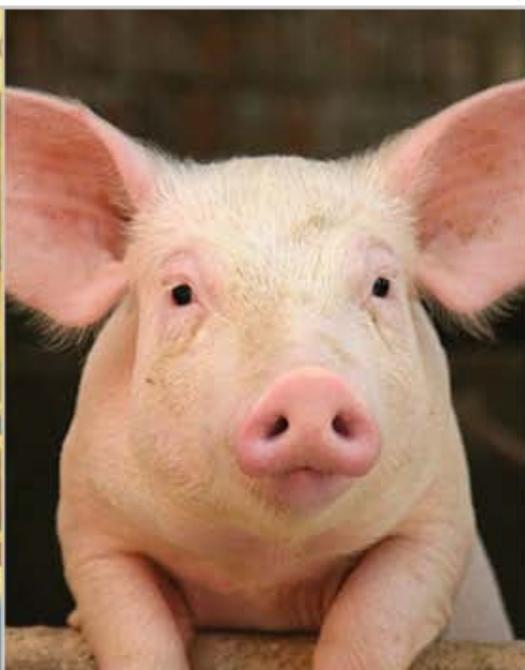


AUSTRALIAN PORK LIMITED

Changes to Queensland's Environment Protection Regulations

24 October 2012



Summary

The Australian pork industry supports the proposal of the *Draft Regulatory Assessment Statement* to remove ERA 3(1) and the vision of the Greentape Reduction project presented for a regulatory framework that is commensurate with risk.

Industry encourages the Government to pursue strategies such as co-regulation that build on existing industry frameworks to reduce compliance costs for both industry and Government while maintaining robust environmental outcomes.

Background

Australian Pork Limited (APL) welcomes the opportunity to comment on proposed changes to the Environment Protection Regulations, and specifically the *Review of Environmentally Relevant Activities – Draft Regulatory Assessment Statement*. APL has consistently called for governments to address the burden of red-tape through regulatory reform where they can, and supports the Queensland Governments' Greentape Reduction project.

2 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.

3 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,¹ with the largest numbers in Queensland and New South Wales. Encouragingly, consumption of pork continues to rise in Australia at 557 kt in 2011, up from 552.5 kt in 2009 and 467 kt in 2005.²

The Queensland pig industry

4 APL as the national pig industry body supports the role of Pork Queensland Inc. (PQI) as the primary conduit for State based issues. APL has consulted with PQI in the preparation of this submission.

5 Gross farm-gate production of pig-meat in Queensland was valued at \$242 million in 2008-09, and there were approximately 435 herds.³ Roughly half the piggeries in Queensland are relatively small, with pig production constituting a secondary enterprise on-farm. Where pig farming is the major source of income, approximately 115 farms have 1000 or more pigs (equivalent to approximately 100 or more sows), which accounts for about 90 per cent of Queensland's breeder pig population. Approximately 80% of total production comes from the biggest ten farms managing between 1,500 and 8000 sows at each enterprise.

6 Queensland's pig producers are obligated to responsibly manage the total environment, as well as their animals' health and welfare. To establish a piggery, producers must obtain development and planning approvals to comply with the Environmental Planning Act. An approval process is in place under the Sustainable Planning Act.⁴

¹ *Economic Impact Report: Pig production and meat processing in Australia 2010-2011*, Western Research Institute Ltd, online, available at: http://www.australianpork.com.au/pages/images/Final_APL_WRI_economic_impact_report.pdf, accessed 15/10/12.

² ABARE, *Australian Commodities September Quarter*, 2012.

³ DEEDI, *Queensland Pig Industry*, online, last updated 02/07/2010, available at: http://www.daff.qld.gov.au/27_4084.htm, accessed 15/10/12.

⁴ *Ibid.*

The impact of the proposed changes on Queensland's pig industry

7 The *Draft Regulatory Assessment Statement* proposes removing the lowest category of pig keeping ERA (ERA 3(1)) noting that these farms will still be appropriately managed under the Environmental Protection Act 1994.

8 APL's PigPass database identifies approximately 164 sites with between 20-400 SPUs⁵ in Queensland, out of a total of 320 sites of which herd numbers are known.⁶ Based on these figures, Fig. 1, below, details the cost impost of Queensland's current fee structure.

Environmentally Relevant Activity (ERA) category	Annual Fee (current)	Annual Fee (proposed)	Estimated number of piggeries in QLD in ERA category	Total Fees at current level
ERA 3(1) – pig keeping – keeping more than 20 but no more than 400 standard pig units – no AES	\$551	\$0	164	\$90,364
ERA 3(2) – pig keeping – keeping more than 400 but no more than 3,500 standard pig units – AES = 27	\$2,980	\$2,980	105	\$312,900
ERA 3(3) – pig keeping – keeping more than 3,500 but no more than 8,000 standard pig units – AES = 34	\$3,754	\$3,754	38	\$142,652
ERA 3(4) – pig keeping – keeping more than 8,000 standard pig units – AES = 43	\$4,747	\$4,747	13	\$61,711

Fig. 1.

Environmental fees

9 APL supports the proposal of the *Draft Regulatory Assessment Statement* to remove ERA 3(1). We estimate that removal will save 164 small piggery operators a combined total of \$90,364 per annum. APL also notes that there will be additional benefits to business as a result of savings in compliance costs and additional cost savings for government and Queensland tax-payers reflecting lower administration costs that have not been quantified.

10 APL remains very concerned about the punitively high fees imposed on larger producers, as identified in Fig. 1. To illustrate, a 500 sow piggery with 3500 growing pigs, in the ERA 3(3) category, would incur \$3754 in environmental licensing fees in Queensland. APL estimates that the same piggery in New South Wales would incur fees of only \$1695 – less than half the cost of Queensland, and a total of \$2059 cheaper.⁷ Whilst APL is supportive of the removal of ERA 3(1) we note the following in relation to Queensland's environmental licensing fees:

- The high cost impost is anti-competitive, creating an artificial disincentive to establish or maintain operations in the state;
- Concentrating the fee revenue base on larger producers effectively taxes the efficiency of larger producers' operations;
- Higher fees should be aligned with higher risk and not increased size as is currently the case; and

⁵ Calculated as SPUs = (sow number X 2.05) + (grower number X 1.15), according to PigPass database 09/10/12.

⁶ As of 09/10/12 PigPass records a further 617 registrants in Queensland, on which herd size is unknown.

⁷ Schedule 1 – Licensing fees (Livestock Intensive Activities), New South Wales Protection of the Environment Operations (General) Regulation 2009, online, available at: http://www.austlii.edu.au/au/legis/nsw/consol_reg/poteor2009601/sch1.html, accessed 15/10/12.

- Larger producers have methods of demonstrating compliance with existing industry standards, mitigating risk.

11 APL applauds the Queensland Government's commitment to red-tape reduction, and its recognition that unnecessary regulatory burdens with their associated anti-competitive compliance overheads impose avoidable costs on industry.

12 The Australian pork industry encourages the Queensland Government to pursue strategies such as co-regulation, wherever possible, that build on existing industry frameworks to reduce compliance costs for both industry and Government while maintaining robust environmental outcomes.

Existing tools and co-regulation

13 The Australian pork industry is small-scale, operating to strict standards, presenting a very limited environmental threat. The industry already has a suite of measures available to monitor, control and respond to environmental threats arising from our operations.

14 Industry has developed a comprehensive *National Environmental Guidelines for Piggeries Second Edition (Revised) 2010* (NEGP or the Guidelines) in conjunction with a number of EPA's including the Queensland's Department of Primary Industries and Fisheries and the Queensland Department of Employment, Economic Development & Innovation. The Guidelines provide a general framework for managing environmental issues that reflect on the over-arching environmental principles including; waste hierarchy, cleaner production and minimising impacts on land, water and the atmosphere. As regulatory requirements follow the general principles of environmental protection, the Guidelines provide advice to industry on how piggeries may achieve the outcomes required by regulations.

15 The Guidelines contain detailed information on both planning and management, including; site selection, flood plain exclusions, fixed and variable buffer distances for complexes and reuse areas (roads, surface waters, residences, odour) effluent systems, composting, carcass management, chemical storage and handling, reuse requirements and comprehensive monitoring information including nutrient, soil and water quality testing.

16 The Guidelines also provide an environmental risk matrix (on-line) for piggeries to identify their risks and associated mitigation strategies. The risk assessment complements a detailed monitoring and assessment of sustainability section and Environmental Management Plans (EMP). The EMP and associated template incorporates current licence requirements together with the identification of risks, minimisation strategies, monitoring and reporting and a listing of contingency plans or emergency strategies.

17 Industry has also developed EnviroCheck, a voluntary on-farm scheme for assessing the alignment of existing piggeries with the NEGP. EnviroCheck is administered by APL, with on-farm environmental performance assessments undertaken by a trained third-party EnviroCheck assessor. EnviroCheck's purpose is to:

- Encourage producers to use the NEGP;
- Inform producers of options available to achieve better environmental outcomes;
- Raise awareness of industry best practice; and
- Demonstrate industry performance in environmental management.

18 In addition to industry, local government also has comprehensive environmental planning requirements for intensive animal industries such as floodplain exclusions ie 1:100 year flood and waterway setbacks, and often include ongoing planning permit requirements such as waterway testing if a risk is identified.

19 In many states such as Vic, SA, NSW and WA the Guidelines have been accepted and incorporated into planning and regulations and have replaced, complemented or been used to update state codes of practice or assessment requirements.

20 Industry acknowledges the need for effective policy parameters that support robust environmental protection, and has a suite of existing tools available, such as EnviroCheck, which could be adapted for use in a co-regulatory framework.

Conclusion

21 APL supports the proposal of the *Draft Regulatory Assessment Statement* to remove ERA 3(1), and the vision presented for a regulatory framework that is commensurate with risk.

22 APL remains concerned about the punitively high, anti-competitive fees imposed on larger producers. The industry encourages the Queensland Government to pursue strategies such as co-regulation that build on existing industry frameworks to reduce compliance costs for both industry and Government while maintaining robust environmental outcomes.

23 The industry's commitment to effective and sustainable resource management, our existing mechanisms and frameworks, such as EnviroCheck, and support for both red-tape reduction and a partnership approach to regulation, make APL an ideal partner for the Queensland Government as it looks to implement aspects of the Greentape Reduction project.

24 APL appreciates the opportunity to comment on the proposed changes to the Environment Protection Regulations, and together with PQI, looks forward to further engagement with the Queensland Government to explore co-regulatory options.

Yours sincerely



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