

**Queensland Parliament
Agriculture, Resources and Environment Committee
Inquiry –**

**Reducing regulatory burdens for Queensland's agriculture
and resource industries**

August 24 2012

Queensland Farmers' Federation (QFF) is the peak body representing and uniting 17 of Queensland's rural industry organisations who work on behalf of primary producers across the state. QFF's mission is to secure a sustainable future for Queensland primary producers within a favourable 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.

Our goal is to secure a sustainable and profitable future for our members, as a core growth sector of the economy. Our members include:

- Australian Prawn Farmers' Association,
- CANEGROWERS,
- Cotton Australia,
- Growcom,
- Nursery and Garden Industry Queensland,
- Queensland Chicken Growers Association,
- Queensland Dairyfarmer's Organisation,
- Queensland Chicken Meat Council,
- Flower Association of Queensland Inc.,
- Pork Queensland Inc.,
- Qld United Egg Producers
- Biological Farmers of Australia
- Fitzroy Food and Fibre Association,
- Pioneer Valley Water Co-operative Limited,
- Central Downs Irrigators Limited, and
- Burdekin River Irrigators Association
- Queensland Aquaculture Industry Federation

PREAMBLE:

Thank you for the opportunity to make a submission to the Inquiry into methods 'to reduce regulatory requirements impacting on agriculture and resource industries in Queensland and to further promote economic development while balancing environmental protections'.

The Queensland Farmers' Federation is the peak rural body representing intensive agriculture, which contributes around half of the State's \$13 billion in agricultural product. The growing burden of regulation specific to agricultural industries is a major cost item for our members.

QFF provides this submission without prejudice to any additional submission provided by our members or individual farmers.

It should also be noted that QFF is preparing a submission to the Queensland Competition Authority's Office of Best Practice Regulation which will address matters raised in their Issues Paper which deals with measuring and reducing the burden of regulation. QFF also proposes to make further submissions to the QCA in regard to specific matters of regulation and their guidelines for regulatory impact statements. Copies of any QFF submissions to the QCA investigations could be made available to the Inquiry.

Overview

There are a number of issues that need to be considered in any investigation into methods to reduce regulation impacting on agriculture.

1. Agricultural industries make use of land and water resources over a wide area of Queensland and farming involves from small to very large enterprises. Are current regulations effective and efficient in addressing this diversity and wide expanse of development?
2. Food and fibre production has environmental consequences but is a significant pillar of the Queensland economy. Do current regulations adequately address a balance between environmental protection and agricultural development?
3. Farming is impacted by urban expansion and mining development. Does regulation for urban and mining development still allow scope for agriculture development and incentivise coexistence?
4. Agriculture faces a growing regulatory burden driven by national reform agendas such as vegetation management and water and electricity reforms. While these reforms are designed to achieve net benefits on a national scale are they disadvantaging or having adverse impacts at a State wide or regional scale?
5. Regional issues are driving an increase in regulation which is impacting on agriculture. Examples include initiatives such as water quality on the Great Barrier Reef and the Murray Darling Basin Plan. Are these initiatives having or likely to have an adverse impact on agriculture? Are their net benefits to the resource, or opportunities for co-benefit?
6. Increasing regulation is also the result of changes required to deal with specific issues such as workplace health and safety and biosecurity. Are regulations in these areas effective and efficient?
7. Does the design of State regulations take into account pre-existing complementary or contradictory existing mechanisms that impact on the farm business from different perspectives such as the local, federal or interaction scale or imposed by market forces and standards.

QFFs submission or the Parliamentary Committee's Inquiry could not be expected to provide an analysis of all these issues but developing some understanding of the implications of each should provide directions on methods to not only to reduce regulation but guide development of new regulation. In reality the answers to almost all of these questions is either NO or there is insufficient data to draw a conclusion.

Regulating the diversity, dispersion and scale of the agriculture industry

Regulation of farming activities involving different farming systems, varied sizes of enterprises and significant regional differences and spatial dispersion continues to be a problem. Regulatory initiatives are often designed to be implemented on a state wide basis but leave the complex task of interpreting and implementing the regulation to the farmer and their industry body. It is assumed that issues to be addressed in the regulation are a high priority for attention in all farming areas. In most cases the means to assist farmers to address this perceived risk is not readily available and implementation resources to assist in understanding and compliance are often at best an afterthought. For example, farmers cannot get ready access to skills required to deal with the complexity of the task. It is also likely that there is insufficient data available to analyse and implement the regulation with any certainty. This may result in significant cost to the farmer to provide required information for analysis and to maintain a costly monitoring program of performance. Finally the government regulating agency may not have adequate resourcing or skills base to adequately assess compliance.

QFF member industries have for some time been developing best management practice initiatives or Farm Management Systems as a means of helping their farmers to continue to implement improved practices which respond specifically to the risks of farming in their industries and in specific regions. Furthermore as they have regard for broad industry objectives these programs tap into the existing research and development priorities and outcomes for the industry. In this way farmers can be assured of best practices option delivery both market and public policy outcomes in one process. These programs aim to provide the backing of information and assistance that will be required. However, while this approach is more effective and efficient it is still 'resource hungry' in terms of access to skills and data.

The preferred role for government in facilitating industry to implement best practice programs is as follows:

- Assist with the definition of risks at a regional and if possible sub regional level
- Continue to improve data availability based upon identified risk priorities
- Provide a means to accredit industry programs against achieving public policy objectives and thereby avoid the need for regulation
- Implement a staged approach to regional implementation and review
- Help industries to resource the implement the roll out of their programs

Achieving a balance between environmental protection and agricultural development

Regulation to implement measures to protect the environment may or may not be subject to regulatory impact assessments. There may also be no provision to review the implementation of environmental regulation on a regular basis. Both measures must be implemented to ensure at the very least that adverse impacts are at least identified and hopefully actions taken to mitigate the negative impacts.

It is difficult to see how a balanced outcome can be achieved unless governments have some idea of the development plans for agriculture at a regional scale. Traditionally, governments have assumed that agriculture can generally take care of itself in pursuing development. While this may have been the preferred approach in the past agricultural industries are increasingly finding obstacles to development imposed by other industries and environmental matters.

Impact of regulations of urban and mining development

Government needs to understand that both planning and regulatory reforms that impact on primary industries, often impact on all such industries. In such a way it is evident that the planning and regulatory environment that resource industries operate under is completely different to agricultural industries yet they exist within the same landscape and communities. QFF does not advocate for consistency between the two industries. Clearly our view is that regulatory controls should be based on risks which are only assessable relevant to specific industries in their specific locations. While we acknowledge the very stringent framework under which resource development controls are considered, we would also observe that equally these industries are provided a level of legislative certainty inherent in their specific Act that at least provides for investment confidence. At the very least we need a process to positively secure the future of agricultural resources.

Regulation driven by national reforms

Agriculture is facing a raft of additional regulation as a result of agreements at the national level to implement national programs. Case examples include vegetation planning and management reforms, the National Water Initiative Agreement which involves water planning and management, water trading and water pricing reforms and electricity market reforms affecting aspects of the supply and pricing of electricity.

Vegetation reforms have been in place for some time. It is suggested that these regulations should now be subject to a review to address the need for regulatory components and the benefits and costs of implementation. Matters that warrant investigation include:

- Simplification of the guides and procedures for landholder (user friendly guide) much like the Field Guide for a Native Forest Practice.
- Allow more flexibility for landholder's to manage the native vegetation on-farm;
- Provide non-government technical assistance to advise landholder's on implementation of native vegetation regulations;
- Consolidate all relevant regulations into one area on website or into one document;
- Change the onus of proof of incorrect vegetation mapping from landholder to the department;
- Treat all native vegetation clearing applicants/industries the same way and under the same legislation;
- Re-examine the vegetation offset/exchange rate so that it is more fair for farmers;
- Make all the vegetation laws regionally or industry based, rather than a state-based one-size- fits-all blanket control approach;
- Examine all exemptions to native vegetation laws to make them more realistic to regional/industry conditions and concerns.

Implementation of water reforms under the National Water Initiative has also been underway for a considerable period. The implementation of these reforms is complex and relies upon a high degree of coordination to ensure that water planning and management reforms to implement water trading dovetail well with water pricing reforms. In some areas of the state the lag in water planning particularly for groundwater resources has meant that water trading will not be in place for some time. However the roll out of water prices is raising questions about how farmers can mitigate the impact of price increases by trading unneeded water entitlements. Regulatory reviews of water pricing are identifying this and other issues and in some cases taking action to resolve these problems.

While studies have confirmed the value of these reforms from a national perspective it is still unclear what the costs and benefits will be at State and catchment levels. Implementation of water price reforms is identifying problem areas which are facing increasing difficulty adjusting to gain the benefit of the reforms. The Lockyer Valley is a case in point. Water plans are lagging in implementation of tradable entitlements while pricing investigations are showing actual prices well below cost recovery. It is now questioned whether this significant irrigation area can survive.

Requirements of the National Water Initiative to see the costs of water planning reforms recovered from water entitlement holders are yet to be implemented in Queensland. Costing for the implementation of these regulations is a necessary first step in implementing

the proposed charge on water users. The need for current regulations and efficiencies that can be achieved with the implementation is a priority for investigation before any charges for the implementation of these reforms is contemplated.

Significant reforms such as the National Water Initiative also focus on a specific aspect for regulation. In this case the focus is primarily on the regulating the take of water. In some areas this limitation imposes a heavier burden on an area to achieve environmental outcomes than an alternative approach that would look at a mix of say water take and water quality targets with the outcome for catchment health much better than if only cuts are made to water takes.

Regulations to implement electricity prices are also adversely impacting on agriculture. New tariffs are designed based on tariffs suited to the South East Queensland market. In particular, the tariffs provide little recognition/incentive for the investments farmers have made to shift their demands to off-peak times. A differential of around 9 cents per kilowatt hour has been cut to only 2 cents and fails to reflect the cheaper cost of providing power in non-peak times. It has taken considerable effort by farmers and their representing organisations to get the message through on this significant pending regulatory impact. Implementation of transitional prices should allow time for this impact to be addressed.

Regulation driven by regional issues

Significant regulatory changes are resulting from the implementation of water quality management for the Great Barrier Reef and the proposed Murray-Darling Basin Plan.

The Reef initiative has significant resourcing to assist with implementation of required reforms but the question remains about the eventual impact of these regulations when Commonwealth Government assistance is removed. In particular, there will be the costs of maintaining on-farm management and monitoring programs across the region.

The Murray-Darling Basin Plan involves what is expected to be a fairly stringent water planning regime to be applied consistently across the Basin with little recognition of regional differences and risks. There will also be the voluntary recovery of water which may leave irrigation communities with longer term economic development problems. The focus is on reducing water take and hence other opportunities to provide improved environmental outcomes are rejected. As with the implementation of the National Water Initiative, governments will have the opportunity to recover the costs of the implementation of Basin Plan regulations. Again there should be an opportunity to assess the need for and cost benefit of measures to implement the Plan.

Regulatory burden in other areas

Workplace health and safety

Farmers are overwhelmed and concerned about the imposition of national model laws for workplace health and safety. There is no doubt that farming can be a hazardous occupation and with most farms also serving as a place of residence the risks are even higher. The move to national model laws has only improved the efficiency of the regulation for State and Commonwealth governments. The costs associated with ensuring compliance to these laws continue to rise and almost as importantly the perceived risks of non-compliance to the laws is proving to be a major disincentive to many landholders in participating in positive industry activities and development, such as on farm research, employment of casual labor, collocation of other primary industry facilities (CSG infrastructure). Meanwhile, as the burden of compliance becomes more complex and difficult to understand, the services provided to assist in compliance and extensions services have essentially been withdrawn.

Biosecurity and chemical management

Farmers work at the front line of biosecurity risk identification and management. Often the task of monitoring for biosecurity risk is left as a hidden cost to primary producers either unassessed or unfunded. Industry has advocated for many years for government to work in partnership with industry bodies to positively accredit their existing Farm Management Systems as delivering against the policy objectives of the regulator. Unfortunately while examples of this type of proactive efficiency exist they are few and far between and much more could be achieved by greater cooperation.

Conclusion

The supporting paper for the Inquiry identifies a number of methods to reduce regulatory requirements.

Specific comments on these methods are as follows:

1. Discussion above shows that the emphasis must be at the front end ie better policy development and the coordination of policy implementation prior to the making of regulation in the process of reducing regulatory burden.
2. Benchmarking of costs may be a useful measurement of regulatory burden but it could end up being a costly process to maintain which accepts inappropriate benchmarks so in itself becoming an obstacle to regulatory reform. Regulatory reduction targets would be preferred, provided that they are set based upon case specific analysis which takes full account of feasibility. This could be achieved by working in partnership with industry to assess targets using specific enterprise case studies looking up from the business owners perspective and identify the burdens holistically.
3. Legislation reviews are necessary but they must be conducted on a regular basis in accordance with defined sunset requirements. Reviews must be conducted

appropriately allowing stakeholder input from the very early stages to identify problems and address solutions. These reviews would be important in identifying if there are options for consolidation of legislation

4. Regulatory offsetting arrangements would also be supported particularly if they are well thought out and linked to industry best practice
5. A Regulatory review office should be established as part of wider governance arrangements including a delegated Minister responsible for regulatory reform. It would be expected that there should also be Cabinet defined stricter requirements for new regulation.
6. Harmonisation may be successful where there are identifiable gains to be made by adopting a defined approach to a group of regulations. Harmonisation does not necessarily justify a one-stop shop initiative. A single point of access will only work if it is effective in providing the information business requires on regulation. The focus should be on models that deliver better regulatory information and this may require that business can get in touch with experts that administer specific regulation.
7. Support for user friendly electronic services is encouraged.
8. A tiered approach is also important as it will address issues of risk. There is not only the question of the size of the farming enterprise there are also issues regarding the need for temporary compared with permanent activities.

QFF is reviewing proposals put forward in the QCA issues paper and particularly their proposed framework for reducing the burden of regulation. Items of interest are as follows:

1. Setting reduction targets for reduction in the costs of regulation
2. Annual reporting on regulatory reduction on a departmental basis
3. New regulation will be assessed through improved regulatory impact statements.
4. Maintaining a count of regulations that require individuals or businesses to take some action or provide some information.
5. Conducting surveys of burdensome regulation
6. Defining criteria to establish reform priorities and defining short and medium term priorities
7. Establishing a whole of government regulatory management system which includes coverage of key regulating agencies (departments & local governments, Minister responsible for regulatory reform, incentives for reform implementation and the QCA Office Of Best Practice Regulation

Only with an approach of this nature will there be confidence in the implementation of regulatory reforms. QFF would look to work with the Government in strategic and proactive way to identify burdens specific to industry but with direct opportunity for economic benefit through gains in efficiency.

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