QUEENSLAND FARMERS' FEDERATION SUBMISSION TO PRODUCTIVITY COMMISSION REVIEW OF THE REGULATORY BURDEN ON PRIMARY INDUSTRIES
June 2007

The Queensland Farmers Federation (QFF) is a federation of major intensive agriculture organisations and value-adders which unites fourteen of Queensland's peak rural industry organisations, collectively representing over 14,000 primary producers across the State. Its members include:

- Australian Prawn Farmers Association
- CANEGROWERS
- Cotton Australia
- Australian Ginger Growers
- Biological Farmers of Australia
- Flower Association of Queensland Inc
- Queensland Aquaculture Industries Federation
- Growcom
- Nursery and Garden Industry Queensland
- Qld Chicken Growers Association
- Qld Dairyfarmers' Organisation
- Qld Irrigators Council Association Inc

QFF's mission is to 'secure a sustainable future for Queensland primary producers within a favorable social, economic and political environment by representing the common interests of its member organisations'. QFF's core business centres on resource security; water resources; environment and natural resources; industry development; economics; quarantine and trade.

QFF thanks the Commission for the opportunity to contribute to this review, and urges it to focus on producing a list of sensible, practical reforms that will make a difference to farmers. This submission does not attempt to provide a full picture of all of the burden of regulations on QFF commodity members (many of these are based in State law). Rather, it focuses on a small number of areas where we believe that the Commission could make a difference with well argued and conceived reform proposals to reduce regulatory burdens, or to prevent new regulatory burdens.

Rural producers have little influence over the prices they receive, and little capacity to pass on increased charges. What they can influence is total amount of production and the underlying costs structure. For decades, Australia's rural industries have maintained a reasonable standard of living for primary producers by containing costs and improving

productivity. ABARE data shows that costs continue to rise faster than commodity prices for most Queensland rural industries:

% Changes In Prices Received and Costs Paid by Farmers

Item	**Change 1996/7 to 2000/01**	**Change 2000/1 to 2004/5**	**TOTAL**
Prices -			
Grains	+3.4	-0.5	+2.9
Beef	+55.1	+20.7	+87.2
Sugar	-29.6	+6.1	-25.3
Cotton	+2.9	-18.0	-15.6
Fruit	-6.9	+22.5	+14.0
Vegetables	+6.5	+19.9	+27.8
Milk	-6.2	+7.1	+0.5
Poultry	-16.0	+8.5	-8.8
Pigs	-7.8	+5.6	+2.5
Total Prices	**+6.8**	**+10.0**	**+17.5**
Total Costs	**+11.1**	**+11.3**	**+23.7**
- Fuel	+32.1	+6.1	+40.2
- Labour	+13.5	+13.1	+28.3
- Breeding stock	+41.0	+23.4	+73.9
- Insurance	+11.9	+21.5	+36.0
- Rates & taxes	+17.6	+11.0	+30.5

(Source: ABARE Australian Commodities Sep 2005)

This table shows that over the last eight years, with the exception of beef and vegetables, cost increases have substantially exceeded price increases for most Queensland rural industries.. Indeed, ABARE data shows that total net farm income fell almost 10% in 2004/5, and will fall a further 23% in 2005/6 to $4.5 billion.

Interestingly, from a Government perspective, rates and taxes charged to the rural sector have risen twice as fast as prices in the same period. Too often, Governments have imposed regulatory costs and charges on the rural sector without proper consideration of the cumulative economic impact those costs have. Some examples include:

- ***Natural resource management costs***. The costs of complying with the Vegetation Management Act, the Water Act and the Land Act. The application fee for lodging a Land and Water Management Plan, for example, is $250, ongoing vegetation clearance fees are $280.60 plus the indirect costs such as consultants to assist with applications;.
- ***Occupational health and safety costs.*** The State Government is currently in the process of progressively removing all rural industry exemptions for OH&S laws at the behest of the union movement in line with national agreements on OH&S. This will increase costs for farmers. For example, the proposal to remove the

exemption from 'prescribed occupations' would require farmers to obtain licences to drive all load shifting equipment on farm, such as forklifts, backhoes etc.

- ***Irrigation water charges.*** In pursuit of the National Water Initiative, the State Government has proposed (but since suspended) a new Water Resource Management Charge as a new impost of $10 million on rural Queensland to pay for the cost of regulating water users. Additional Federal water charges are also likely to flow from increased regulation associated with the Federal takeover of the Murray Darling basin, which the Federal government has signaled it wishes to recover the cost of from users. The National Water Commission and the ACCC need to be vigilant that state governments do not impose excessive cost and regulatory burdens on water users.
- ***State and Federal taxes..*** The increase in land values has significantly increased the stamp duties, rates and leasehold rents payable by farmers on rural land. Similarly, the large increase in insurance costs has lead to a commensurate increase in stamp duties payable. Stamp duty adds costs in an economically inefficient way to farm businesses engaging in succession planning or loan renegotiation.
- ***Security sensitive chemicals***. New requirements in 2005 by the Federal and State Governments on the storage and use of ammonium nitrate have also added to farm costs, with a review considering covering other chemicals.
- ***ICA Fees and charges***. The introduction of Interstate certification fees and charges has added another additional cost to horticultural businesses throughout the State. These are seen as a Government revenue raising mechanism as no real attempt to reduce, consolidate or minimise the fees has occurred..

Rural industries are facing an unprecedented reform agenda, which includes competition-based reforms, natural resource planning and management reforms and structural reforms in the sugar and dairy industries. The reform agenda is complex as it involves a number of staged reform initiatives (such as water, vegetation, salinity) being implemented through a range of different processes by a plethora of government agencies. The reforms are being driven through national and state policy frameworks and catchment wide plans. Farmers and local and regional communities find these frameworks and plans difficult to interpret let alone respond to.

The time frames for the development of policy frameworks and plans are continually extending, yet there is insufficient time made available to assess, explain and gain commitment to the changes required by the reforms at the local level. Also there is insufficient science available to validate the plan targets (eg catchment environmental flow objectives). This raises questions regarding the credibility of the plans.

Farmers have a very real fear that the mix of reforms will drive them out of business rather than open opportunities for development. Considerable effort will be required over at least the next ten years to ensure that farming enterprises can cope with the implementation of reforms, and to minimise the costs associated with new regulatory requirements.

A key issue for primary producers is achieving consistent efficient approaches across the nation on regulatory issues affecting the rural sector. Too many times COAG agree on principles, but then State Government departments develop inefficient, inconsistent regulatory approaches in each State, adding to the costs of running business. QFF believes that there needs to be more consistent, national approaches across a whole raft of areas that impact on primary producers, including:

- food safety and quality assurance;
- biosecurity and quarantine matters;
- workplace health and safety;
- natural resource management;
- security sensitive chemicals;
- transportation.

Specific proposals for each of these areas follows.

1. Workplace Health and Safety Regulations

Depending on the state jurisdiction there has been at least some recognition in the past that there is a great diversity in the range of activities conducted in a rural workplace and in some cases there have been specific exemptions from regulations pertaining to specific work practices provided that the general duty of care provisions are met. Some jurisdictions have recognized rural work as a specific category of work.

The move to so called national consistency however, has the potential to considerably increase regulatory burdens and compliance costs if the national standards are simply introduced into state legislation without testing their impacts across a broad range of industries to ensure there are no unintended consequences.

An example of this is the national construction industry standards which were clearly developed to relate to the building and construction industries but in fact can have significant if unintended ramification for rural workplaces as the definitions relating to construction can be applied to what in the past would have been seen to be a typical farming activity eg repairing a fence or stockyard. While obviously these work activities need to be conducted in a safe manner under the national code owner/operators and employees engaged in these activities would need an induction training course for construction sites and have a card issued (usually referred to by a colour eg blue in Queensland.) The development of the no entry to a construction site without a card system appears to stem more from industrial relations issues than concern purely about safety.

Rural industry in Queensland is currently trying to come to grips with this issue since the State *Workplace Health & Safety Act* was amended to incorporate the National

Construction Code with the clearly ludicrous situation of some 20 000 farmers and their employees needing to attend training courses to receive their blue cards before carrying what are fundamentally farming activities on their properties.

The increasing complexity of Workplace Health and Safety legislation makes it more difficult for small business to be compliant. While larger enterprises may have the capacity to justify in-house specialists smaller businesses certainly do not. Even contracting specialist advice can be difficult and in fact almost impossible in rural areas

While the idea of having national consistency in developing codes, legislation etc is to be applauded there needs to be a mechanism to ensure all potentially impacted parties have some input and their be a requirement on the states to fully explore the implications of the application of nationally developed codes etc.

2. Biosecurity Interstate Certification Assurance (ICA) agreements

ICA processes are a significant impediment to the growth of Queensland horticulture, recognising that 50-70% of Queensland produce is shifted interstate. Most horticulture producers need to have an ICA before produce can be traded interstate. This certification provides assurance that produce is free from pest and disease. While the introduction of this system has been of great assistance to growers trading interstate, there are several major flaws in the operation of the system that must be rectified. 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 development of Farm Management Systems (FMS) and related procedures provides an excellent opportunity to review the impact of regulatory processes at a farm level with a view to achieving best possible policy outcomes with minimal regulatory intrusion. QFF and members are developing Farm Management Systems to help farmers address the practical implementation of reform on their farms, and are keen to develop arrangements that provide recognition of such programs in the meeting of regulatory requirements such as biosecurity.

3. Migration Issues:

The Australian Standard Classification of Occupation (ASCO) codes used within Australia's skilled migration programs, including the temporary business visas, are difficult to use in relation to the rural sector, particularly the horticulture industry. The types of specialisations and roles of skilled workers within this industry do not usually fall within the classifications set out in the ASCO codes. This has recently been further demonstrated through the inquiry by Department of Immigration and Citizenship (DIAC) into the position of production horticulturists. As an example, the types of skills and qualifications required by those working in the industry could fall within many fields including:

- Biology;
- Botany;
- Entomology;
- Chemistry;
- Mathematics;
- Genetics;
- Physiology;
- Statistics;
- Computer science;
- Communications;
- Natural Resource Management;
- Business;

- Plant nutrition and pathology;
- WH&S;
- Finance; or
- Workforce planning.

As the industry is always changing, there are also emerging fields that are not reflected in the ASCO codes. Emerging skills and qualifications required within the industry not adequately covered by the ASCO codes include::

- There is an emerging field involving the use of spatial data, precision agriculture and information technology tools to support farm planning and day to day farm management (in the paddock, in the office and in the supply chain);
- There are new technologies for horticulture such as irrigation scheduling, GIS, GPS, farm planning and design and satellite tracking for guidance in planting and other technical aspects that require specific skills and qualifications;
- Skills involving the ability to meet requirements of natural resource allocations and management regulations as well as voluntary catchment and regional management plans; and
- Specific qualifications and competency associated with risk management assist businesses to respond to current issues and emerging themes.

QFF recommends that the ASCO codes need to be reviewed and updated to accurately reflect these occupations, including emerging skill requirements. This would greatly improve employers' ability to access the 457 visa program. This will be beneficial as the demand for skilled labour continues to rise.

Working Holiday Maker Visas: A large proportion of growers within the Queensland horticultural industry rely on working holiday makers or backpackers for their seasonal employment requirements. There are many growers who find this labour source adequate and sufficient to fulfil their seasonal labour needs. Recent changes to the Working Holiday Maker (WHM) Program allow working holiday makers who have worked as a seasonal worker in regional Australia for a minimum of three months to apply for a second working holiday visa. Difficulties with the program include:

- The definition of "regional Australia" excludes certain pockets of horticulture growers in Queensland that utilise workers on a WHM visa. As a result, workers on these visas who are looking for the opportunity to apply for a second visa would not look for work in these areas. One particular area where this occurs is on the Sunshine Coast, particularly around Caboolture, where there are many strawberry growers.
- People on a WHM visa who do wish to apply for a second visa require the grower who employed them to fill out paperwork to verify that employment. This is seen by some growers as a nuisance, as the worker could have employed with them many months prior;

- Checking the work entitlements of visa holders is seen as time consuming. This can particularly be an issue when a grower employs a large number of seasonal workers during an extremely busy picking period.

In relation to checking work entitlements, QFF believes that growers should also be given some leniency if they have been doing the right thing in the past however have made a small error in judgement during a busy period in their business operations. This should particularly be taken into account in relation to the *Migration Amendment (Employer Sanctions) Act 2007*. Employers deliberately doing the wrong thing (such as confiscating a person's passport effectively keeping them "hostage") should be punished accordingly.

4. Food Safety Regulation

Throughout these reviews our main recommendations have been for a consistency in State and Federal regulations and a minimisation of red-tape. We have also sought implementation and enforcement of food labelling laws and consistent testing of imported and domestic produce. The food regulation reviews particularly impact on our members in the fruit & vegetable, dairy, chicken meat and prawn farming industries. QFF supports streamlined, industry driven food safety accreditation programs that avoid duplication, are cost-effective, do not represent and administrative burden to producers, have transparent accreditation and compliance processes and are nationally/internationally recognised. We support combining all management considerations (eg production specifications and protocols, OHS and environment) into one management system – preferably that can be audited as one system.

Industry quality assurance systems are already in place across our industries, Industry costs are also significantly increased by overlapping regulatory structures. Industry QA requirements, State regulatory requirements and Federal requirements need to be aligned. Too often, this does not occur. This issue is particularly important in the horticulture area, where FSANZ is about to commence the development of a major new standard for fruit and vegetables, even though the sector is heavily regulated by detailed (and often overlapping) retailer-driven quality assurance systems and industry codes.

A key issue for primary producers is achieving consistent efficient approaches across the nation on regulatory issues affecting the rural sector. Too many times COAG agree on principles, but then State Government departments develop inefficient, inconsistent regulatory approaches in each State, adding to the costs of running business. QFF believes that there needs to be more consistent, national approaches across a whole raft of areas that impact on primary producers, including:

food safety and quality assurance;
biosecurity and quarantine matters.

A positive food regulatory environment consistent with the protection of public health is critical to the success of the Australian agriculture's innovation, sustainability and competitiveness. However there is a need to ensure that the Australian food regulatory framework can be streamlined and made nationally consistent to improve the

competitiveness of the Australian food industry. QFF believes that any regulatory structure for food should take full and adequate notice of industry arrangements, and, in first instance, identify gaps in industry arrangements and work with industry to plug them. A risk management approach to food regulation is also very important. Health bureaucracies are often too enthusiastic about totally eliminating even remote risks through cumbersome regulation. A risk management approach with a rigorous cost-benefit analysis is necessary to ensure that regulations are commensurate with the risk concerned.

In presenting the following in order to avoid inconsistency in outcomes and recommendations, or involving duplication of resources, we would encourage the Productivity Commission to in reviewing regulations of primary industries in Australia relative to food safety regulation to refer to the recent food regulatory reviews including the Blair and Banks reviews, the current Bethwaite Review, the Victorian Government (VCEC) review and the Queensland review of the *Food Production (Safety) Act 2000)* and current COAG review of hazardous materials (chemicals of security concern) as many of the current chemical security requirements are contained within food safety regulatory systems.

QFF strongly supports food regulation that is underpinned by the following core principles:

- Effectiveness and efficiency
- Science-based
- Nationally consistent
- Outcomes focused
- Proportionate to risk

The robustness of a regulatory system based on these principles is vital to maintain consumers' confidence in the quality and safety of the Australian agricultural products on both the domestic and international markets.

We recognize the substantial gains made over the last decade in respect of the regulation of food safety (hygiene), moving from a prescriptive, inspectorial approach to one where management of identified risks has been transferred to industry, with Government taking the role of validating and verifying (auditing) the effectiveness of the management systems. Notwithstanding the commitment by different State jurisdictions to harmonise their approaches to food safety regulation based on the principles described, differences remain. In addition primary export industry's also need to operate systems that comply with the requirements of export legislation administered by the Australian Quarantine and Inspection Service (AQIS).

QFF therefore is a very strong advocate for a harmonised food safety regulatory framework that covers both domestic and export production. With the intent of streamlining and minimising regulatory imposts, we would encourage Government to consider that where food regulation is deemed to be required, that;

- requirements and costs structures are harmonised between State jurisdictions;
- all relevant Governments sectors (not those just involved with regulation of food) are considered in developing a regulatory solution, for example, the role that may be played by role of consumer affairs authorities and the ACCC,
- industry continues to be engaged to seek the most effective and efficient outcomes,
- that the consideration of alternative models to be developed upon which regulatory compliance is evaluated. For example, in the current environment there is a strong focus on audit as the means by which compliance is determined. It can be argued that inspection and audit are inputs into the system and not an effective means of evaluating the outcome,
- that requirements placed on imports are consistent and provide the Australian consumer with the same level of assurance as Australian produce which is required to meet food safety requirements.

5. Heavy Transport regulation:

a. Fatigue Management

In February 2007 the Australian Transport Council (ATC) approved new national laws to manage heavy vehicle driver fatigue. Ministers also supported the objective of progressively working towards national standards for rest areas. The reform changes the focus from regulating hours to managing fatigue. Key elements of the new national reforms include:

- new work and rest limits supported by fatigue experts;
- accreditation schemes to provide reward for effort;
- a general duty (consistent with OH&S laws);
- Guidelines for Managing Heavy Vehicle Driver Fatigue;
- Chain of Responsibility provisions;
- strengthened record-keeping (work diary); and
- close alignment with Occupational Health and Safety Laws.

The three scheme options are:

- Standard Hours (‘default’ 12 working hours a day)
- Basic Fatigue Management (14 working hours a day with accreditation)
- Advanced Fatigue Management (accredited risk management approach)

The National Transport Commission (NTC) is working with States and Territories to agree on a common implementation date. The Council of Australian Governments has set a target deadline of February 2008.

In terms of "changing or restricting what is produced by business", the transport regulations related to fatigue management place a burden on the agriculture sector, are complicated, and fail to focus on the quality and type of rest. Safety on roads and farms is a priority for agriculture, however there are some characteristics of agriculture that mean that road-based regulations are not always appropriate.

One characteristic of agriculture is that during agricultural based activities, there are often situations where unplanned rest occurs. An example is waiting for deliveries of sugarcane bins from the sugar mill. In this situation, sugarcane harvest and haulout machine operators often have periods of "not driving or working" (or rest) of one hour or longer in addition to other scheduled rest breaks because sugarcane transport bins have not arrived from the sugar mill. The periods of "not driving or working" should be included as quality rest time, in addition to other scheduled rest breaks.

Table 1 shows a précis of the current fatigue management driving hours legislation. From this table, it is shown that in a 24 hour period, a maximum of 12 hours driving is permitted in a 14 hour period. In many situations there is a more 2 hours rest in a 14 hour period, such as in to the sugar industry example above.

Table 1: PRECIS OF DRIVING HOURS LEGISLATION

In a period referred to in Column 1 of Table 1, a driver of a heavy vehicle must not drive and/or work for more than the period referred to in Column 2. A driver must also have a total rest time for a period not less that the period referred to in Column 3.

Column 1	Column 2	Column 3
In any period …	…a heavy vehicle driver must not drive/work for more than …	… and must have a rest period of no less than…
5 hours and 30 minutes	5 hours	30 minutes, either as one continuous period or as two periods of 15 consecutive minutes each
24 hours (see note 1)	14 hours (maximum 12 hours driving)	10 hours, including one period of 6 consecutive hours (see note 2)
168 hours (7 days)	72 hours	96 hours, including one period of 24 consecutive hours (see note 3)

1. For enforcement purposes the 24 hour period means any period of 24 hours but is usually taken as the 24 hours up to the time of the interception. It does not necessarily mean midnight to midnight.

2. Continuous rest period must be taken away from the vehicle unless the vehicle is fitted with an approved sleeper berth.
3. Rest periods of 24 hours or more must be taken away from the vehicle.

While the National Transport Commission is slowly moving towards a system of managing rest, rather than managing driving hours, (see www.ntc.gov.au) the current proposals for accreditation schemes place a heavy focus on road based transport, such as truck driving.

Another characteristic of agriculture is the competition for farm labour with other industries such as mining. Combined with this, primary producers are generally "price takers" – which means that primary producers generally cannot change the price of their products in response to higher costs (because for example the majority of production is exported and influenced by dominant buyers such as supermarkets). Primary producers therefore have to become more efficient – which they are doing with introduction of new technologies where these are affordable and offer benefits to productivity and profitability – or to reduce overall farm costs. This makes it difficult for primary producers to source employees to drive machines, such as harvesters and haulouts. As a result, primary producers and their current employees are required to work long hours

A further characteristic of agriculture is that much activity occurs on-farm and therefore off-road, away from other road users. Of the road based activity, much of this occurs on rural roads which are not as busy as major regional and city roads. For the sugarcane harvest and haulout example, harvest operators operate in-field, sugarcane haulout machines are generally in-field and delivery points for sugarcane are off-road.

Combined with fatigue management legislation are regulations related to Chain of Responsibility. These are useful in theory, to ensure that all parties in the supply chain take adequate responsibility for safety, such as fatigue management. However the practical experience is that Chain of Responsibility has not delivered enough incentive for all players in the supply chain to take and demonstrate appropriate responsibility.

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.

b. Driver Licensing

The intent of the National Driver Licensing Scheme principles was that all jurisdictions should have common licence classes for post-novice drivers, with common eligibility requirements and standards of competency. The objectives of this measure were to:

- simplify the structure of licence classes in all jurisdictions by relating them to the basic skills needed to drive vehicles of increasing mass and dimension and to remove unnecessary distinctions between driving equivalent vehicles such as buses and trucks;

- harmonise eligibility criteria such as age and minimum driving experience in order to progress to the next licence class and hence eliminate delays or barriers to individuals obtaining appropriate licences in the new jurisdiction; and
- improve comprehension of licence classes by enforcement personnel carrying out on-road enforcement activities.

The *Review of the National Heavy Vehicle Registration Scheme and the National Driver Licensing Scheme* released by the National Transport Commission last year found that the reforms were working well. However, the report expressed some reservations about certain aspects of the reforms in Queensland as they relate to the cane industry:

> "The common licence class initiative is working well in Queensland. However, Queensland has a unique licence class – undefined (UD) specially constructed. This class, which was apparently implemented in Queensland following representations from canegrowers and allows a person with a car licence to drive large (>4.5 tonnes) tractors towing a trailer loaded with sugar cane across roads and between local properties. There have been cross border issues with acceptance of these licence classes by New South Wales when Queensland drivers go south to work in the New South Wales cane fields." (p.47).

In November 20006, Transport Ministers accepted the review, and authorised the NTC to follow up on outstanding issues. QFF is concerned that this could result in pressure to remove the UD (undefined) licence class in Queensland, and impose a requirement for a higher licence class, such as LR (light rigid), MR (medium rigid), HR (heavy rigid), HC (heavy combination) or MC (multi-combination, such as a semi trailer) to move towards 'national consistency'. The UD licence allows people who are competent to drive specially constructed vehicles, such as crop harvesters and crop haul-out machines, with a "UD" Licence. To obtain the UD Licence, the person need only hold their current class of licence, such as a C class (car) licence and satisfy a practical driving test for the type of vehicle the UD Licence is for.

QFF does not believe that 'national consistency' arguments are sufficiently robust to allow the removal of a State licencing arrangement that meets the needs of industry and public safety perfectly well in Queensland. In relation to road safety, the UD licence is for a specific agricultural machine. If a higher class, such as a HC or MC were required, this would result in people who are not experienced with semi-trailers (and other types of vehicles that HC and MC are required for) being lawfully allowed to travel on roads. This places may result in road safety concerns and therefore an unreasonable practical option. A specific UD licence is therefore a better option.

The type of agricultural vehicles that require a UD Licence are generally heavy vehicles that require licence classes higher than a C class, with these classes being MC (multi-combination) or higher (for example HC – heavy-combination). However, to obtain these higher class licences, there are significant waiting period, as shown in Table 2.

Table 2 – Driver Licences and Waiting Periods for Next Class

Licence Class	Waiting Period	Next Class
C	At least 1 year	LR or MR

C	At least 2 years	HR
LR or MR	At least 1 year	HR
MR or HR	At least 1 year	HC
HR or HC	At least 1 year	MC

These waiting periods place a significant burden on agriculture. One reason is the employment issues as outlined in the section related to fatigue management. To require a higher licence requires significant waiting periods before the higher licence can be obtained, meaning that there will be additional and unreasonable time periods where employees with the appropriate licence class may not be available. This in turn would result in significant social and community disruption.

It is also believed that there are many other situations where the national driver licence consistency is not appropriate, and therefore appropriate variations from the national consistency reasoning is allowed.

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.

6. Security Sensitive Chemicals

QFF has welcomed the COAG review process of the further regulation of security sensitive chemicals and the multi-stage consultation process proposed. It is essential that any regulation of security sensitive chemicals provide a fair and sensible balancing of actual security risk against the cost and regulatory imposition on business and the community. QFF was very critical of the rushed development, inconsistent implementation and flawed consultative process used in respect of restrictions on security sensitive ammonium. The restrictions proposed for that chemicals have proved to be so onerous and impractical that the chemical has all but disappeared as an input into agriculture. The Banks Review of Regulation noted some weakness in the implementation of that policy and urged a more consultative and commonsense approach be developed for other security sensitive chemicals. The review urged governments to 'explore the use of existing regulatory frameworks….and request an independent analysis of the compliance costs to business, the net public benefit of the proposed arrangements in each case and practical guidance material required to support compliance with new arrangements.'[1] QFF strongly supports these recommendations.

Agricultural chemicals are a major cost input into modern agriculture, with the rural sector spending over $3.4 billion a year on chemicals and fertilisers, or around 11% of total costs. ABARE data shows that costs have risen markedly in the five years to 2006. Fertiliser costs rose by 15.5%, while chemical costs rose by 11.1%.[2] A 10% rise in chemical and fertiliser costs would reduce net value of farm production by 16%,

[1] *Report of the Taskforce on Reducing Regulatory Burdens on Business* January 2006 pp 68-9
[2] ABARE *Australian Commodities* March 2007 p. 233

highlighting the sensitivity of farm incomes to rises in input costs, particularly given the incapacity for farmers to pass on costs in international and domestic markets.

Interestingly, the ABARE data indicates that while prices of fertilisers and chemicals have risen, volumes used have fallen sharply, by around 26% for fertilisers and 15% for chemicals over the last five years. This is partly a result of drought impacting on total production, but also a result of improvements in farm practices. The cotton industry estimates that chemical usage has fallen by around 80% due to adoption of the Cotton Industry Best Management Practice Program and biotechnology. The sugar industry estimates that fertiliser application rates have fallen by around 20% due to improvements in knowledge and practices on nutrient management. These changes highlight the importance that industry best management practices programs can have on chemical usage in the rural sector, which could provide a sound base for appropriate self-regulation of further chemical risk management objectives in respect of security issues.

QFF supports the detailed submission by the National Farmers' Federation to the COAG review. We support the establishment of a nationally based and coordinated control framework or system that replaces existing state and nationally based chemical control frameworks. This will reduce duplication and inconsistency, and thereby assist industry. Governments, however, need to manage any negative or unintentional consequences of implementing a security control framework to minimise economic harm, and to ensure that one part of Australian society does not end up carrying an unfair cost burden to protect the rest of society from a possible terrorist threat.

QFF supports the NFF's view that a risk-based approach needs to be flexible based on a 'living list' that responds to genuine security threats. In calculating risk, careful consideration needs to be given to the difference between the threat posed by pure chemical formulations (the basis of the analysis of the discussion paper) and the actual chemical formulations sold to and used by farmers. A risk based approach needs to include an extensive technical testing regime involving manufacturers, users, the APVMA and the State Departments of Primary Industries to determine what risk, if any, is presented by commercially available formulations and how that risk might be managed throughout the entire chemical supply chain. Any proposed measures must be tested both on functionally and cost effectiveness to minimise any negative impacts on industry and based on accurate and robust data that accurately reflects the reasoning behind this designated risk level, and present a practical and common-sense based approach.

National consistency and co-ordination between Commonwealth and State Governments will be essential to the development of an appropriate process. State Governments should play an important role in the assessment of the practicality of proposed measures, given the exposure of State Departments of Primary Industries to the rural sector. States should be required to adhere to the guiding principles in developing their input into this review, working with industry on cost effective responses, as well as the technical assessments of specific chemicals and existing arrangements. QFF would propose that joint government/industry working parties be established at the State level to co-ordinate the development of advice from States and industry bodies to COAG, and subsequently to

develop nationally consistent implementation plans. Governments might also consider the merits of a national framework training and accreditation requirements relating to chemical use which could help the administrative costs and burdens on industry.

Existing arrangements should form the core of any regulatory response. Some of these have been detailed in the NFF submission. Key programs include:

- **Agsafe Guardian program**, providing accreditation to 1,664 rural retail premises and competency-based assessment to around 2,500 personnel in the agricultural chemical supply chain;
- **ChemCert training**. All QFF member bodies promote ChemCert training programs to their members, encouraging producers and their staff to develop appropriate competency-based training in the usage of chemicals. ChemCert Training Queensland has a network of accredited Trainer/Assessors throughout the state and more than 52,500 participants have completed the ChemCert Training Queensland accreditation programme.
- **Industry best management practice programs**. QFF member organisations include chemical handling best practices as part of their industry best management practices or Farm Management System programs. The Cotton BMP program, the Dairying Better'n'Better, the Nursery Industry's NIASA and EcoHort programs, the horticulture industry's Farmcare and FreshCare Codes of practice and Growcom FMS and the cane industry's FMS and nutrient management courses all provide training to producers on best practices in the use of chemicals. QFF has signed a memorandum of understanding with the Queensland Government to "recognise industry-led FMS approaches as a key component of the policy mix in delivering profitable and sustainable agriculture in the State."[3] The MOU provides for recognition of industry-led FMS programs as being capable of meeting legislative requirements, which is being progressed in respect of land and water management, but could be extended to agricultural chemicals.
- **Chemical industry extension**. Chemical and fertiliser companies are an important source of information to rural industry through labelling and training courses.;
- **Departmental extension staff**. State Department of Primary Industries extension officers provide an important source of information to many rural producers.

These programs at various levels can have a substantial impact on handling and use of chemicals. Augmentation of existing industry programs could achieve significant gains without having recourse to expensive, disruptive and intrusive regulation.

QFF is pleased to note that the COAG document and the related media release from Federal Agriculture Minister Peter McGauran emphasizes the need to be aware of the potential economic and regulatory impact on farmers of changes to the regulation of chemicals.. Consistent with the recommendations of the Banks Inquiry, governments

[3] *Memorandum of Understanding between the Queensland Government and the Queensland Farmers' Federation relating to Farm Management Systems* March 2005 clause 2.3

will need to undertake extensive and effective impact analyses to determine the potential impacts of restricting or banning the use of any chemical that is commonly used or has a significant purpose within rural industry.

The extensive nature of the list of chemicals identified as being of security concern has caused considerable anxiety in the rural sector as it covers some of the more commonly used and strategically important chemicals used in the sector. . Many of these chemicals are also commonly used in home gardens. While there may be alternatives for some of the chemicals on the proposed restriction list, these are likely to add to the cost burden of farmers or reduce farm efficiency. An extensive and transparent consultation process within government and industry will be needed to allay these anxieties and develop common sense solutions. Government also needs to be open with producers about the nature of the review process, the steps involved, the opportunities for consultation and input into technical studies and the likely timelines.

QFF would argue that State Departments of Primary Industry, working in partnership with industry, should play a key role in assessing and identifying formulated products as to whether they pose a security risk or not. Obviously Federal agencies such as the APVMA and ASIO will play an important role. However, the practical knowledge of what is happening on the ground and what alternatives (if any) to proposed measures exist must be an important consideration of assessing the cost effectiveness of any measures.

QFF agrees that a national framework be developed based on existing industry self-regulatory arrangements, with security measures enhanced through Commonwealth and state/territory governments. Self-regulation works best when it is a genuine partnership between government and industry. Industry has shown it can and will take a responsible attitude to important issues. Industry programs will obviously need to be updated to take into account matters of concern raised by Government, but this is a two-way process that has been ongoing for some time. Development of industry programs can be expensive, and Government investment in such programs would assist significantly in the updating process.

Vetting of persons handling chemicals, storage requirements and transport restrictions has the potential to add significantly to costs. A common sense approach is needed that identifies best practice in a risk management framework. Self-regulation allows the development of sensible approaches to such issues, but may need to be supported by additional measures depending on the seriousness of the threat. Peak industry groups and stakeholders must be constantly consulted and engaged with throughout the review process to ensure that industry's needs and requirements are being met. An extensive government funded information and education campaign would help to build the momentum to ensure that self-regulation is effective and enjoys strong industry support.