

**Friday 28<sup>th</sup> September 2012**

**Department of Agriculture, Fisheries and Forestry**

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## **Submission regarding the National Food Plan Green Paper**

### **Summary**

The Green paper correctly identifies a series of challenges impacting the competitiveness of Australia's pork industry which the National Food Plan intends to address, including; R&D investment, skilled labour, country of origin labelling, differing standards for imports and domestically produced products, and inconsistent State and Federal Government standards and regulatory burdens with their associated anti-competitive compliance costs.

Through a determination to pursue world leading efficiencies and best practices in production methods, animal welfare standards and a strong focus on R&D investment to improve productivity, the Australian pork industry has remained competitive under pressure.

APL urges the Government to address the burden of red-tape through regulatory reform where it can, establish effective policy parameters to overcome our comparative disadvantages in terms of costs of production, and build strong mechanisms to further address structural issues to ensure a sustainable and internationally competitive agricultural sector, achieving the vision of the National Food Plan.

### **Background**

Australian Pork Limited (APL) is the peak national representative body for Australian pig producers. It is a producer-owned not-for-profit company combining marketing, export development, research and innovation and strategic policy development to assist in securing a profitable and sustainable future for the Australian pork industry. The Australian pork industry employs more than 20,000 people in Australia and contributes \$2.8 billion in gross domestic product to the Australian economy. The pork industry contributes approximately 2.13% of total Australian farm production with roughly 1500 pig producers producing around 4.7 million pigs annually.

2 APL welcomes the opportunity to comment on the National Food Plan Green Paper an initiative which APL has consistently supported, sharing the vision of Australia as a global leader in food production, particularly in the rapidly expanding Asian market.

3 The Green Paper correctly identifies several areas of criticality facing Australia's agricultural sector, including: R&D investment, skilled labour, country of origin labelling, differing standards for imports and domestically produced products, and inconsistent State and Federal Government standards and regulatory burdens with their associated anti-competitive compliance costs.

### ***Seizing new market opportunities***

4 APL supports the Australian Government's international efforts to liberalise trade and remove trade distorting barriers and subsidies in export markets. APL has worked closely with the Departments of Foreign Affairs and Trade, and Agriculture, Fisheries and Forestry to ensure the voice of Australia's pork producers is clearly heard at the negotiating table. APL is actively engaged in each of the free trade agreements to which Australia is a party, or negotiating, in order to secure and grow both new and existing markets.

5 The industry competes substantially with subsidised imports in the processed pork market (over \$9.4 million worth of pork imports arrive in Australia every week). Due to quarantine restrictions, all fresh pork sold in Australia is Australian grown. The pork industry maintains a small export market to Asia and New Zealand with around \$119 million worth of pork exported from Australia in 2009-10.

6 The Australian pork industry, by necessity, is already very efficient. With high comparative labour and input costs, compounded by a high Australian dollar, the Australian pork industry is one of the few Australian food industries operating in a global market in the true sense. The industry competes with major competitors in North America and Europe, most of whom benefit from cheaper input and labour costs in addition to substantial subsidy programmes, unlike Australia's pork producers. Despite these comparative disadvantages, due to a commitment to efficiency and investment in new technologies, Australia's pork industry remains vital.

7 The Australian pork industry supports a vibrant, open, rules-based trading system, where all parties operate on a level playing field. APL reminds the Government to recall the difference in relative costs of production between Australia and our competitors, especially in terms of labour and input costs.

#### Agricultural Counsellors

8 APL supports the concept of an expanded network of agricultural counsellors in key export markets over the next five years, and recognises the value of Australia's representatives in these markets both in terms of maintaining Australia's market access, and facilitating greater access. Australian representatives in-market, with a solid understanding of the Australian agricultural sector are ideally placed to identify priorities and assist Australian industry in identifying new opportunities.

9 APL believes that the focus of Agricultural Counsellors should remain on the removal of non-tariff barriers, whilst providing the necessary intelligence for Australian based representatives in DAFF and DFAT to focus on the elimination of tariff barriers through standard FTA negotiation channels.

10 The Australian pork industry has much to gain from improved market access via FTAs, which promise to reduce prohibitive tariff barriers, and ensure the industry's future viability and export success in the longer term. APL encourages the government to focus on those markets in which Australia has a clear strategic and long-term interest, including markets with significant growth potential in Asia.

#### Bio-security

11 APL believes that Australia has a first-rate bio-security system that contributes to protecting Australia's unique bio-diversity, and the vitality and integrity of our primary industries, which is fundamental to Australia's food security. APL opposes any measures which weaken Australia's bio-security system. Changes must be based on sound, and proven, science.

### The Brumby review

12 APL supports the recently established Brumby review to examine the effectiveness of Australia's anti-dumping and countervailing architecture. Effective public systems play a key role in maintaining public confidence in Australia's trade infrastructure. The recommendations from the Brumby Review will consequently be instrumental in determining the future shape and role, and success of Australia's trade architecture.

13 The Australian pork industry has previously experienced difficulty bringing anti-dumping action due to the high costs associated with accessing the system, and the narrow interpretations previously used surrounding the 'like goods' definition. APL is encouraged by the recent appointment of an International Trade Remedies Adviser, and the proactive engagement of that office, in addition to recent reforms to the interpretation of 'close processed agricultural goods' to enable inclusion of primary producers in any action.

14 APL encourages the placement of a dedicated Primary Producers adviser, possibly funded by DAFF, based within the Trade Remedies office to facilitate access for primary producers to Australia's anti-dumping architecture.

### ***Supplying safe and nutritious food***

15 APL supports the Green Paper's proposition that imported food should not have to meet different standards than domestically produced food. APL reiterates its support for an open trading system, where all producers work within the same rules, and encourages the government to require imported food to meet the same standards as Australian produced food.

16 The Australian pork industry has high standards for animal welfare, and encourages the government to ensure that imported products meet the same high standards that Australian consumers rightly expect from domestically produced products.

17 In a 2010 decision, a world first for a pork industry, Australian pork producers voluntarily agreed to phase out the use of sow-stalls by 2017, in recognition of changing consumer expectations in an initiative called *Shaping Our Future*. Industry has estimated the costs of this bold and proactive move at approximately \$50 million.

18 The move to group housing increases the costs of production, which in turn increases the costs of Australian produced pork. Retailers concerned with supplying pork at the lowest possible price will consequently import cheap overseas pork, which does not have the same high welfare standards enshrined in Australia's industry quality assurance system.

19 Requiring imports to meet the same high standards of production as Australian produced will help address the impact of imports on Australian production by helping to level the playing field, and ensure consistency of standards for consumers.

### ***Supporting a competitive and productive food industry***

#### Skills training

20 Australia's agricultural labour force is ageing, there are fewer young people entering our industry, drought has resulted in people leaving the industry, and other industries are competing for our workers. APL is actively involved in addressing these issues through existing mechanisms within our own industry, and recognises the criticality of labour shortages to the wider agricultural sector.

21 The pork industry faces critical shortages of skilled labour, particularly in areas with high levels of resource and minerals extraction, such as Western Australia and Queensland.

A shortage of skilled workers has risks for animal husbandry and productivity outcomes, causing some businesses to reduce production, which is beneficial for neither the producer nor for the wider agricultural sector.

22 APL supports the proposed promotion of careers in science, including agriculture and food science. APL further supports the creation of an industry-led working group to develop a strategy to help improve access to labour and skills needed to support the sector, in order to effectively address labour skills shortages, particularly through the National Agribusiness Education, Skills and Labour Taskforce, facilitated by the National Farmers' Federation. APL encourages the Government to engage constructively with this initiative.

#### Chemicals policy

23 APL supports the development of a strategic policy for the regulation of agricultural and chemical use based on existing international standards, such as those issues by the Codex Alimentarius Commission, where these exist.

24 APL believes that Australia needs a more efficient system for agricultural and veterinary (AGVET) chemicals, chemical assessment and registration. An efficient system would ensure that the safest, most effective chemicals are available to users without unnecessary delays or costs, with maximum safety for the user, the environment and the consumer. Making effective and safe chemicals a viable option to primary producers is a key part of minimising the overall risk posed by AGVET chemicals.<sup>1</sup>

#### Regulation

25 Addressing the regulatory environment affecting the agricultural industry is critical to ensuring a coherent and streamlined sector in the future. APL encourages the Government to work with State bureaucracies to address the 'silo effect' preventing officials from working across departments, e.g. environment and DPI.

26 Currently, farmers have differing obligations across State borders, including licensing fees and environmental requirements, resulting in additional costs, disadvantaging Australia's producers. This anti-competitive structure consequently favours production in some States at the expense of others. Transporting stock from one State to another, or for operators of multi-site locations, the regulatory duplications and inconsistencies are particularly burdensome. The Australian pork industry encourages the Government to better co-ordinate regulations across State borders to deliver consistent outcomes and avoid producers incurring unnecessary compliance costs.

27 The Australian pork industry's *Shaping our Future* initiative, a leap of faith on behalf of the industry, has met the narrow view of State regulation which fails to take a broader view and recognise the value of the initiative as a vehicle for achieving a wider set of objectives, such as environmental foot-printing and welfare. This reflects the poor understanding of agricultural practices by officials employed to develop agricultural policy. The context in which Australian farmers operate needs to be clearly understood by those making the policy which will directly impact on Australia's ability to produce food.

28 APL calls for greater use of co-regulation and industry/government partnerships; as the Australian pork industry's *Shaping our Future* initiative and industry quality assurance programme APIQ✓<sup>®</sup> demonstrates, co-regulation can be both effective in policy and practice. APL encourages State and Federal governments to actively progress and support this, particularly in an era of reduced government resourcing, and the need for verification of compliance to ensure market and consumer confidence.

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<sup>1</sup> APL provided a submission to the COAG *Review of the Framework for AGVET Chemical Regulation* in February 2010, and a response to the COAG Policy Discussion Paper - *Better Regulation of Agricultural and Veterinary Chemicals* in February 2011, both of which are available on the APL website at [www.australianpork.com.au](http://www.australianpork.com.au).

### Food labelling

29 APL supports the recommendations of the Blewett review on Country of Origin Labelling, and has consistently called for a coherent labelling regime that reduces confusion arising in relation to *Made in* or *Product of Australia* claims on products. APL supports the aspiration to achieve a system that addresses the need of consumers to make informed decisions about the source of the foods they purchase.

30 The same principle should also be applied to welfare standards. Australian consumers rightly expect to purchase a product from the Australian pork industry that has been produced with best-practice animal welfare systems. The Australian pork industry's 'Free-Range' standards ensure a product which is exactly that – a pig produced using an outdoor free-range system. Imported Danish ham, from a pig produced indoors, which is at times processed in Australia can be sold as both 'Free Range' and 'Product of Australia,' when it is actually neither. This kind of incoherent policy confuses and misleads consumers, and undermines Australian industry.

31 Changing food labelling laws to clearly display the country of origin for the major ingredients based on the percentage of Australian by weight of all ingredients in a product, and having a specific Country of Origin Labelling standard for food products adopted in to the *Competition and Consumer Act 2010*, both recommendations of the Blewett review, would allow consumers to make an informed purchasing decision regarding the source of the product.

32 APL encourages the Government to look closely at the provisions of the recently introduced Bill addressing food labelling, which could potentially form a basis for much needed action.

### ***Maintaining Australia's food security***

#### Research and Development

33 The success of the High-Integrity Australian Pork CRC, and APL's own dollar for dollar R&D matching program is evidence of the excellent value and positive community spill-over effect from a concerted, and well-run investment in research and development, which encourages innovation and novel technologies.

34 Australia's pork producers are both innovative and efficient, employing modern technological solutions to improve profitability and ensure the sustainability of their businesses. APL supports the further proposed investment in agricultural research, development and innovation to ensure Australia remains a world leader in food production, and to ensure innovation and productivity growth can be maintained.

#### Continuity of food supply

35 APL supports the development of strategies to reduce risks and maintain the continuity of the nation's food supply in the event of a significant national emergency. APL actively participates in various fora, including on FMD preparedness, to support industry resilience.

### ***Enhancing our natural resource base***

36 APL supports the general concept of improving and maintaining a strong natural resource base for maintaining Australia's capacity to sustainably produce food. We encourage the Governments' continued support of improved environmental performance for Australia's food industry, in particular agricultural and fisheries production. We strongly endorse R&D partnerships with industry and the cross sectoral approach to issues in order

to address synergies, encourage knowledge sharing and importantly, create research efficiencies.

37 APL is concerned that the focus on enhancing the effectiveness of current work aimed at improving soil and water quality is too narrow. APL also has concerns with the cross sectoral soils strategy. Soils has had a cross sectoral program/approach operating for a number of years through the Climate change research program and has a heavy focus through the recent Federal governments *Filling the Research Gap's* National Nitrous Oxide Program and National Soil Carbon Program.

38 The Government's continued stated commitment to reducing carbon pollution, and improvement in the sustainability of farming and food industries, indicates a need to support a more 'closed-loop' approach by creating resources from waste (cross industry) and reducing inputs (encouraging alternative energy and nutrient sources). This should be encouraged along the whole supply chain. There are some significant opportunities and concepts in addition to soil carbon currently available to agricultural producers that will not only improve the natural resources, but also reduce carbon pollution and improve the productivity and profitability of Australian farmers.

39 APL further encourages the consideration of the potential contribution of intensive and energy intensive agriculture industries, in addition to extensive industries discussed in the Green Paper by focusing simply on soils.

#### ***Improving the way that we work together***

40 The National Food Plan currently contains twenty-four action points. In order to effectively assess whether those ultimately supported have been successfully implemented, APL supports a five-year review of the Plan after its release as a white paper. This will enable a solid timeframe for action, and a set deadline for the measurement of progress towards the goals identified.

41 To maintain the visibility of the issues faced by the agricultural sector, APL supports the creation of a 'Food Council' of relevant Australian Government ministers and key stakeholders from industry, as a mechanism to expedite consideration of emerging risks and opportunities. APL would be keen to participate in such a forum. APL would encourage government to avoid diverting resources from other relevant initiatives.

#### ***Conclusion***

42 APL supports many of the recommendations of the Green Paper, and the vision presented for a strong and vital agriculture sector. In order to achieve this vision, APL wishes to highlight the risk of failing to address those critical areas undermining the competitiveness of Australia's agricultural sector, such as R&D investment, skilled labour, country of origin labelling, differing standards for imports and domestically produced products, and inconsistent State and Federal Government standards and regulatory burdens with their associated anti-competitive compliance costs.

43 The Australian pork industry produces a world-leading quality product, with significant potential to contribute even more to the Australian economy through expanded access in key Asian export markets. However, the establishment of effective policy parameters to overcome our competitive disadvantages in terms of costs of production and regulatory barriers, to ensure a sustainable and internationally competitive agricultural sector must be addressed now.

44 The industry's commitment to effective and sustainable resource management, the continual improvement of productivity and competitiveness through R&D investment,

commitment to training and support for both red-tape reduction and a partnership approach to regulation, make APL an ideal partner for the Government as it looks to implement aspects of the National Food Plan.

45 APL appreciates the opportunity to comment on the Green Paper, and looks forward to further opportunities to participate in the development process.

Yours sincerely

A handwritten signature in cursive script that reads "Kathleen Plowman".

**Kathleen Plowman**  
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Australian Pork Limited