

## **QFF RESPONSE TO PRODUCTIVITY COMMISSION DRAFT RESEARCH REPORT ON REGULATORY BURDENS ON BUSINESS: PRIMARY SECTOR**

The Queensland Farmers' Federation welcomes the opportunity to provide further brief comments on the Draft Research report, as well as the opportunity provided by the Commission to participate in the roundtable on the review held in Canberra on 27 September.

While the Report addressed the general topics raised by the QFF in our earlier submission to the Review, we were disappointed that the Commission failed to make stronger recommendations on the concerns raised by QFF. QFF notes that the Commission has, in accordance to its terms of reference, deferred to reviews of particular issues that are already in place. QFF would have preferred that the Commission provide stronger guidance to those reviews on ensuring that their recommendations fit in with the spirit and the letter of the COAG business regulatory review process, and addressed the specific concerns raised by submissions to this review.

In general terms, where the Commission has noted the existence of another review on a subject raised in this inquiry, it should:

- Provide specific recommendations on issues raised in this review that need to be considered by that review;
- Provide guidance on how that subsequent review needs to comply with the COAG process;
- Consider whether the review is being conducted in a timely or inclusive process, and has earned the confidence of stakeholders;
- Consider the urgency and seriousness of the subjects raised and consider whether a specific recommendation on a matters should be made even ahead of the review reporting.

QFF provides the brief additional comments on the other matters raised by the Commission:

### **3.3 National Pollution Inventory**

QFF represent chicken meat growers who have been in discussions with DEW regarding the NPI. Growers were extremely concerned about the burden of reporting and the public access to facility based information. As noted in the report, DEW has offered some concessions on reporting relating to the role of associations, which will alleviate that concern to some degree (provided the grower lives on the property).

However, the Department is also considering expanding the matters which need to be reported on. This is of concern, and the Commission should make it clear that the EPHC needs to ensure that regulatory burdens are the minimum necessary to achieve a public policy outcome which cannot be achieved in some other more cost effective manner. The chicken meat industry has invested a great deal of time and effort into developing an industry Environmental Management System which seeks to address many of the concerns with odour issues. Governments should seek to utilise existing industry mechanisms as much as practically possible to minimise compliance costs.

### **3.5 Biosecurity and quarantine – interstate certification scheme**

QFF raised concerns with the ICS in our earlier submission, noting that the scheme adds significantly to business costs, and appears to be used by some states (notably Western Australia) as an impediment to trade in horticultural and production nursery products. Some of the issues of concern to growers with the ICA system includes:

- The lack of uniformity in certification standards between state jurisdictions;
- The lack of training options for accreditation of auditors and inspectors;
- The high cost of ICA inspections and audits;
- The large number of commodity classifications - eg. Separate ICAs required for Kaffir, Tahitan and Finger limes;
- The high number and co-ordination of inspections and audits required - eg. For Freshcare, ISO 9000, QA, ICAs;
- Changing products and procedures - eg. Queensland apples bound for Victoria currently need to be dipped in dimethoate, but this product is to be withdrawn; and
- Inflexibility of enforcement procedures - eg. Consignments of bananas will be declared as Yellow sigatoka if detected on 5% *per leaf*, but this really should be *per tree*.

QFF believes that there needs to be support from government for uniformity between state jurisdictions. Some suggestions for improvement to the ICA system include:

- On-farm inspections and audits for certification purposes should be restructured into a single cohesive set of procedures, able to be incorporated into a structured Farm Management System that includes ICAs, Freshcare, QA, ISO 9000, etc.
- Within this restructure, there is scope for broadening the roles and responsibilities of inspectors and auditors so they are credentialed to perform the full range of certifications.
- Inspections and audits to be performed during a single on-site visit, decreasing the frequency of inspections and audits, reducing the burden on growers;
- Entities other than the Department of Primary Industries & Fisheries should be accredited to offer this service.
- Those Queensland commodities currently without ICAs should be provided with them if appropriate.
- The extremely prescriptive technical thresholds that are the legacy of the pre-ICA testing regime (eg. 5% detection per leaf for Yellow sigatoka) should be re-visited.

The Commission's report notes that a review of the ICS 'is planned'. This recommendation is not good enough given the serious concerns that QFF, Growcom and others have raised. Our experience with PIMC's management of ICS issues is that matters move at a glacial pace and often not at all. We are aware that DAFF has started doing some work on a possible review, but have seen no terms of reference, timelines, work plans or consultation arrangements. Given the costs that the shortcomings in the ICS impose on business, QFF would strongly recommend that the Productivity Commission provide much clearer guidance on what the review should consider, drawing on some of the improvements that QFF and others have raised in their submissions.

### **3.8 Transport Issues -**

The current transport recommendation by the Productivity Commission is very weak and not specific enough. While QFF appreciates that the NTC has a large reform program and is addressing many issues of concern, the sector does want to see progress to improve productivity and reduce regulatory burdens across transport issues. More specific issues and time lines need to be highlighted by the PC review. QFF supports the comments from the NFF that more can be done by the NTC in optimising productivity in other key areas outlined in the PC Draft Research Report, including licensing, heavy vehicle accreditation, weight limits and volumetric loading.

Locking in the lowest common denominator (e.g. NSW regulations for livestock transport) is not an option if industry truly wants to build efficiencies and this should also be made explicitly clear to bodies such as the NTC through the PC advice. The PC can play a role in helping organisations such as the NTC to determine which state regulations are optimal for productivity. The same could also be applied in the area of state occupational health and safety regulations.

In addition to that, QFF would advocate that the PC advocate priority for several other transport topics, particularly fatigue management, driver licencing and inconsistencies with registration..

#### 1) Fatigue Management

NTC to review fatigue management regulations to determine applicability for the agricultural sector. Currently the focus is on truck and long distance travel, rather than short distance on road with most of the operation off-road. A possibility is for a National Agricultural Fatigue Management Scheme. Our recommendation from the submission QFF made continues to be relevant. It is therefore recommended that other driving based activities, such as what occurs in agriculture, be included in a more flexible accreditation scheme for fatigue management, together with practical and stronger chain of responsibility regulations.

If the NTC has set February 2008 for implementation of fatigue management, they have focussed mainly on road/ truck transport rather than issues for agriculture. The timeline is therefore unrealistic for agriculture. While there is a lot of road/ truck transport in Australia, QFF is concerned that the NTC may be underestimating the amount of agricultural vehicles that operate in Australia. While these vehicles rarely use the roads in comparison with trucks on roads, as soon as these Agricultural

machines touch the road do they get captured with road regulations such as fatigue management, registration etc.

## 2) Driver Licencing

With the new learner driver licencing provisions, this is likely to add even more time before younger skilled drivers can drive machines on roads (1 year learners, 1 year Provisional stage one, 2 year Provisional stage two for a total of 4 years before open C class licence). This makes this issue even more important since QFF's submission in May. The previous QFF recommendation continues to be relevant. It is therefore recommended that current reasons for different licence classes be acknowledged for the primary sector, and processes for allowing the specific licence classes or similar, such as the UD licence continue.

To this we should also recommend skills based/ competency based assessment for these UD licence (or agricultural equivalent) for agriculture. This is instead of a strict age based restriction. If people are competent to drive the machines, and they have proven this to Transport Department Licence Testers or Workplace Health and Safety Assessors, then the competency approach should be used. I am investigating how NSW competency based assessment for heavy vehicles works. There are various other machines (eg cranes) that have UD licences, so it is not just sugarcane.

## 3) Inconsistencies with registration

There are a number of inconsistencies amongst states for registration categories. One issue that has cropped up is the Seasonal Registration vs Conditional Registration. Different states have different rules. Specialised vehicles that are used for only parts of the year should be entitled to both seasonal registration and conditional registration. Conditional registration allows vehicles that normally wouldn't be registered to operate on the roads with Compulsory Third Party insurance.

In summary, with transport, most of the regulations focus on long haul trucks with minimal if any consideration on specific agricultural machines. While these specific agricultural machines have minor use of the road when compared with long haul trucks, as soon as the agricultural machines hit the road the "truck" rules apply.

### **3.11 Drought Support**

The Commission responded to three submissions that identified problems with the Exceptional Circumstances (EC) programs. The Commission noted the difficult trade off between setting eligibility criteria and providing accessible help to those under the considerable stress of exceptional drought.

QFF notes that DAFF considers the current arrangements appropriate because they ensure "only those in genuine need" receive assistance. QFF contends that DAFF is mistaken in this regard and that "the additional criteria" do impose unreasonable burden on individuals without evidential gain for the public good. While there is potential conflict between schemes designed to provide welfare support on one hand (ECRP from Centrelink) and business support on the other (ECIRS through state RAA's), the federal government must accept its responsibility to support the rural sector even handedly when it comes to drought. This is especially the case now that

EC has been extended to small to medium sized businesses in or adjacent to EC areas. The current differences in criteria and administrative arrangements for ECRP and ECIRS (and other recently added programs such as the Professional Planning and Advice grants from Centrelink) give rise to added stress and frustration at the farm family and community level that ultimately means less people access these programs than otherwise would be the case.

For instance, the application of the off-farm income test and the off-farm assets tests are conducted separately and repeatedly by Centrelink and the state Rural Adjustment Authorities (RAA's) but with different "guidelines" and anomalies in interpretations. Centrelink only "allows" special account of the forced sale of livestock and \$20k/year of off-farm salaries (PAYG) to adjust its income test calculations. All other forms of income (including dividends, other business income, annuities) count to reduce fortnightly payments. However, in the broader context of farm or business income (for ECIRS) all incomes can be counted but with the expense offsets also allowed.

QFF contends that these anomalies can only be resolved with single administrative responsibility for overlooking national programs across state borders and public sector jurisdictions. QFF's experience with the current drought is that Centrelink staff have become more experienced and helpful, and now more accessible with the deployment of the Rural Service Officers backed up with the mobile Drought Buses. The same cannot be said for the business support programs. The only field staff available to provide help accessing ECIRS are the quite disjointed Rural Financial Counselling Services (RFC's). Further, the federally funded RFC's are not permitted to service businesses with more than 10 employees which is not only inconsistent with the "100 employee limit" announced by the government, it sends the completely wrong signal into the community that discourages uptake of these vital programs for EC drought regions.

QFF strongly urges the Commission to identify the need for "adjustments to administrative arrangements" as an urgent priority so that EC benefits can flow more smoothly into the communities where it desperately needed. QFF contends that it is more than just the avoidance of duplicated applications that is needed. Applicants need to be presented with only one set of eligibility and review criteria as well.

### **3.12 Occupational health and safety**

Weaknesses with the process of moving towards greater consistency between the states on OH&S was one of the key topics raised in QFF's earlier submission. While we appreciate that the Commission had previously dealt with OH&S in a previous inquiry and has foreshadowed a further review down the track, QFF wishes to again state its frustration with the way that the States are proceeding to legislate under the auspices of 'national consistency'. Not just does this process result in making it almost impossible to challenge policy at a State level (on the grounds that it is a national agenda), it does not seem to prevent the States from using the auspices of a national reform to push other agendas.

The implementation of the national consistency in construction codes is a case in point. State legislation was introduced last year with no consultation with rural industry even though a large amount of farm-based activity previously not part of the

construction sector was reclassified as part of it. Since then, State bodies have sought to discuss the ‘implementation’ of the new code with rural industry, but with the policy as a given (as it is a national agenda). Yet, when industry raised the concern that the State’s proposed treatment of maintenance of plant goes considerably further than it does in New South Wales or Victoria (i.e. is nationally inconsistent) and will impose regulatory burdens on Queensland rural producers not imposed on those in other states, we were advised that this ‘policy issues’ was not on the table for discussion.

QFF is frustrated beyond belief with the OH&S agenda and the complexity of national consistency and State ‘interpretations’ pushing the envelope. In our view, there is insufficient attention paid to developing risk-based management approaches that have regard to business conditions on the ground. And, at a State level, there is grossly insufficient funding for education and awareness raising to help rural producers to develop and improve their risk management. The belief that ever increasing levels of regulation will automatically translate to actions on the ground without education is ingrained into sections of the bureaucracy.

QFF would greatly appreciate the strongest possible recommendations from the Commission to the National Occupational Health and Safety Commission that when National Standards are being developed that there is consultation with a wide range of stakeholders to ensure that the new standards will not have impacts beyond their intended application. There should also be recommendations to the States that they try to ensure that OH&S regulation meets best practice regulatory guidelines, is developed having close regard to industry conditions on the ground, is built on a proper risk management approach, is nationally consistent and is backed up with properly funded education and awareness raising activities.

### **3.21 Water**

In response to submissions, the Productivity Commission concludes that ‘the development of the national framework for water has the capacity to address concerns and avoid unnecessary burdens provided that best practice policy design is applied.’ The Commission wants to ensure that current fragmentation and complexity of water reforms is overcome and that new regulation does not impose unnecessary burdens and overlaps. In this regard, the Commission believes that pricing and trading regimes should facilitate ‘market transactions so that scarce resources go to their highest value uses’. ‘Ongoing monitoring and evaluation of progress’ is also important for effective implementation of reforms. The Commission cautions that ‘water reform is very much work-in-progress’ and will take time for ‘the practical consequences of these policy developments to be absorbed.’

QFF is very aware that the progress in implementing effective market based reforms is very dependent on the availability of good quality information and implementation of a water planning framework which has practical application to catchment conditions throughout the state. Implementation of water reforms in Queensland has taken some time given the difficulties of data limitations and the need to vary catchment planning to address the significant differences between catchments. QFF has some concerns that the functioning of water trading markets in Qld will be very

constrained for some time until confidence and understanding of reforms is achieved. In the meantime the burden of the implementation of water reforms is expected to increase as a result of reforms to water prices and charges and an inability to adjust for cuts in allocations in some areas as result of underground water plans.

Irrigators are increasingly of the view that the Murray Darling Basin reforms will start the reform process all over again and undermine confidence in the security and reliability of their water entitlements defined in the first generation water resource plans. The burden of water reforms for irrigators and their communities will increase significantly if their water access rights are eroded particularly if renewed reforms aimed at addressing fragmentation and complexity Basin wide apply planning frameworks that are not suited to addressing Darling Basin and Qld catchment conditions.

QFF concurs that ongoing monitoring and evaluation of the progress of the reforms is essential. However, it is recommended that these programs place some priority on assessing the burden of reforms on irrigation industry and dependant communities and identifying measures to address significant problem areas.