

# 13 Agriculture and related activities

Agriculture is a significant sector of Australia's economy, contributing 2.4 per cent of Gross Domestic Product, and employing 4.4 per cent of the Australian workforce. The sector is very important to Australia's trade with the rest of the world. Most agricultural output is exported, generating around 28 per cent of Australia's total export income (ABS 2001).

International markets for agricultural produce are generally very competitive, albeit often distorted by trade barriers and subsidies. Over the last four decades, world prices for many agricultural commodities have declined significantly in real terms. Domestic prices for farm inputs have not matched this decline. Australian farmers have responded to this fall in their terms of trade by lifting output and making significant productivity improvements – recently estimated at almost 2 per cent a year (PC 1999a).

Continually improving productivity is likely to remain a necessity for farmers. At the same time, farmers are benefiting from productivity gains made elsewhere, for example:

- via improved returns for farm outputs from gains made in processing, distribution and marketing; and
- via lower prices for farm inputs from gains made in infrastructure services (transport, energy, water and communications), in professional services (veterinarians) and in the supply of goods such as chemicals.

Competition is a powerful spur for productivity and, therefore, of substantial interest to farmers and their representative bodies. This chapter addresses efforts by Australian governments to allow competition, except where this is not in the wider public interest, in agricultural marketing and in economic activities directly related to agriculture.

## Agricultural marketing

Governments have had a long history of involvement in the marketing of agricultural products. A Productivity Commission staff research paper (PC 2000b) recently reviewed this history, noting that farmers began to voluntarily form State or regional cooperatives at the turn of the century. Following World War I, agricultural product prices boomed and then collapsed. This sparked State governments into introducing legislation that

made compulsory the membership of various formerly voluntary cooperatives. Following World War II, when a similar price collapse was feared, farmers embraced national statutory price stabilisation and marketing arrangements. These arrangements guaranteed average returns via Commonwealth Government underwriting of export receipts and domestic price setting. In the 1970s and 1980s, in response to growing evidence of production inefficiencies and costs to taxpayers and domestic consumers, the Commonwealth Government reformed and, in some cases, phased out these schemes. Nevertheless statutory marketing authorities (SMAs) remain for some key agricultural products. The principal areas of agricultural activity with SMAs at the time governments introduced the NCP are set out in table 13.1.

**Table 13.1:** Agricultural products with SMAs when the NCP was introduced

<i>Product</i>	<i>Jurisdiction(s)</i>
Coarse grains and oilseeds	New South Wales, Victoria, Queensland, Western Australia and South Australia
Dairy	Commonwealth, New South Wales, Victoria, Queensland, Western Australia, South Australia, Tasmania and ACT
Horticulture	Commonwealth
Poultry meat	New South Wales, Victoria, Queensland, Western Australia and South Australia
Potatoes	Western Australia
Rice	New South Wales
Sugar	Queensland
Wheat	Commonwealth, New South Wales, Victoria, Queensland, Western Australia and South Australia

## Legislative restrictions on competition

In terms of the NCP, the relevant feature of most SMAs is the monopoly they hold on selling an agricultural product grown within their jurisdiction. This may be a domestic sales monopoly (such as for potatoes in Western Australia) or an export sales monopoly (such as that held by AWB Limited, formerly the Australian Wheat Board) or both (such as those held by the Queensland Sugar Corporation and the NSW Rice Marketing Board). These selling monopolies are commonly known as 'single desks'.

A single desk generally pays farmers a price that reflects an average of the prices it receives, less its marketing and transport costs. It also usually determines such matters as crop varieties planted and quality grades. A single desk with a domestic sales monopoly usually has rights to acquire produce compulsorily from farmers to prevent farmers selling their produce interstate. Single desks thus require individual farmers to give up a considerable degree of choice in how they operate their business, what they produce and how they market their production. In return, farmers expect to

benefit from earning a higher net income over the long term than they would otherwise.

## Regulating in the public interest

The Productivity Commission staff research paper referred to above assesses at some length the arguments for single desks. In summary, it argued that a prima facie case for restricting competition in export marketing exists where:

- a country's demand for imports from Australia is relatively insensitive to price, supply from competing sources is constrained and there are limited substitute products; or
- a country imposes a quota on imports of the product(s) from Australia.

In either of these circumstances, restricting competition between rival Australian exporters can be expected to raise national income received from the particular export market. This will be in the overall public interest so long as income foregone in other export markets and any productivity losses in Australia do not exceed this additional income.

Any net benefit from restricting competition in export marketing should be maximised by:

- restricting competition in only those export markets that clearly match the above circumstances, and allowing competition in other markets; and
- restricting competition in Australia's domestic markets as little as possible (that is, markets for the product, substitutes, intermediate goods, associated services and factor markets).

This is more likely to be achieved through export licensing (or, in theory, export taxes) than through maintaining a conventional statutory single desk.

Restricting competition in domestic marketing may be in the public interest where this would achieve benefits, such as:

- allowing consumers to make informed product choices;
- supporting consumer confidence in product safety;
- promoting equitable dealing with small businesses; or
- assisting small businesses to become more efficient;

and the value of these benefits is not exceeded by costs such as increased prices or reduced product quality.

## Review and reform activity

Over the period of the NCP, governments have reviewed the legislative arrangements underpinning SMAs and have announced or implemented their responses to a number of these reviews. The tables below summarise review and reform activity relating to marketing arrangements for the following commodities:

- coarse grains and oilseeds — table 13.2;
- dairy — table 13.3;
- poultry meat — table 13.4;
- wheat — table 13.5; and
- horticulture, rice, sugar and potatoes — table 13.6.

**Table 13.2:** Coarse grain marketing regulation

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
New South Wales	<i>Grain Marketing Act 1991</i>	Monopoly granted to NSW Grains Board over domestic and export marketing all barley, sorghum, oats, canola, safflower, sunflower linseed and soybeans grown in the State.	Review completed in July 1999, recommending that restrictions on: <ul style="list-style-type: none"> <li>• all domestic sales be removed – for malting barley, by no later than 31 August 2001 – and for all other grains, by no later than 31 August 2000;</li> <li>• export sales of feed and malting barley remain for only overseas markets where market power or access premiums can be demonstrated, and review again by 31 August 2004; and</li> <li>• export sales of all other grains be removed – for canola, by 31 August 2001 – and for sorghum, oats, safflowers, linseed and soybeans, by 31 August 2000.</li> </ul>	In October 2000 the Government announced that it would retain restrictions on: <ul style="list-style-type: none"> <li>• domestic sales of malting barley until 2005;</li> <li>• all export sales of feed and malting barley until 2005; and</li> <li>• all export sales of sorghum and canola until 2005.</li> </ul> <p>There will be no further review.</p> <p>It also appointed Grainco Australia Limited to act as agent for the now insolvent Grains Board.</p>	Council to assess in 2002.
Victoria	<i>Barley Marketing Act 1993</i>	Monopoly granted to Australian Barley Board over domestic and export marketing of all barley grown in the State.	Review completed in 1998 jointly with South Australia, recommending that Victoria: <ul style="list-style-type: none"> <li>• remove the domestic barley marketing monopoly;</li> <li>• retain the export barley marketing monopoly for only the 'shortest possible transition period'; and</li> <li>• restructure the Australian Barley Board as a private grower-owned company.</li> </ul>	Act amended in 1999 to remove monopoly on: <ul style="list-style-type: none"> <li>• domestic barley from 1 July 1999; and</li> <li>• export barley from 1 July 2001.</li> </ul> <p>The Board was transferred into grower ownership on 1 July 1999. It has no regulatory powers.</p>	Meets CPA obligations.

*(continued)*

Table 13.2 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Queensland	<i>Grain Industry (Restructuring) Act 1993</i>	Monopoly granted to Grainco Limited over domestic and export marketing of all barley grown in the State.	Review completed in 1999, recommending that Queensland: <ul style="list-style-type: none"> <li>• remove the domestic monopoly; and</li> <li>• extend the export monopoly until at least mid-2002.</li> </ul>	The Government accepted the recommendations but also undertook to review the export monopoly before mid-2002 if either grain arrangements in other States, or the policy of the Japanese Food Agency, changed. A re-examination is underway but no formal decision has been made at this stage.	Council to assess in 2002.
Western Australia	<i>Grain Marketing Act 1975</i>	Monopoly granted to the Grain Pool of Western Australia over export marketing of all barley grown in the State.	Review completed in 1999, recommending that Western Australia retain the Grain Pool's export powers, subject to further review if those of AWB Limited are removed.	The Government accepted the recommendations. It has since indicated that further work on the review of this Act is underway.	Council to assess in 2002.
South Australia	<i>Barley Marketing Act 1993</i>	Monopoly granted to Australian Barley Board over domestic and export marketing of all barley and oats grown in the State.	As for Victoria, and remove the oats marketing monopoly.	As for Victoria. In 2000, the Government removed the export monopoly sunset (thus continuing the export monopoly), and agreed to a further review after two years.	Council to assess in 2002.
Northern Territory	<i>Grain Marketing Act 1983</i>	Monopoly granted to the Grain Marketing Board over domestic and export marketing of all barley and coarse grains grown in the Territory.	Review completed in 1997, recommending repeal of the Act.	Act repealed in 1997.	Meets CPA obligations.

Table 13.3: Dairy marketing regulation

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Commonwealth	<i>Dairy Produce Act 1986</i>	<ul style="list-style-type: none"> <li>• Licensing of dairy exports.</li> <li>• Support for domestic manufacture of dairy products.</li> </ul>	Review by Productivity Commission begun in December 1998. Later deferred pending reform of State and Territory regulation.		Council to assess in 2002.
New South Wales	<i>Dairy Industry Act 1979</i>	<ul style="list-style-type: none"> <li>• Vesting of milk in the Dairy Corporation.</li> <li>• Farmgate price-setting for market milk.</li> <li>• Market milk quotas.</li> <li>• Licensing of farmers and processors.</li> </ul>	Reviewed in November 1997 by a joint government-industry panel. Chair and industry members recommended retention of restrictions subject to review again in 2003. Other government members recommended removal of restrictions within 3 – 5 years if national reform did not occur.	<p>Government initially accepted recommendation to retain restrictions until 2003.</p> <p>Act repealed by <i>Dairy Industry Act 2000</i> following national agreement to deregulate.</p> <p>Food safety regulation previously integrated under <i>Food Production (Safety) Act 1998</i>.</p>	<p>Milk marketing reform meets CPA obligations.</p> <p>Council to assess food safety review and reform in 2002.</p>
Victoria	<i>Dairy Industry Act 1992</i>	<ul style="list-style-type: none"> <li>• Vesting of milk in Victorian Dairy Industry Authority.</li> <li>• Farmgate price-setting for market milk.</li> <li>• Pooling of market milk returns.</li> <li>• Licensing of farmers, processors, distributors and carriers.</li> </ul>	Reviewed in 1999 by independent consultant. The review recommended the removal of all restrictions except those that safeguard public health. It further recommended third party auditing of dairy food safety subject to acceptance of importing countries.	<p>Act repealed by <i>Dairy Act 2000</i> following national agreement to deregulate.</p> <p>New Act establishes Dairy Food Safety Victoria to regulate dairy food safety.</p>	<p>Milk marketing reform meets CPA obligations.</p> <p>Council to assess food safety review and reform in 2002.</p>

*(continued)*

Table 13.3 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Queensland	<i>Dairy Industry Act 1993</i>	<ul style="list-style-type: none"> <li>• Vesting of milk in Queensland Dairy Industry Authority.</li> <li>• Farmgate price-setting for market milk.</li> <li>• Market milk quotas.</li> <li>• Licensing of farmers and processors.</li> </ul>	<p>Reviewed in 1998 by a joint government-industry panel. The review recommended:</p> <ul style="list-style-type: none"> <li>• retention of farmgate price regulation for five years to December 2003, but reviewed again before 1 January 2001; and</li> <li>• extension of quota arrangements from South into Central and North Queensland for five years.</li> </ul>	<p>Government initially accepted recommendations.</p> <p>Vesting, price-setting and quota provisions removed by the <i>Dairy Industry (Implementation of National Adjustment Arrangements) Amendment Act 2000</i> following national agreement to deregulate.</p> <p>Food Safety Queensland to assume responsibility for dairy food safety under the <i>Food Production (Safety) Act 2000</i>.</p>	<p>Milk marketing reform meets CPA obligations.</p> <p>Council to assess food safety review and reform in 2002.</p>
Western Australia	<i>Dairy Industry Act 1973</i>	<ul style="list-style-type: none"> <li>• Vesting of milk in the Dairy Industry Authority.</li> <li>• Farmgate price-setting for market milk.</li> <li>• Market milk quotas.</li> <li>• Licensing of farmers and processors.</li> </ul>	<p>Reviewed in 1998 by officials, assisted by an industry working party. The review recommended repeal of the Act upon deregulation by Victoria.</p>	<p>Act repealed by the <i>Dairy Industry and Herd Improvement Legislation Repeal Act 2000</i> following national agreement to deregulate.</p>	<p>Milk marketing reform meets CPA obligations.</p> <p>Council to assess food safety review and reform in 2002.</p>

(continued)



Table 13.3 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
South Australia	<i>Dairy Industry Act 1992</i>	<ul style="list-style-type: none"> <li>• Vesting of milk in Dairy Authority of South Australia.</li> <li>• Farmgate price-setting for market milk.</li> <li>• Pooling of market milk returns.</li> <li>• Licensing of farmers, processors and vendors.</li> </ul>	Price-setting restrictions reviewed in 1999 by officials. The review recommended removal of these. Food safety provisions remain under review by officials.	Vesting, price-setting and pooling provisions removed by the <i>Dairy Industry (Deregulation of Prices) Amendment Act 2000</i> following national agreement to deregulate.	Milk marketing reform meets CPA obligations.  Council to assess food safety review and reform in 2002.
Tasmania	<i>Dairy Industry Act 1994</i>	<ul style="list-style-type: none"> <li>• Vesting of milk in Tasmanian Dairy Industry Authority.</li> <li>• Farmgate price-setting for market milk.</li> <li>• Pooling of market milk returns.</li> <li>• Licensing of farmers, processors, manufacturers and vendors.</li> </ul>	Reviewed in 1999 by a government/industry panel. The review recommended deregulation after five years subject to outcome of Victoria's dairy legislation review and national reforms.	Vesting, price-fixing and pooling provisions removed by the <i>Dairy Amendment Act 2000</i> following national agreement to deregulate.	Milk marketing reform meets CPA obligations.  Council to assess food safety review and reform in 2002.
ACT	<i>Milk Authority Act 1971</i>	<ul style="list-style-type: none"> <li>• Retail price controls.</li> <li>• Licensing of home vending.</li> <li>• Canberra Milk Authority required to buy milk from sole ACT producer.</li> </ul>	Reviewed in 1998 by officials. The review recommended: <ul style="list-style-type: none"> <li>• separation of Authority's regulatory and commercial roles;</li> <li>• retention of retail price controls until mid-2000;</li> <li>• reform of home vending arrangements; and</li> <li>• retention of compulsory acquisition of ACT milk.</li> </ul>	Government initially endorsed recommendations.  <i>Act repealed by the Milk Authority Repeal Act 2000</i> following national agreement to deregulate.	Meets CPA obligations.

**Table 13.4:** Poultry meat marketing regulation

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
New South Wales	<i>Poultry Meat Industry Act 1986</i>	Prohibits supply of chickens unless under an agreement approved by the Industry Committee.	Review completed in mid-2000. Under consideration but not yet released.		Council to assess in 2002.
Victoria	<i>Broiler Chicken Industry Act 1978</i>	Prohibits supply of chickens unless under an agreement consistent with terms determined by the Industry Negotiation Committee.	Review completed in 1999, recommending that producers seek Australian Competition and Consumer Commission (ACCC) authorisation for collective bargaining, and that the Government repeal the Act.	The Government is assisting the industry to adopt the recommended approach.	Council to assess in 2002.
Queensland	<i>Chicken Meat Industry Committee Act 1976</i>	Prohibits supply of chickens unless under an agreement approved by the Industry Committee.	Review completed in 1997, recommending the industry committee convene groups of producers to negotiate with processors, but it be barred from intervening in negotiations on growing fees.	Recommended amendments made to the Act in 1999.	Meets CPA obligations.
Western Australia	<i>Chicken Meat Industry Act 1976</i>	Prohibits supply of chickens unless under an agreement approved by the Industry Committee.  Processing plants and growing facilities must be approved.	Review completed in 1996, recommending that the Government retain the industry committee's power to set industry-wide supply fees, subject to review after five years, and that restrictions on producer entry and individual negotiations be removed.	Previous government endorsed recommendations but amendments not made yet.	Council to assess in 2002.
South Australia	<i>Poultry Meat Act 1969</i>	Prohibits processing of chickens unless from approved farms.	Review completed in 1994, recommending that producers seek ACCC authorisation for collective bargaining with each processor, and that the Government repeal the Act.	Authorisations were obtained. However the Act is yet to be repealed.	Council to assess in 2002.

**Table 13.5:** Wheat marketing regulation

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Commonwealth	<i>Wheat Marketing Act 1989</i>	Prohibits the export of wheat except with consent of Wheat Export Authority or by AWB International Limited.	<p>Reviewed in 2000 by an independent review committee. It found that introducing competition was more likely to deliver net benefits than continuing the export controls. However, it also found it would be premature to repeal the Act before a relatively short evaluation period of new commercial arrangements. It recommended:</p> <ul style="list-style-type: none"> <li>• retaining the export single desk until the 2004 review;</li> <li>• incorporating NCP principles into the 2004 review;</li> <li>• developing performance indicators for the 2004 review</li> <li>• moving from export consents to export licensing;</li> <li>• removing for a three-year trial the requirement that the Authority consult AWB International Limited on consents for export of bagged and containerised wheat; and</li> <li>• removing for a three-year trial the requirement that the Authority obtain written approval from AWB International Limited for export of durum wheat.</li> </ul>	<p>In April 2001 Commonwealth announced its acceptance of recommendations, except that it:</p> <ul style="list-style-type: none"> <li>• declined to incorporate NCP principles in the 2004 review;</li> <li>• retained the requirement for consultation with AWB International Limited on consents for export of bagged and containerised wheat; and</li> <li>• retained the requirement for written approval of AWB International Limited for export of durum wheat.</li> </ul> <p>Performance indicators for the 2004 review are yet to be released.</p>	Council to assess in 2002.
New South Wales	<i>Wheat Marketing Act 1989</i>	Imports Commonwealth Act into State jurisdiction.		To be repealed.	Council to assess in 2002.

*(continued)*

**Table 13.5** continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Victoria	<i>Wheat Marketing Act 1989</i>	Imports Commonwealth Act into State jurisdiction.	Review delayed until completion of Commonwealth review.		Council to assess in 2002.
Queensland	<i>Wheat Marketing (Facilitation) Act 1989</i>	Imports Commonwealth Act into State jurisdiction.	Not scheduled for review.		Council to assess in 2002.
Western Australia	<i>Wheat Marketing Act 1989</i>	Imports Commonwealth Act into State jurisdiction.	Review underway.		Council to assess in 2002.
South Australia	<i>Wheat Marketing Act 1989</i>	Imports Commonwealth Act into State jurisdiction.	Review to start.		Council to assess in 2002.

**Table 13.6:** Regulation of other agricultural product markets

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Commonwealth	<i>Australian Horticulture Corporation Act 1987</i>	Prohibits export of apples, citrus, pears and stonefruit to certain foreign markets without a license and/or permission. Licences and permissions may restrict price, quality, import agent, packaging, labelling and form of consignment.	Reviewed in 1999 by a government/industry panel with assistance from an economic consultancy. It recommended retention of the power to restrict exports subject to: <ul style="list-style-type: none"> <li>• a public interest case, prepared with wide consultation, to accompany proposals for new restrictions;</li> <li>• Secretary of Agriculture, Fisheries and Forestry to approve/decline proposals for new restrictions;</li> <li>• regular monitoring and review of restrictions in place.</li> </ul>	The <i>Horticulture Marketing and Research and Development Services Act 2000</i> replaced this Act in late 2000. It provides for a Deed of Arrangement between Minister and Horticulture Australia Limited that will set out disciplines on export control powers. Once finalised the Deed is to be made publicly available.	Council to assess in 2002.

*(continued)*

Table 13.6 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
New South Wales	<i>Marketing of Primary Products Act 1983</i>	Monopoly granted to Rice Marketing Board over domestic and export marketing of all rice grown in the State.	Reviewed in 1995 by a government/industry panel. It recommended retaining the export monopoly, but under Commonwealth jurisdiction, and removing the domestic monopoly and State legislation.	In January 1999 a working party of Commonwealth, New South Wales, industry and Council representatives recommended a reform model: that the Commonwealth create a Rice Export Authority to control rice exports, with Ricegrowers Cooperative Limited (RCL) to hold an export right for 3-5 years, and licensing of non-competing exports. In March 2001, following further development, New South Wales agreed to the Commonwealth consulting other States and Territories on the model on the basis that the Commonwealth note that New South Wales considers the arrangement should be of five years duration and that Ricegrowers Cooperative Limited should have some right of veto over rice exports by other parties.	Council to assess in 2002.

*(continued)*

Table 13.6 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Queensland	<i>Sugar Industry Act 1991</i>	Monopoly granted to Queensland Sugar Corporation over domestic and export marketing of all sugar produced in the State.  Local boards control cane production areas and allocation of cane to mills.	Reviewed in 1996 by a government/industry panel. It recommended: <ul style="list-style-type: none"> <li>• retaining the domestic and export monopolies subject to export parity pricing of domestic sales;</li> <li>• permitting growers to negotiate individually with mills once collective agreements expire; and</li> <li>• removal of the Commonwealth's sugar tariff.</li> </ul>	In July 1997 the tariff was removed and export parity pricing introduced. In November 1999 the <i>Sugar Industry Act 1999</i> was passed. This and subsequent amendments allow some scope for growers to negotiate individually with mills. New Act also brought several structural reforms of the Corporation and bulk sugar terminals.	Council to assess in 2002.
Western Australia	<i>Marketing of Potatoes Act 1946</i>	Monopoly granted to Potato Marketing Board over domestic marketing of all potatoes grown in the State.	Review commenced in 1998 and, notwithstanding preliminary recommendation in 1999 to retain the domestic marketing monopoly, is still underway.		Council to assess in 2002.

## Related activities

This section considers jurisdictions' progress in fulfilling the CPA obligations of legislation review and structural reform in the agriculture-related activities of:

- bulk handling and storage;
- veterinary services;
- agricultural and veterinary chemicals;
- food; and
- quarantine and export controls.

## Bulk handling and storage

The grains industry has experienced significant restructuring over the past 18 months. Strategic alliances and joint ventures both horizontally and vertically between industry participants are changing the landscape of the industry.

### Legislative restrictions on competition

State regulation of bulk handling and storage of grains traditionally involved the granting of monopoly rights to a statutory or grower-owned body. With this power the handling and storage body is able to charge prices that:

- average costs across grain producers; and
- bundle all parts of the handling and storage chain irrespective of whether a grower actually uses all these parts.

This monopoly was generally justified by the need to provide growers with equitable access to the infrastructure and to avoid duplication.

### Regulating in the public interest

The public interest in regulating grain bulk handling and storage is to prevent the misuse of market power arising from control of key grain facilities at ports (and, to a lesser extent, inland) that are not economic to duplicate. Regulation will generally:

- establish third-party rights to such facilities; and
- cap the prices of services provided with such facilities.

There has recently been a surge in competitive investment in grain handling and storage infrastructure. This suggests that economies of scale in the industry may be less important than once thought and, hence, market power is dissipating. Nevertheless considerable dominance remains in the industry.

## Review and reform activity

Two governments — Western Australia and South Australia — have reviewed or are reviewing the regulation of bulk handling and storage (see table 13.7).



**Table 13.7:** Bulk handling and storage<sup>1</sup>

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Western Australia	<i>Bulk Handling Act 1967</i>	Co-operative Bulk Handling Limited granted sole right to receive and deliver grain until 31 December 2000.	Review underway.		Council to assess in 2002.
South Australia	<i>Bulk Handling of Grain Act 1955</i>	South Australian Co-operative Bulk Handling Limited granted sole right to receive and deliver grain.	Review completed in 1998, recommending repeal.	Repealed in 1998.	Meets CPA obligations.

<sup>1</sup> New South Wales repealed its regulation of bulk handling and storage in 1992. Victoria's Grain Handling and Storage Act 1995 subjects Graincorp's Victorian facilities to price regulation but does not restrict competition. Queensland does not directly regulate bulk handling.

## Veterinary services

### Legislative restrictions on competition

All States and Territories regulate veterinary services through specific professional registration legislation. This legislation typically restricts competition among veterinary surgeons via:

- entry and registration requirements;
- the reservation of title and areas of practice exclusive to veterinary surgeons;
- commercial conduct restrictions, such as controls on advertising and ownership in many jurisdictions; and
- disciplinary processes.

In addition to professional licensing, drugs and poisons legislation and animal medicine acts in some cases also regulate veterinary surgery

These restrictions constrain entry into the profession and competition among veterinarians, thereby raising the cost of veterinarians' services and limiting choice for consumers (particularly for those in regional and remote areas).

### Regulating in the public interest

The objectives of such legislation are generally:

- to control animal diseases;
- to protect the public against professional incompetence; and
- to ensure the livestock industry can meet the animal health and food safety requirements of domestic and international markets.

These objectives reflect problems of negative externalities (whereby individual veterinary surgeons may not bear all the costs imposed on society by the inadequate treatment and control of animal diseases) and of information asymmetry (a consumer of veterinary services may have difficulty assessing the capability of veterinary surgeons).

## Review and reform activity

Table 13.8 summarises governments' review and reform activity relating to the regulation of veterinary surgeons.

**Table 13.8:** Veterinary surgery regulation

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
New South Wales	<i>Veterinary Surgeons Act 1986</i>	Licensing of veterinary surgeons and hospitals, reservation of practices, reservation of title, advertising restrictions, controls on business names	Review completed in 1998 by a panel of officials, veterinarians, consumers and animal welfare interests.		Council to assess in 2002.
Victoria	<i>Veterinary Practice Act 1997</i>	Licensing of veterinary surgeons, reservation of practices, reservation of title, advertising restrictions	The Act followed a pre-NCP review of earlier legislation. Victoria has since reviewed the Act and found it to comply with NCP.		Council to assess in 2002.
Queensland	<i>Veterinary Surgeons Act 1936</i>	Registration of veterinary surgeons, reservation of practices, advertising restrictions, ownership restrictions, controls on business names	Review completed in 1999. It recommended retention of registration and practice reservation, but removal of: <ul style="list-style-type: none"> <li>• ownership restrictions</li> <li>• advertising restrictions</li> <li>• controls on business names.</li> </ul>	Government has endorsed recommendations and intends to amend Act in 2001.	Council to assess in 2002.
Western Australia	<i>Veterinary Surgeons Act 1960</i>	Licensing of veterinary surgeons and hospitals, reservation of practices, reservation of title, advertising restrictions, controls on business names	Review underway.		Council to assess in 2002.

*(continued)*

Table 13.8 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
South Australia	<i>Veterinary Surgeons Act 1985</i>	Licensing of veterinary surgeons and hospitals, reservation of practices, reservation of title, advertising restrictions, controls on business names	Review completed in 2000.		Council to assess in 2002.
Tasmania	<i>Veterinary Surgeons Act 1987</i>	Licensing of veterinary surgeons and hospitals, reservation of practices, reservation of title	Review completed.	Amendments under preparation.	Council to assess in 2002.
ACT	<i>Veterinary Surgeons Registration Act 1965</i>	Licensing of veterinary surgeons, reservation of practices, reservation of title, advertising restrictions	Reviewed alongside regulation of other health professionals. Discussion paper proposed retention of licensing and reservation of title, but removal of practice reservation and controls on advertising and ownership.		Council to assess in 2002.
Northern Territory	<i>Veterinarians Act 1994</i>	Licensing of veterinary surgeons, reservation of practices, reservation of title, advertising restrictions	Review completed in 2000. It recommended retention of licensing, reservation of title and practice, removal of some advertising restrictions, and additional consumer representation on the Veterinary Board.	Government has endorsed recommendations.	Council to assess in 2002.

## Agricultural and veterinary chemicals

### Legislative restrictions on competition

Agricultural and veterinary (agvet) chemicals are regulated under Commonwealth, State and Territory legislation. These laws establish the National Registration Scheme for Agricultural and Veterinary Chemicals (the National Registration Scheme), which covers the evaluation, registration, handling and control of agvet chemicals up to the point of retail sale. The National Registration Authority administers the scheme. The Commonwealth Acts establishing these arrangements are the *Agricultural and Veterinary Chemicals (Administration) Act 1992* and the *Agricultural and Veterinary Chemicals Code Act 1994*.

Beyond the point of sale agvet chemicals are regulated through control-of-use legislation. This legislation typically covers matters such as the licensing of agvet chemical spraying contractors, aerial spraying and permits allowing use for purposes other than those for which a product is registered (that is, off-label purposes). A national focus is brought to the regulatory regime via the ministerial Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ).

### Regulating in the public interest

Agricultural and veterinary chemicals pose a variety of serious risks if not supplied or used with due care. That is, risks to public health, worker health, the environment, animal welfare and to international trade.

Suppliers of agricultural and veterinary chemicals generally have strong incentives to produce chemicals safely, to ensure they are fit-for-purpose, and to make consumers aware of how to use the products safely. Users too generally have strong incentives to choose chemicals that are fit-for-purpose and to use them safely. However, where some of the costs of chemical supply or use are borne by third parties, and practical difficulties arise in forcing their compensation by the chemical supplier or user at fault, less than optimal care may result. Governments therefore endeavour through regulation to deliver a level of chemical safety that is acceptable to the community.

Chemical safety regulation is not costless however. It imposes costs on businesses through requirements such as those on the design of premises and equipment, the training of staff, and maintaining knowledge of changes in chemical regulation. These and other costs are ultimately passed on to consumers through higher prices and reduced choices. Chemical regulation should therefore:

- intervene only on the basis of sound science and risk assessment;
- hold chemical suppliers and users responsible for safety, by setting simple and clear performance standards, and allowing them freedom to choose how to meet these standards; and
- unless necessary to protect health:
  - not impose significant barriers to entry by suppliers into chemical markets;
  - not impose on suppliers of competing chemical products different regulatory burdens; and
  - allow competition in the delivery of chemical safety services such as assessment and analysis.

## Review and reform activity

Table 13.9 summarises governments' review and reform activity relating to the regulation of agricultural and veterinary chemicals.

**Table 13.9:** Agricultural and veterinary chemicals regulation

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Commonwealth	<i>Agricultural and Veterinary Chemicals Code Act 1994</i>	<p>Chemicals not to be supplied or held unless approved or exempt.</p> <p>Approval of chemicals solely by National Registration Authority.</p> <p>Same approval costs imposed on low risk chemicals as on high risk chemicals.</p> <p>Assessment services purchased solely from certain authorities.</p> <p>Chemicals not approved unless National Registration Authority satisfied efficacy is appropriate.</p> <p>Licensing of chemical manufacturers.</p> <p>Data protected from rivals unless compensation paid.</p>	<p>Review completed in 1999 by review team of economic and legal consultants. The review recommended:</p> <ul style="list-style-type: none"> <li>• retaining the monopoly on approval of chemicals;</li> <li>• lowering of regulatory costs for low risk chemicals;</li> <li>• including principles in the Code to guide inclusion/exclusion of chemicals in scheme;</li> <li>• accepting alternative suppliers of assessment services;</li> <li>• limiting of efficacy review to truth of claimed efficacy;</li> <li>• recovering National Registration Authority costs via a simple flat rate sales levy and cost-reflective application fees;</li> <li>• retaining licensing of veterinary chemical manufacturers;</li> <li>• removing provision to licence of agricultural chemical manufacturers until case is made; and</li> <li>• applying Trade Practices Act third party access pricing to data protection provisions.</li> </ul>	<p>Intergovernmental response to review completed in 2000. It supported all recommendations except:</p> <ul style="list-style-type: none"> <li>• removing provision to licence agricultural chemical manufacturers; and</li> <li>• limiting efficacy review.</li> </ul> <p>Working groups have been established to consider:</p> <ul style="list-style-type: none"> <li>• implications for other chemical regulation of a low cost regulatory system for low risk agvet chemicals;</li> <li>• how to monitor quality of assessment services; and</li> <li>• if there is a case for licensing agricultural chemical manufacturers.</li> </ul> <p>Data protection is to be considered in a wider review.</p>	Council to assess in 2002.

*(continued)*



Table 13.9 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Commonwealth (continued)	<i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i>	Chemicals not to be imported unless approved or exempt.  Minimum qualifications and experience for analysts.  Fees and levies impose entry barrier and discriminate between firms.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	Council to assess in 2002.
New South Wales	<i>Agriculture and Veterinary Chemicals (New South Wales) Act 1994</i>	Imports the Agricultural and Veterinary Chemicals Code into State jurisdiction.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	Council to assess in 2002.
	<i>Pesticides Act 1978 (Pt 7)</i>	Restricts sale and movement of certain foodstuffs.	Review completed in 1999 by government/industry panel. Recommendations awaiting Cabinet consideration.		Council to assess in 2002.
	<i>Stock Medicines Act 1989</i>	Unregistered chemicals not to be held or used on food-producing stock unless prescribed by a veterinary surgeon.  Minimum qualifications and experience for analysts.  Restricts advertising.	See <i>Pesticides Act 1978 (Pt 7)</i> .		Council to assess in 2002.
	<i>Stock Foods Act 1940</i>	Controls labelling. Limits foreign ingredients.	See <i>Pesticides Act 1978 (Pt 7)</i> .		Council to assess in 2002.

*(continued)*

Table 13.9 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
New South Wales (continued)	<i>Stock (Chemical Residues) Act 1975</i>	Imposes restrictions on chemically affected stock (for example on sale, movement or destruction).	See <i>Pesticides Act 1978 (Pt 7)</i> .		Council to assess in 2002.
Victoria	<i>Agriculture and Veterinary Chemicals (Victoria) Act 1994</i>	Imports the Agricultural and Veterinary Chemicals Code into State jurisdiction.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	Council to assess in 2002.
	<i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i>	Allows off-label use of chemicals subject to conditions. Conditions vary markedly between jurisdictions.  Veterinary surgeons exempt from various controls.  Licensing of spray contractors.	National review with <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above. Review recommended: <ul style="list-style-type: none"> <li>• developing a nationally consistent approach to off-label use;</li> <li>• retaining the veterinary surgeon exemption, but not for agricultural chemicals;</li> <li>• licensing of spraying businesses subject to maintenance of records, employing licensed persons and provision of necessary infrastructure;</li> <li>• licensing of persons spraying for fee or reward subject to accreditation of competency and working only for a licensed business;</li> <li>• exempting persons spraying on own land from licensing.</li> </ul>	Intergovernmental response completed in 2000. A task force was established to develop a nationally consistent approach to control-of-use regulation and to report to ARMCANZ.	Council to assess in 2002.

(continued)

Table 13.9 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Queensland	<i>Agricultural and Veterinary Chemicals (Queensland) Act 1994</i>	Imports the Agricultural and Veterinary Chemicals Code into State jurisdiction.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	Council to assess in 2002.
	<i>Agricultural Chemicals Distribution Control Act 1966</i>	Licensing of spray contractors.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	Council to assess in 2002.
	<i>Chemical Usage (Agricultural and Veterinary) Control Act 1988</i>	Allows off-label use of chemicals subject to conditions. Conditions vary markedly between jurisdictions.  Veterinary surgeons exempt from various controls.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	Council to assess in 2002.
Western Australia	<i>Agriculture and Veterinary Chemicals (Western Australia) Act 1995</i>	Imports the Agricultural and Veterinary Chemicals Code into State jurisdiction.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	Council to assess in 2002.
	<i>Veterinary Preparations and Animal Feeding Stuffs Act 1976</i>	Premises and products to be registered.  Restrictions on packaging and labelling.  Minimum qualifications for analysts.  Advertising restrictions.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	Council to assess in 2002.

(continued)

Table 13.9 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Western Australia (continued)	<i>Agricultural Produce (Chemical Residues) Act 1983</i>	Imposes restrictions on chemically affected produce (e.g. on sale, movement or destruction).  Minimum qualifications for analysts.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	Council to assess in 2002.
	<i>Aerial Spraying Control Act 1966</i>	Licensing of aerial spray contractors.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	Council to assess in 2002.
South Australia	<i>Agricultural and Veterinary Chemicals (South Australia) Act 1994</i>	Imports the Agricultural and Veterinary Chemicals Code into State jurisdiction.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	Council to assess in 2002.
	<i>Agricultural Chemicals Act 1955</i>	Chemicals must be sold with registered label.  Use of chemicals must be as per label or Ministerial directions.	Review completed.	Agricultural and veterinary chemicals Bill before Parliament.	Council to assess in 2002.
	<i>Stock Foods Act 1941</i>	Stock foods must be sold with label or certificate specifying chemical analysis.  Seed grain must not be fed to stock.	See <i>Agricultural Chemicals Act 1955</i> above.	See <i>Agricultural Chemicals Act 1955</i> above.	Council to assess in 2002.
	<i>Stock Medicines Act 1939</i>	Stock medicines to be registered.	See <i>Agricultural Chemicals Act 1955</i> above.	See <i>Agricultural Chemicals Act 1955</i> above.	Council to assess in 2002.

(continued)

Table 13.9 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Tasmania	<i>Agricultural and Veterinary Chemicals (Tasmania) Act 1994</i>	Imports the Agricultural and Veterinary Chemicals Code into State jurisdiction.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	Council to assess in 2002.
	<i>Agricultural and Veterinary Chemicals (Control of Use) Act 1995</i>	Chemicals not to be used unless registered under Code.  Licensing of spray contractors.  Approval of indemnity insurance.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	See Victoria's <i>Agriculture and Veterinary Chemicals (Control of Use) Act 1992</i> above.	Council to assess in 2002.
ACT	<i>Pesticides Act 1989</i>	Pesticides not to be used unless registered.		Repealed by the <i>Environmental Protection Act 1997</i> .	Council to assess in 2002.
	<i>Fertilizers Act 1904 (NSW) in its application in the Territory</i>	Fertilizers not to be sold unless with statement of composition.	Review completed in 1999 by officials.	Act to be retained.	Council to assess in 2002.
Northern Territory	<i>Agricultural and Veterinary Chemicals (Northern Territory) Act</i>	Imports the Agricultural and Veterinary Chemicals Code into State jurisdiction.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	See <i>Agricultural and Veterinary Chemicals Code Act 1994</i> above.	Council to assess in 2002.

## Food regulation

As of 1996-97 there were around 131 500 food businesses in Australia with an annual retail turnover of \$52 billion (ANZFA 1999). Australia imported \$3.6 billion of food and beverages in 1997-98. Around three-quarters of imports are for final household consumption, with the balance for further processing in Australia (AFFA 1998).

### Legislative restrictions on competition

Commonwealth, State and Territory governments regulate the processing and sale of food in Australia. The Commonwealth's *Australia New Zealand Food Authority Act 1991* establishes the Australia New Zealand Food Authority (ANZFA), which is responsible for developing, varying and reviewing food standards in Australia and New Zealand. In addition, it coordinates national food surveillance and recall systems, conducts research, assesses policies about imported food and develops codes of practice with industry.

States and Territories regulate food hygiene management via their Food Acts and also via sector specific legislation (for example, meat). This legislation varies widely but generally provides for approval of food premises, authorisation of officers to inspect food and premises and for various food safety offences. The variation of regulation between jurisdictions also hampers competition between suppliers in national food markets.

The Commonwealth controls the importation of foods under the *Imported Food Control Act 1992*. There are no restrictions on who may import foods into Australia but imported food:

- must comply with Australian public health and food standards;
- is subject to a risk assessment based program of inspecting and testing.

The Australian Quarantine Inspection Service administers the program with scientific support from ANZFA. Australian Government Analytical Laboratories is the sole provider of testing services.

## Regulating in the public interest

Food containing microbial, physical or chemical contamination can pose a serious threat to human health and safety. Some consumers also have particular dietary needs, for example food allergies. Food suppliers generally have strong incentives to produce safe food of the type that consumers want and for which they will pay. However, incentives can be weak where:

- contamination is often not evident to the consumer until after consumption;
- suppliers of contaminated food often cannot be forced to compensate consumers due to practical difficulties that may occur in verifying food quality and linking illness with a specific supplier.

In addition, food safety incidents can shake consumer confidence in broad classes of food and thus harm other suppliers. Governments therefore endeavour through regulation to deliver a level of food safety that is acceptable to the community.

Food safety regulation is not costless however. It imposes costs on businesses through requirements such as those on the design of premises and equipment, the training of staff, and maintaining knowledge of changes in food regulation. These and other costs are ultimately passed on to consumers through higher prices and reduced choices. Food regulation should therefore:

- focus on protecting public health, by intervening only on the basis of sound science and risk assessment;
- hold food suppliers responsible for food safety, by setting simple and clear performance standards, and by allowing suppliers freedom to choose how to meet these standards; and
- unless necessary to protect public health:
  - not impose significant barriers to entry by suppliers into food markets;
  - not impose on suppliers of competing food products different regulatory burdens; and
  - allow competition in the delivery of food safety services such as auditing and testing.

## Review and reform activity

Table 13.10 summarises governments' review and reform activity relating to the regulation of food.

**Table 13.10:** Food regulation

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Commonwealth	<i>Australia New Zealand Food Authority Act 1991</i>	ANZFA develops food standards, coordinates food surveillance and recall systems, and develops codes of practice with industry.	Blair Review of Food Regulation completed in 1998, recommending the Act be amended to: <ul style="list-style-type: none"> <li>• clarify regulatory objectives;</li> <li>• require ANZFA, in carrying out its regulatory functions, to apply an NCP test.</li> </ul> Technical review of food standards under the auspices of the Australia New Zealand Food Standards Council.	Act amended by <i>Australia New Zealand Food Authority Amendment Act 1999</i> to address the key recommendations.  New joint (with New Zealand) Food Standards Code adopted, including mandatory percentage labelling of key ingredients and nutritional panels on all food, and food safety standards.	Amendments to the <i>Australia New Zealand Food Authority Amendment Act 1999</i> meet CPA obligations.  See chapter 26 for discussion of compliance with NCP obligations re the Food Standards Code.
	<i>Imported Food Control Act 1992</i>	Imported food must meet Australian standards.  Imported food subject to risk-based inspection and testing.  Testing is performed only by Australian Government Analytical Laboratories.	Review completed in 1998, recommending: <ul style="list-style-type: none"> <li>• quality assurance processes of importers be recognised;</li> <li>• inspection rates and strategies be tailored to importer performance and agreements on certification and compliance; and</li> <li>• qualified laboratories be permitted to test imported food.</li> </ul>		Council to assess in 2002.

*(continued)*



Table 13.10 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
New South Wales	<i>Food Act 1989</i>	Various food safety offences. Wide powers to make orders prohibiting or requiring conduct.	National review completed in 2000. Outcome was the Model Food Bill, which provides a uniform regulatory framework and, in particular: <ul style="list-style-type: none"> <li>• requires notification by all food businesses;</li> <li>• requires registration by high risk food business; and</li> <li>• allows contestability of audit and laboratory services subject to approval of providers.</li> </ul>	All Australian Governments agreed in November 2000 to adopt core provisions of the Model Food Bill by November 2001.	Council to assess in 2002.
	<i>Meat Industry Act 1987</i>	Various classes of licences.	Review completed in 1998.	Responsibility for meat industry food safety transferred to Safe Food Production by the <i>Food Production (Safety) Act 1998</i> .	Council to assess in 2002.
Victoria	<i>Food Act 1984</i>	Various food safety offences. Food to meet prescribed food standards. Registration of food premises and vehicles. Food safety programs required for declared food premises/vehicles. Approval of food safety auditors.	National review completed in 2000 (see New South Wales <i>Food Act 1989</i> ).	All Australian Governments agreed in November 2000 to adopt core provisions of the Model Food Bill by November 2001.  <i>Act amended by Food (Amendment) Act 2001 to adopt provisions of Model Food Bill.</i>	Council to assess in 2002.

*(continued)*

Table 13.10 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Victoria (continued)	<i>Meat Industry Act 1993</i>	Licensing of processing facilities and vehicles.  Quality assurance programs required for certain premises.  Minimum qualifications for inspectors.  Minimum experience and qualifications for auditors.	Review completed by consultant in March 2001. It recommended: <ul style="list-style-type: none"> <li>• retaining licensing of processing facilities and vehicles;</li> <li>• retaining minimum qualifications for inspectors, and minimum experience and qualifications for auditors;</li> <li>• improved accountability of the Meat Industry Authority; and</li> <li>• prohibiting discriminatory exercise of Ministerial powers.</li> </ul>		Council to assess in 2002.
Queensland	<i>Food Act 1981</i>	Various food safety offences. Food to meet prescribed food standards. Registration of food premises (under associated regulations).	National review completed in 2000 (see New South Wales <i>Food Act 1989</i> ).	All Australian Governments agreed in November 2000 to adopt core provisions of the Model Food Bill by November 2001.	Council to assess in 2002.
	<i>Meat Industry Act 1993</i>	Various food safety offences. Minimum qualifications for meat safety officers. Accreditation of processing facilities. Wide powers to make standards.	Review completed in 1999, recommending development of new food safety standards, especially for high-risk foods.	Act repealed and provisions for meat safety standards included in <i>Food Production (Safety) Act 2000</i> .	Council to assess in 2002.
Western Australia	<i>Health (Adoption of Food Standards Code) Regulations 1992</i>	As per the Food Standards Code.	National review completed in 2000 (see New South Wales <i>Food Act 1989</i> ).	All Australian Governments agreed in November 2000 to adopt core provisions of the Model Food Bill by November 2001.	Council to assess in 2002.

*(continued)*

Table 13.10 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Western Australia (continued)	<i>Health (Food Hygiene) Regulations 1993</i>	Licensing of food processors and registration of premises. Safe food practices specified.	Under review.		Council to assess in 2002.
	<i>Health (Game Meat) Regulations 1992</i>	Minimum qualifications for slaughterers. Registration of field depots and processing facilities.	Under review.		Council to assess in 2002.
South Australia	<i>Food Act 1985</i>	Offence to manufacture or sell food that does not meet prescribed standard.	National review completed in 2000 (see New South Wales <i>Food Act 1989</i> ).	All Australian Governments agreed in November 2000 to adopt core provisions of the Model Food Bill by November 2001.	Council to assess in 2002.
	<i>Meat Hygiene Act 1994</i>	Accreditation of meat processors. Meat inspectors and auditors must enter agreement with Minister.	Review completed in 2000. Recommended extension to cover rabbit meat and retail within the scope of the Act.		Council to assess in 2002.
Tasmania	<i>Food Act 1998</i>	Various food safety offences. Food to meet prescribed food standards. Registration of premises and vehicles. Licensing of food manufacturers and sellers.	Replaced <i>Public Health Act 1962</i> . Reviewed prior to introduction via gatekeeping process.	All Australian Governments agreed in November 2000 to adopt core provisions of the Model Food Bill by November 2001.	Council to assess in 2002.

*(continued)*

Table 13.10 continued

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Tasmania (continued)	<i>Meat Hygiene Act 1985</i>	Licensing of meat processing facilities.	Review has been completed.	Reform legislation has been drafted.	Council to assess in 2002.
ACT	<i>Food Act 1992</i>	Various food safety offences. Licensing of food businesses. Food to meet prescribed food standards.	National review completed in 2000 (see New South Wales <i>Food Act 1989</i> ).	All Australian Governments agreed in November 2000 to adopt core provisions of the Model Food Bill by November 2001.	Council to assess in 2002.
	<i>Meat Act 1931</i>	Ministerial permission required to engage in certain meat processing activities.			Council to assess in 2002.
Northern Territory	<i>Food Act 1986</i>	Various food safety offences.	National review completed in 2000 (see New South Wales <i>Food Act 1989</i> ).	All Australian Governments agreed in November 2000 to adopt core provisions of the Model Food Bill by November 2001.	Council to assess in 2002.
	<i>Meat Industries Act 1997</i>	Various food safety offences. Licensing of processing facilities.	Review completed and under consideration.		Council to assess in 2002.

## Quarantine and export controls

### Quarantine

In 1999-2000 Australian Quarantine Inspection Service supervised about 11 600 ship arrivals, processed 8.7 million passengers and aircrew, about one million cargo containers, 4.1 million airfreight consignments, more than 160 million mail articles, and managed the discharge of more than 150 million tonnes of ballast water (AQIS 2000).

#### Legislative restrictions on competition

The Commonwealth Government administers Australia's quarantine arrangements under the *Quarantine Act 1908*. The Act prohibits the import of certain goods, animals and plants unless with a permit. Other imports may require inspection or treatment before allowed into the country. The entry of goods and passengers to Australia is also subject to screening by quarantine (officers appointed under the Act) who are empowered to search, seize and treat goods suspected of being a quarantine risk.

#### Regulating in the public interest

Exotic pests and diseases pose a serious threat to the Australian population, fauna and flora, and agriculture. Controlling this threat is a public good – it generally being neither feasible nor optimal to exclude persons who benefit from quarantine controls – so governments must intervene to supply the level of quarantine control desired by the community.

Quarantine controls do, however, impose costs on international trade and travel – activities that are of considerable benefit to the public. To meet the public interest, Governments should use the least costly quarantine controls available, and then only to the extent that the cost is outweighed by the benefit of reduced pest and disease threat.

#### Review and reform activity

Table 13.11 summarises the Commonwealth's review and reform activity relating to the regulation of quarantine.

### Export controls

Food exports make an important contribution to Australia's international trade position. In 1998-99 they totalled \$16 billion and accounted for almost

20 per cent of all goods exports. Disruption of these exports would have a significant impact on the performance of the Australian economy, particularly on the rural and food sectors, and individual producers (AFFA 2000).

#### Legislative restrictions on competition

The Commonwealth's *Export Control Act 1982* regulates the export from Australia of certain prescribed goods, such as dairy, meat and fish. The Act is used primarily to ensure that exported food is wholesome and has been prepared under hygienic conditions. However, it is also used to ensure that conditions relating to trade are satisfied, such as trade and product descriptions, volume limitations and other requirements imposed by overseas governments for access to their markets.

The Act restricts competition by:

- requiring premises to be registered and to meet certain construction standards;
- imposing processing standards; and
- imposing compliance costs and regulatory charges.

#### Regulating in the public interest

Regulation of exports is in the public interest where:

- Australian exporters would otherwise not be permitted access to foreign markets, or would be likely to lose access if one exporter causes a food safety incident; and
- the particular export controls employed are the least-cost alternative for assuring continued market access.

Australia also has a moral obligation not to export dangerous or unhealthy food.

#### Review and reform activity

Table 13.11 summarises the Commonwealth's review and reform activity relating to controls on exports.

**Table 13.11:** Quarantine and export control regulation

<i>Jurisdiction</i>	<i>Legislation</i>	<i>Key restrictions</i>	<i>Review activity</i>	<i>Reform activity</i>	<i>Assessment</i>
Commonwealth	<i>Quarantine Act 1908</i>	Prohibits import of certain goods, animals and plants unless with a permit.  Goods and passengers entering Australia subject to screening.	Provisions relating human quarantine reviewed by Department of Health and Aged Care in 1998. Review found minimal impact on competition and public health benefits in excess of costs.  Review of remaining provisions is yet to start.		Council to assess in 2002.
	<i>Export Control Act 1982</i>	Restricts export of prescribed goods (such as dairy, meat and fish products) by requiring registration of processing premises, imposing standards and regulatory charges.	Review of provisions related to fish, grain, dairy and processed food completed in February 2000. It recommended: <ul style="list-style-type: none"> <li>• introducing a 3 tier model for export standards;</li> <li>• harmonising domestic and international standards;</li> <li>• retaining a monopoly on certification of exports; and</li> <li>• making monitoring and inspection contestable.</li> </ul> Provisions relating to the licensing of unprocessed wood exporters currently under review by the Department of Agriculture Fisheries and Forestry.		Council to assess in 2002.