

Tony and Margaret McKenzie

Productivity Commission, Agriculture
18 March 2007

Dear Sirs

I would like to raise an issue which I hope falls within your terms of reference.

Most Farm Insurance Policies now require compliance with Australian Standards for all farm equipment as a general condition of the policy. Non-compliance gives the insurer the ability to refuse a claim.

Australian Standards are extremely complex. Standards are often quite large books, and they are even harder to understand than legislation.

Australian Standards are not always (or even often) legally compulsory – many products are sold quite legally although they do not comply with the Standard. Australian Standards are often “best practice” (eg ceramic washers in taps) rather than “normal commercial”.

Very few farms have all-new equipment, and only new equipment has the remotest chance of complying with Australian Standards.

Australian Standards documents are not freely available. You have to buy them, and most cost in the range of \$50 to \$200. They aren't available on the Internet or in libraries. The organisation was privatised some time ago, and it is not possible to check Standards without paying for the documents. Most farms would need to buy many different Standards documents to cover all their equipment. Farmers would almost certainly need professional advice to understand them.

The result of the inclusion in insurance policies of a requirement to comply with Australian Standards is, as we have recently found from our Wesfarmers insurance policy, is that claims can be refused on the basis of a General Condition. This makes farming virtually impossible to insure, and even riskier than the weather.

Inclusion of Australian Standards, via insurance policies, incorporates a completely new level of complexity into the regulatory burden on agriculture.

Please could you consider this?

Yours sincerely, Margaret McKenzie