops and Regulation of agricultural and veterinary chemicals	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	M	Y	This recommendation is supported. Regulation of GM should be consistent across all Australian jurisdictions. The AIA advocate for the freedom of choice in these states where moratorium currently exist. The AIA makes the comment that the OGTR and APVMA should demonstrate an absence of conflicts of interest in its assessments.

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	<p>moratoria on the cultivation of genetically modified organisms by 2018.</p> <p>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.</p>			
Genetically modified crops and Regulation of agricultural and	DRAFT RECOMMENDATION 6.2 The Australian Pesticides and Veterinary Medicines Authority	M	Y	This recommendation is supported.



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veterinary chemicals	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.			
Genetically modified crops and Regulation of agricultural and veterinary chemicals	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	M	Y	This recommendation is supported.

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	all states and territories by the end of 2018.			
Transport regulations	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.	M	Y	This recommendation is supported.



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Transport regulations	<p>DRAFT RECOMMENDATION 8.1</p> <p>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.</p> <p>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</p>	M	No comment	AIA is not able to comment on this recommendation.

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	for adoption in other jurisdictions or expansion in respective states.			
Transport regulations	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	M	Y	The AIA supports the intent of this recommendation. Improved efficiency in road transport will reduce costs to producers, processors and consumers.



Issue / Recommendation in Draft Report	Details of Draft Recommendation and Information Requests (Focus Issues)	Importance of Issue to AIA (H, M, L)	Productivity Commission Response Adequate? (Y or N)	Details of new/proposed AIA contributions
	roads.			
Transport regulations	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	M	Y	This recommendation is supported.



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	permits for oversized agricultural machinery that are valid for longer periods and/or for multiple journeys.			
Transport regulations	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.	M	Y	This recommendation is supported.
Transport regulations	DRAFT RECOMMENDATION 8.4 The Australian, state and territory governments should review the National Heavy Vehicle Regulator (NHVR) as part of the planned	M	Y	This recommendation is supported.



Issue / Recommendation in Draft Report	Details of Draft Recommendation and Information Requests (Focus Issues)	Importance of Issue to AIA (H, M, L)	Productivity Commission Response Adequate? (Y or N)	Details of new/proposed AIA contributions
	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.			
Transport regulations	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	M	N	The AIA emphasise that farmers should expect to see an improvement of value to their production as a result of privatisation. It is AIA's view, that the case for improved economic efficiency has not yet been demonstrated.



Issue / Recommendation in Draft Report	Details of Draft Recommendation and Information Requests (Focus Issues)	Importance of Issue to AIA (H, M, L)	Productivity Commission Response Adequate? (Y or N)	Details of new/proposed AIA contributions
	conferring monopoly rights on buyers is not in the public interest.			
Transport regulations	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.	M	N	The AIA assets that it is important that foreign ships using our coastal waters operate under the same workforce/labour laws, conditions and pay rates, have ships registered in agreed locations, pay Australian taxes and have adequate insurance coverage. Otherwise Australia jeopardises its own operators by creating an unbalanced playing field which will be biased towards overseas operators with limit insurance and who pay low wages to disadvantaged people.
Transport regulations	DRAFT RECOMMENDATION 8.6 Arrangements to support the biofuel industry — including excise arrangements and ethanol mandates — deliver negligible environmental benefits and impose unnecessary	M	Y	AIA supports this recommendation.

Issue / Recommendation in Draft Report	Details of Draft Recommendation and Information Requests (Focus Issues)	Importance of Issue to AIA (H, M, L)	Productivity Commission Response Adequate? (Y or N)	Details of new/proposed AIA contributions
	costs on farmers and the community. The Australian, New South Wales and Queensland Governments should remove these arrangements by the end of 2018.			
Food regulation	DRAFT RECOMMENDATION 9.1 Food Standards Australia New Zealand should remove the requirement in the Food Standards Code to label genetically modified foods.	M	N	The AIA is of the view that if all the tests demonstrate that GM is the same as non-GM, then there should be no need to label GM food as being different. However, as consumers, we would prefer to always have the choice. This recommendation as it stands appears to be encouraging the introduction of GM products by means other than by selling it on its merits.
Food regulation	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	M	N	The AIA asserts that greater resources, closer alignment between agencies and stakeholders and constant vigilance regarding the risks including going outside of Australia to assess risks, is important. As an evidence and science based organisation, we are of the view that consumers should be further educated and at the same time should have access to more information rather than less.



Issue / Recommendation in Draft Report	Details of Draft Recommendation and Information Requests (Focus Issues)	Importance of Issue to AIA (H, M, L)	Productivity Commission Response Adequate? (Y or N)	Details of new/proposed AIA contributions
	human health, and set a maximum allowable parts per million level for foods to be labelled 'gluten-free'.			
Competition policy	DRAFT RECOMMENDATION 11.1 The New South Wales Government should repeal the Rice Marketing Act 1983.	M	No comment	AIA is not able to comment on this recommendation.
Competition policy	DRAFT FINDING 11.1 Statutory marketing of potatoes in Western Australia has reduced consumer choice and increased the price of potatoes in Western Australia. The Western Australian Government's plan to deregulate the industry will allow potato production in that state to respond to changing consumer preferences and reduce	M	No comment	AIA is not able to comment on this recommendation.



Issue / Recommendation in Draft Report	Details of Draft Recommendation and Information Requests (Focus Issues)	Importance of Issue to AIA (H, M, L)	Productivity Commission Response Adequate? (Y or N)	Details of new/proposed AIA contributions
	the cost of potatoes for consumers.			
Competition policy	DRAFT RECOMMENDATION 11.2 The Queensland Government should repeal the amendments made by the Sugar Industry (Real Choice in Marketing) Amendment Act 2015.	M	No comment	AIA is not able to comment on this recommendation.
Competition policy	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	M	Y	The fact that court cases have been run and won in recent years suggests that the risk is real and that the agricultural sector needs to remain vigilant. The AIA is of the view that tightening of the regulations is not needed however increasing the penalties to ensure that there are adequate deterrents in place, should be considered.



Issue / Recommendation in Draft Report	Details of Draft Recommendation and Information Requests (Focus Issues)	Importance of Issue to AIA (H, M, L)	Productivity Commission Response Adequate? (Y or N)	Details of new/proposed AIA contributions
	and Consumer Act 2010 (Cwlth) are unlikely to increase collective bargaining by farm businesses.			
Foreign investment in Australian 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).	M	N	The assumption that \$252M for other businesses is adequate and therefore agricultural land should not be a special case. It is unclear to the AIA why \$252M is the appropriate threshold. The AIA recommends that a national register of landownership be established. This would allow greater transparency and enable a broader debate across all sectors of society.
Foreign investment in Australian agriculture	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	M	Y	This recommendation is supported.

Issue / Recommendation in Draft Report	Details of Draft Recommendation and Information Requests (Focus Issues)	Importance of Issue to AIA (H, M, L)	Productivity Commission Response Adequate? (Y or N)	Details of new/proposed AIA contributions
	Board in reviewing proposals, and should closely monitor the fees to ensure no over- or under recovery of costs.			

Appendix A: AIA Biosecurity Position Paper

Australia's geographic location and isolation from other agricultural production and trading countries has meant that we have been free of many of the pests and diseases which trouble other producing countries. This has given us a competitive advantage both in costs and reduced complexities of production processes and in the world market place. Given the importance of exports of agricultural in the Australian economy and future new market possibilities it is important that this situation continues.

Biosecurity embraces the processes adopted to prevent the incursion of pests and diseases and the management of the situation if their presence is identified. The biosecurity continuum involves pre-border, border and post-border activities, with shared responsibility for these activities as agreed from time to time by the stakeholders, including the Commonwealth, State, and Territory governments as well as the various participants in industry. It is important that these agreements be reviewed from time to time especially considering new technologies.

At the Commonwealth level, the *Biosecurity Act 2015* commenced on 16 June 2016 and is complemented by biosecurity legislation in each state and territory. The aim is for a national approach of intelligence, evidence and science based decision making that will have the following benefits, and therefore the support of all stakeholders:

- For the Australian farmer, a robust biosecurity system helps keep out exotic pests and diseases and also helps to reduce the impact should they enter Australia. Ensuring that goods being imported meet Australia's high biosecurity standard protects the productivity and sustainability of our farms.
- For the Australian economy, it means an increased likelihood of sustained domestic production and international exports leading to a competitive and profitable agricultural sector.
- For the Australian community, it means more chance of greater contributions from agriculture and so enjoying national prosperity and the amenities they are accustomed to.

The Ag Institute's biosecurity policy is for the continuance of efficient and effective biosecurity operations including the following, recognising a nil-risk outcome is unlikely:

1. Sufficient resourcing by governments

An agreed Commonwealth and state/territory governments program should include sufficient staffing, including back-up staff, and technological resources for all elements of biosecurity. The level of resources should be determined following quantification of risks and an agreement amongst stakeholders of appropriate risk-based responses, including surveillance activities for livestock and plant industries.

There must be ongoing investment in education and research and development to ensure trained staff and equipment will be available for future challenges. Part of their task would be to provide some materials to the wider education system.

2. Evidence-based import risk assessments

The acceptance by the community to ensure that all biological imports are excluded from entry to Australia unless products have been subject to evidence-based, transparent risk assessments and import conditions that minimise the risk of entry, establishment and spread of exotic pests and diseases.

3. Country of origin quality assurance

It must be accepted that part of the work of biosecurity is to provide sanitary and phyto-sanitary quality assurance processes in importing countries that meet standards which provide confidence to Australian authorities that the claims being made can be substantiated.

4. Cost sharing

The funding of a national biosecurity system should be on the basis of beneficiary pays, recognising the roles of the various stakeholders. Both the Emergency Animal Disease Response Agreement (EADRA) and Emergency Plant Pest Response Deed (EPPRD) need to be monitored to ensure governments and industry groups can increase Australia's capacity to prepare for—and respond to—emergency pests and disease incursions. They must also constantly review technologies and systems.

5. Regulatory consistency across Australia

Regulatory consistency and least restrictive regulation is essential to ensure a more effective and efficient implementation of biosecurity outcomes. The present situation of continuing decline in government resources to address biosecurity, with each state/territory responding differently in the allocation of resources for surveillance and extension activities, must be improved. Otherwise the outcome leads to confusion within national industries and places variable burdens on industry sectors. At the same time, evidence-based regional differences principles may justify variations in biosecurity regulations between States and Territories in response to differences due to biological factors affecting risk, presence/absence of pests and diseases and varying levels of consequence.

6. Industry preparedness

The early identification and management response to a disease incursion will reduce the costs and time of eradication and enable faster re-establishment of access to important export markets. The presence of Industry Liaison Officers and Grains Biosecurity Officers located in regional areas is a vital part of preparedness, as is their involvement in response operations. Ideally, preparedness

requires a partnership approach between governments and industry and includes the promotion and adoption of assessments as outlined in published biosecurity manuals.

Appendix B: AIA Biotechnology Position Paper

Advances in biotechnology tools provide opportunities to improve crop and livestock productivity by breeding higher yielding, better quality and more reliable varieties (such as with drought tolerance, insect or disease resistance) that can benefit society in general through improvements in health, the economy and the environment.

There is widespread antagonism in the community to some forms of biotechnology (for example genetic modification or GM) with a range of fears, including: impacts on human health, uncontrolled spread in the environment including hybridisation with non-GM varieties, loss of markets, inability to maintain segregation in supply chains, and increasing monopolistic power of corporations at the expense of individual farmers. However recent advances in biotechnology tools, including gene editing and gene sequencing capacity, require renewed awareness and understanding by the public of the benefits and safety of biotechnology usage and the wide variety of current and new tools that are available.

In Australia, the release of GM products is strictly controlled by agencies such as the Office of Gene Technology Regulator (OTGR), the Food Standards Australia and New Zealand (FSANZ) and the Australian Pesticides and Veterinary Medicines Authority (APVMA). These agencies apply rigorous regulatory and public consultation processes to ensure products meet required human health and environment standards.

The advantages of biotechnology in Australia have been demonstrated in cotton whereby GM cotton now comprises 99% of eastern Australia's cotton area due to benefits in production efficiencies and to the environment through huge reductions in chemical use.

Recognising that there are community concerns with the use of biotechnologies, the Ag Institute's policies for use of such technologies and approval of product releases include the following:

7. Government support of R&D into biotechnologies

The Commonwealth and state/territory governments should, with industry, commit funding to R&D into biotechnologies with a view to developing agricultural products with attributes that improve human health, are more productive and adapted to a range of natural resource and environmental conditions (e.g. salinity and drought tolerant) and which have improved pest and disease defence capabilities that reduce the need for excessive use of herbicides and pesticides.

8. Regulatory transparency

Implicit in the above support of R&D is the continued regulatory oversight of relevant agencies such as OGTR, FSANZ and APVMA. However, there is a need for transparency in the regulatory environment and for regulations to be science-based.

9. Choice to adopt approved products

Individuals should have the right to choose the production methods or products best suited to their needs. This includes adoption of biotechnology enhanced products, assuming that all the conditions of use are followed. Part of such choice could include labelling of products but any labelling requirements would need to be realistic and not place unnecessarily onerous compliance conditions.

10. Harmonisation between states

Neither Australia, nor any of its industries or regions should be disadvantaged vis-à-vis other market participants by the application of differing State restrictions unless such differences are evidence-based. To do so imposes unfair constraints on trade, with effects on producers similar to that of restrictions imposed by some nations for phytosanitary reasons, which has been opposed by Australian governments for years.

11. Development of protocols to allow co-existence

Studies of segregation protocols show that it is possible, given the current testing regimes (which are likely to become quicker and cheaper), and stack management practices at grain receival points, that dual systems are manageable. Individuals or regions wishing to produce for niche markets can do so through the establishment of market related protocols between seller and buyer. This already exists in other areas, such as the organics industry.

12. Education

A range of groups provide information on biotechnologies that support their sectoral viewpoints but this can cause confusion in the community on the pros and cons of biotechnologies. There is a need to better communicate all aspects of biotechnologies so that the community can be better informed thus resulting in policies that are based on fact and not fear. When developing communication products, existing attitudes and perceptions will need to be acknowledged to enable informed choices based on evidence. This would also need to address and acknowledge the precautionary principle advocated by community groups, but at the same time balance this with a risk-based approach that considers the various social and environmental benefits. Part of this would also include a discussion of the potential for monopolistic behaviour by biotechnology companies and how this can be equitably resolved.