



Voice of Horticulture

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Regulation of Agriculture Submission

Thank you for the opportunity to provide a submission to the Productivity Committee on the inquiry into the Regulation of Agriculture.

The Voice of Horticulture welcomes the Australian Government Productivity Commission's draft report on the 'Regulation of Australian Agriculture' that has called for a return to evidence based regulation of the sector.

The Voice of Horticulture (VOH) is a member-based organisation representing horticultural growers and businesses across fruit, nuts, vegetables, mushrooms, turf, nursery plants and cut flowers. Horticulture is Australia's second-largest and fastest growing industry in agriculture, with some 30,000 businesses nationally, and a farm gate value at \$10 billion.

The Commission identified long standing issues including:

1. The number and complexity of regulations at every stage of the supply chain weigh heavily on the sector's productivity and competitiveness.
2. Duplication across governments, inconsistency, redundancy of regulation and cumulative burden across the entire agriculture sector must be addressed for Australian agriculture to come close to reaching its potential.

Horticulture is on the cusp of being able to double production and increase exports 10 fold but of this is not possible in the current red tape environment we operate in.

The industry does however expect that the rationale and justification for these regulations be based in evidence and on a realistic understanding of community values.

"It is clear from the Commission's draft report that the current regulatory heavy model imposed on growers falls short of this and is having a significant and disproportionate impact on farm businesses."

- Evidence and risk based reforms to native vegetation and biodiversity regulation.
- Market-based approaches to recognize the environmental services landholders provide to the community.
- Improving the way governments engage with landholders about environmental regulations.
- Expediting implementation of a national control-of-use regime for agricultural and veterinary chemicals that is based on evidence and risk.

Draft Recommendation 2.1

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

There is a need for consistency in local government regulation in horticulture that covers the use of netting to protect crops, the use of sprays, and damming rights. There are also local government limitations on sub dividing that are stopping less efficient farmers leaving the industry.

Draft Recommendation 3.1

The Australian, state and territory governments, in consultation with natural resource management organisations, should ensure that native vegetation and biodiversity conservation regulations:

- *are risk based (so that landholders' obligations are proportionate to the impacts of their proposed actions)*
- *rely on assessments at the landscape scale, not just at the individual property scale*
- *consistently consider and balance economic, social and environmental factors.*

Not only do we need to reconsider farming landholder regulation but also local residents and hobby farmers who are often the guilty parties in biosecurity breaches and create difficulty in managing pests such as fruit fly. Regulations that allow local government rights to clear derelict orchards, and advise residents of appropriate treatment regimens should be considered. This would be more effective at the state and local government level.

Draft Finding 4.1

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

It is noted the differences in the costs of water, both in purchasing and delivery costs are significant across regions and indeed states, research and statistics show horticulture is substantially more efficient user of water than other industries such as dairy.

Draft Finding 6.1

There is no economic or health and safety justification for banning the cultivation of genetically modified (GM) organisms.

- *The Office of the Gene Technology Regulator (OGTR) and Food Standards Australia New Zealand (FSANZ) assess GM organisms and foods for their effect on health, safety and the environment. Scientific evidence indicates that GM organisms and foods approved by the OGTR and FSANZ are no less safe than their non-GM counterparts.*
- *The successful coexistence of GM and non-GM crops is possible and has been demonstrated both in Australia and overseas. This means that if there are any market access or trade benefits (including price premiums for non-GM products), they would be achieved regardless of whether GM crops are in the market*

The Voice of Horticulture agree that the legislation relevant to GM should be repealed. There are many new risks facing the horticultural industry and from the research being done overseas it appears highly likely that the only way to save some industries may be through genetically modified plants— an example of this is Huang Long Bing or citrus greening and the need for disease resistant root stocks.

Draft Recommendation 6.2

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

It is noted that the APVMA is already significantly involved in utilisation of overseas data and overseas schemes. The reforms currently underway are highlighting this area, amongst others, to better expedite chemical registrations in Australia, hopefully while preserving the quality scientific basis of our processes.

Australian horticultural growers are constantly being placed at a competitive disadvantage to our overseas counterparts. There are many chemical formulations that we in Australia simply do not have access to; In the global scheme Australian agriculture is a very small % and thus chemical companies do not want to spend the millions of dollars on redoing testing and compliance that they have already done in much larger markets such as the US, and those that do that work then have to pass the cost of that work on to the Australian growers sometimes making those formulations unaffordable to the average grower. By utilizing the work done by trusted counter parts around the world, and especially in those whose climate mirrors our own we believe we can shorten the access wait and decrease the cost. The number of ag vet chemicals currently available to Australian growers is on the decrease at a time when the worlds consumers demand safer foods- without access to these formulations we will be locked out of some of our lucrative export markets.

Draft Recommendation 6.3

The Australian, state and territory governments should expedite the implementation of a national control-of-use regime for agricultural and veterinary chemicals (which includes increased harmonisation of off-label use provisions), with the aim of having the regime in place in all states and territories by the end of 2018.

The inconsistency across states and territory control-of-use regimes has been an ongoing issue for many years. While in our view a harmonised framework is highly desirable, any new framework should be well considered and designed to not disadvantage any jurisdiction. We therefore provide in-principle support for recommendation 6.3 and would welcome any further opportunity to engage constructively on this issue. APVMA will probably need more resources to do this by this date. We believe the regulatory objectives underpinning the APVMA are appropriate but need to be left to get on with their job. The proposed relocation of the APVMA to Armidale or Toowoomba should be stopped as they are a central agency, who need close access to DAWR and need to stay focussed to meet their targets.

Information Request 7.1

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?

Mechanical transmission of plant pests and diseases is obviously an area of massive concern for the Australian horticultural industry. With equipment such as wine grape harvesters and almond shakers being largely unaffordable to most growers and thus contractors are used- so equipment travels from one farm to the next and normally the wash bays will be located in a central area for ease of use on farm means the risk is always there.

We need greater communication about the need for increased industry participation in this space- Our near neighbours New Zealand have put good control measures in place to protect their land holders, sometimes it is better not to reinvent the wheel but to adopt the parts that could clearly work in our situation.

In cases of notifiable pest outbreaks, properties may be attributed a 'linked status' if trespassers are known to have travelled directly from a quarantined property. The 'linked' land will ultimately come under a quarantine arrangement, regardless of a pest detection on that property.

The potential ramifications of pest and disease spread are far reaching. They include increased input costs, loss of market access (domestic and international), unmarketability of a crop due to disease symptoms, reduced land productivity, flooding of the domestic market with produce of international origin, and of course quarantine.

It is the opinion of the Voice of Horticulture that existing trespass laws are not sufficiently enforced. It is imperative that property owners can adequately control movement of people and vehicles on their production areas in particular. The Commonwealth may consider further communication to property owners regarding their rights under the current legislation and the appropriate process for addressing a trespass situation. The Commonwealth, or States, may also consider increasing fines for trespass in sensitive production areas at risk from plant pests, such as the Fruit Fly Exclusion Zone.

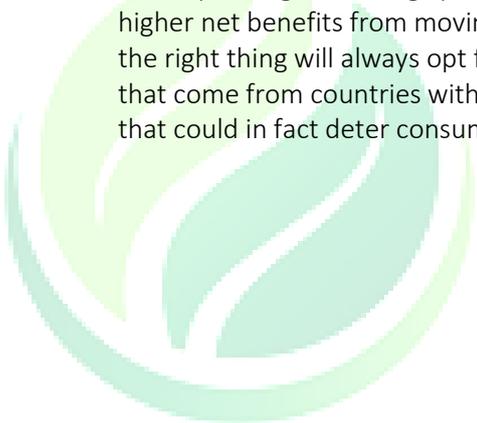
The whole conversation around bio security is an important and ongoing one- The IGAB review has raised many issues that need to be addressed if we are going to maintain our high health status in our export markets.

Information Request 9.1

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.

The fundamental principle behind Australia's food labelling system is that consumers deserve the right to make informed decisions about their food purchases. This includes information about the country of origin of their food, which some consumers use as a proxy for information about a food product's safety or quality – reducing Australia's country of origin labelling to a voluntary system would run the risk of undermining its effectiveness for consumers looking for this information about their food purchases.

The Voice of Horticulture strongly disputes the Commission's belief that "mandatory disclosure should only be required if it can be demonstrated that it provides higher net benefits compared to voluntary disclosure". Given the obvious benefits to consumers of mandatory country of origin labelling, and the fact that the system is currently mandatory (and therefore a move to voluntary labelling would be a change to the status quo), the burden of proof should be reversed. A voluntary country of origin labelling system should only be considered if it can be proven that there would be higher net benefits from moving to a voluntary system. History shows us that those that are doing the right thing will always opt for the maximum disclosure as they have nothing to hide, and those that come from countries with a less than pure reputation of disclosure will leave the information off that could in fact deter consumers from purchasing that product.



Draft Finding 11.2

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

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

There is strong evidence in the horticultural industry that reflects that existing competition regulation and oversight is far from adequate for managing the risk of supermarkets abusing market power in their dealings with farm businesses and wholesale merchants.

A perceived lack of documented evidence should not be taken as an indication that these misuses do not take place. Instead, it must be acknowledged that alongside the misuses of market power there is the threat of commercial or financial consequences if a grower is identified as speaking out about ill treatment at the hands of a retailer.

In fact it appears as if the balance of power is shifting more and more in favour of the duopoly, despite Aldi growing their fresh produce market share by 18% in a relatively short space of time. Growers are their own worst enemy and when put under pressure they cave to the lower prices for fear of not being able to sell their produce at all, many times at a price that is less than the cost of production, if they do then become “whistleblowers” they will have no outlets- growers need greater protection from this threat.

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).

Voice of Horticulture suggests this be left to the free market.

Draft Recommendation 12.2

The Australian Government should set application fees for foreign investment proposals at the level that recovers the costs incurred by the Foreign Investment Review Board in reviewing proposals, and should closely monitor the fees to ensure no over- or under-recovery of costs.

A Global food forum hosted in Victoria in recent times identified that our supply chain needs an investment of around \$1 trillion dollars - We know there is not this volume of money in our economy and in our ag sector to enable us to become more efficient and productive to be able to assist the world in its quest for safe quality food to feed the growing population.

Many farmers have experienced years of hard times, drought, high Australian dollar and as such have not been able to commit to the capital investment each and every year their land needs to ensure they keep up with current trends and productivity. Those growers that are focussed on export markets seem to be experiencing better returns than those solely focussed on supplying the domestic market, and it follows that if there is foreign investment from a country or countries- there seems to be a paving of the way in market access issues in some instances.

Voice of Horticulture appreciates the opportunity to provide comment on the Productivity Committee inquiry into the Regulation of Australian Agriculture. Further contact with Voice of Horticulture about

the contents of this submission may be made through Tania Chapman, Chair of Voice of Horticulture
at: chair@voiceofhorticulture.org.au.

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