



Primary Producers SA Inc

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23 November 2018

Mr. David Hatfield
Director
Adjudication, Merger & Authorization Review Division
Australian Competition & Consumer Commission

Sent by email to: David.hatfield@acc.gov.au

Dear Mr. Hatfield

Re: Revocation of Authorisation A91382 AgStewardship Australia Ltd and Application for Authorisation AA1000429

Primary Producers SA (PPSA) thanks the Australian Competition and Consumer Commission (ACCC) for the opportunity to comment on AgStewardship Australia's application for re-authorisation of levy collection arrangements, including an increase from 4 cents per litre/kg to 6 cents per litre/kg.

PPSA is the strong voice for South Australian primary producers. PPSA's vision is for a strong and viable primary production sector in South Australia, which is valued by government and the community. South Australia's primary industries are a significant driver of the state's economy. In 2016-17, the food and wine industries generated \$19.97 billion for the state, with agricultural commodity exports valued at over \$7.4 billion. It is estimated that there are 13,500 farms in South Australia and that one in five South Australians are employed in food and wine industries.

PPSA's members are the peak commodity organisations of South Australia. Its current members include Grain Producers SA, Livestock SA, Horticulture Coalition of SA, Wine Grape Council of SA and the SA Dairyfarmers' Association. Each organization is represented by a councilor on the PPSA Council. The PPSA Council meets once per quarter on cross-commodity issues affecting all sectors.

PPSA welcomes the opportunity to provide input into the recent request by AgStewardship Australia for the revocation of Authorisation A91382 and substitution with Authorisation AA1000429.

The current ACCC Authorisation number A91382 dated 29 January 2014, granted authorisation for the imposition of a 4 cents per litre/kg levy on the manufacturers and suppliers of agvet chemicals that is passed on to agvet chemical users (farmers/consumers) at the purchase point of the product. This authorisation expires on 19 February 2019. The AgStewardship Board is seeking reauthorization to be able to collect the levy and an increase in the levy from 4 cents per litre/kg to 6 cents per litre/kg. The current levy of 4 cents per litre/kg has been in place since 1999 when the drumMUSTER program was first initiated.

This levy is used to fund the drumMUSTER and ChemClear programs. The drumMUSTER program undertakes recycling of empty agricultural chemical containers and has collected nearly 32.5 million containers since 1999, around 50% of the eligible containers sold into the market. While the ChemClear program enables the collection and disposal of Group 1 chemicals and obsolete Group 2 chemicals and has collected over 661,000 litres of unused and unwanted chemicals.

Both programs have been instrumental in the safe recycling and disposal of agvet chemicals and containers, ensuring these products don't end up in landfill, waterways or inadequately stored on farms causing potential environmental and safety hazards.

The success of the program, particularly drumMUSTER, has been due to industry establishing a voluntary and self-regulatory scheme which has 113 chemical manufacturers and distributor participants. The partnership between the manufacturers, distributors, primary producers and local government to address these chemical stewardship issues has been recognised internationally. There are no market driven systems that could readily replace these programs for the safe and environmentally sound collection of used containers and unwanted chemicals. The development of a new program by either government or industry would likely impose a much greater cost on end users (farmers) than the current levy arrangement.

Farmers are the ultimate levy payer and it is important that they are part of the consultation process. We note that of the 15 submissions received by the ACCC, the vast majority of the submissions supported both the re-authorisation of the program and also the increase in the levy from 4c/kg/litre to 6c/kg/litre. The only submission opposing the re-authorisation was from WAFarmers. However, notwithstanding the high degree of support for the programs continuance, PPSA understands that there were concerns raised in many of the submissions received regarding the strategic direction of the program over the next 5 years, the business model, the upgrade of collection facilities, the frequency of collections, the plan for managing emerging issues such as increased imported plastic products and recyclability of new materials.

PPSA also notes that NFF is supportive of both the DrumMUSTER and Chem Clear programs but like many of the other submissions has requested more information on improvements to the program, greater transparency in the operation of both programs and improved grower input into the management of the programs.

On 12 October 2018, AgStewardship Australia provided a response to the ACCC on these and other concerns raised in the public submissions. The proposed increase in the levy will enable an expansion of the operations of both drumMUSTER and ChemClear and will also address the issues raised re improving program transparency and increased consultation.

AgStewardship Australia further advised the ACCC that it intends to use the additional funds to:

- cover increases in the costs of running the programs
- support improvements in infrastructure to fill identified gaps in the network of collection sites, especially in remote areas
- engage with local community groups to conduct 'pop-up' collection days where local council collection points are not accessible to ensure all primary producers have access to container collections
- improve collection site safety
- improve processing by allowing the segregation of collected products by type
- conduct research and development into the inclusion of a wider range of plastic containers in the drumMUSTER program
- increase the frequency of ChemClear collections to three times a year
- develop an app to allow the real-time capture of collection data, thus improving AgSafe's reporting and ability to coordinate container collections more efficiently
- enhance security and useful life of container cages
- expand marketing and communications to key stakeholder farming organisations, rural communities and schools, including raising awareness in rural communities of programs by some container manufacturers for the return of containers not included within the scope of the drumMUSTER program (such as Intermediate Bulk Containers)
- enhance its website and back end database to improve communications, marketing and tracking
- encourage non-participants to join the program
- re-establish an advisory committee of participants to ensure greater participant representation.

PPSA appreciates that all concerns raised by stakeholders have been noted by AgStewardship Australia and are proposed to be addressed with the re-authorisation of the program and the proposed increase in the levy.

However, PPSA notes that the real concern for the ongoing program operations is not the proposed 2 cent per litre/kg increase in the levy but rather the fact that the ACCC Authorisation for AgStewardship Australia to collect the levy expires on 19 February 2019. Without this authorisation in place, the voluntary levy will not be able to be collected and all funding for both the drumMUSTER and ChemClear programs will cease.

Regardless of whether the levy is increased or not, the authorisation needs to be re-issued to AgStewardship Australia to ensure these programs continue to provide the environmental and stewardship benefits to agvet chemical users and the wider community.

To that end, PPSA supports the re-authorisation of AgStewardship Australia to continue to collect the levy. As stated above, PPSA also supports the increase in the levy from 4 cents per litre/kg to 6 cents per litre/kg. These programs provide a valuable and cost-effective environmental stewardship role to agvet chemical manufacturers, distributors, end users and ultimately, the community.

For more information or to discuss this matter further, please don't hesitate to contact GPSA on 1300 734 884.

Yours sincerely



Rob Kerin

Independent Chair

Primary Producers SA



Wade Dabinett

Chairman

Grain Producers SA