

The business operates in the primary industry/horticulture sector running three citrus farms in the Wide Bay-Burnet region. They operate across approximately 50 HA of production, growing a number of citrus varieties for both domestic and export/international markets. The company is a family run/owned business, which has now been operating for over 30 years. They have 6 FTE (which includes 3 family members) but during picking season employ up to 100 seasonal/temporary workers, most of them being working holiday visa holders.

The company is also a member/managing partner in a cooperative packing shed/facility. As a Coop member they must be involved in the management, administration and compliance responsibilities of the packing shed.

Compliance Cost Snapshot:			
	Compliance Cost Per Year		Up Front Compliance Costs
Business/Company Names and Registration	3,640		2,240
Financial Reporting	19,780		
Food Safety and Export Compliance	46,577		2,113
Building Codes and Regulations	-		24,826 (\$200,000)
Environmental Regulations	7,748		2,400
Health and Safety Regulation	37,640		7,340
Employment and Workplace Relations	23,550		15,000
TOTAL COMPLIANCE COST	138,935		53,919
<i>Business time (hours) spent on compliance activities per year:</i>			
	Ongoing	Upfront	Total
Business Names and Registration	7	2	9
Financial Reporting	168	-	168
Food Safety and Export Compliance	260	8	268
Building Codes and Regulations	-	100	100
Environmental regulations	60	20	80
Health and safety regulation	192	56	248
Employment and workplace relations	190	100	290
TOTAL TIME REQUIRED	877	286	1163
<i>Average hours spent per week undertaking compliance activities:</i>			
<i>17.54 hours (0.5 FTE)</i>			

BUSINESS NAMES AND REGISTRATION:

<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Times Performed</i>	<i>Time Required</i>	<i>Labour cost/hour</i>	<i>Purchase Cost</i>	<i>COST TO BUSINESS</i>
Business Name Registration Renewal	Purchase/ Procedural	Annual	5	1	120	\$240	\$1200 \$600
Company Registration	Purchase	Upfront	1	2	120	\$2000	(\$2240)
Company Registration Renewal	Purchase/ Procedural	Annual	1	1	120	\$400	\$520
Compliance Activities and Monitoring Regulatory Changes	Education / Notification	Annual	1	1	120		\$120
Consultancy Cost/Financial Reporting	Purchase	Annual	6			\$200	\$1200
Ongoing Annual Cost to Business							\$3640
Additional Upfront Cost							\$2240

Comments and Issues with Regulation:

The business has 5 separate business names registered (due to the set up and structure of the business and family trust/ownership etc). They pay an annual renewal for the business name to OFT of \$240 per licence renewal. The owner raised questions over the ongoing need for such an expense when it is unclear exactly what the department does to administer the business registration system, particularly when the business details does not change year to year. The owner believes this is simply government revenue raising for no business benefit/purpose. In addition they must supply legal document as proof of the business liquidity for each renewal which involves an additional cost to the business to have an accountant/lawyer do up the necessary form (an additional \$200 per renewal in consultancy fees). Not one of the 5 renewals are due at the same time of the year. The business has the option of renewing for 3, 5 or 10 years however the fees is a direct multiple of the single year fees with no discount provided for multi-year renewals. The business owner believes there should be a public review/transparency provided to business in what these business registration fees go towards.

The business recently set up and registered a company – this cost \$2000 up front and \$1000 in accountancy fees to compile the required financial reports.

FINANCIAL REPORTING AND COMPLIANCE:

<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Times Performed</i>	<i>Time Required</i>	<i>Labour cost/hour</i>	<i>Purchase Cost</i>	<i>COST TO BUSINESS</i>
Compliance Activities and Monitoring Regulatory Changes	Education / Notification	Monthly	1	1	120		\$1440
ABS Annual Reporting	Procedural	Annual	1	16	120		\$1920
BAS/GST Reporting	Procedural	Quarterly	4	8	120		\$960
Payroll Tax Annual Return	Procedural	Annual	1	12	120		\$1440
Consultancy Cost/Accountancy Fees	Purchase	Annual	1			\$2500	\$2500

Employee taxation reporting	Procedural	Monthly	12	8	120		\$11,520
Annual Cost to Business							\$19,780

Comments and Issues with Regulation:

The main issue about business and taxation reporting is the rigidity of the timeframes/deadlines, with no flexibility provided to businesses. Accordingly farm businesses have become date/deadline driven which affects the farms ability to respond to crop/environment/weather variability.

Additionally there is significant concern over the complexity of the taxation system, and the low levels of support/training/information to help businesses navigate through taxation/reporting obligations. The business cited as an example the fact that finding any relevant/specific information on the ATO website is extremely difficult if not impossible as it legislation focused and not business focused – in most cases users just end up with bad information or wrong information. Waiting on hold/phoning for advice is also problematic – most farmers are working out on their properties during daylight (ATO/Government business hours) which means that they also have accessibility issues with seeking advice/support. Accordingly across all areas of taxation and business reporting family/small businesses are now forced to engage consultants/accountants/book keepers at a significant additional cost to running their business. “Online/Web based has been about quantity rather than quality of information”.

Example: BAS – “businesses buy QuickBooks and hope for the best”, but many really struggle so instead of BAS taking 1-2 days it is taking some farmers a full week to do their BAS.

“Everything is submitted/lodged using online portals and websites” But there is no training on how to use these portals – remembering that the primary industries sector has a significant aging workforce means that online and computer based systems is difficult for many.

GST/BAS is complicated but important to PI sector – they do not collect GST on income as it is a food product, but they pay a lot out to suppliers/good they purchase so it has important implications for business cash flow

Payroll tax was noted as a significant issue for the industry/sector – and certainly prevents business from progressing and growing. “every time a business employs an additional staff member there is a diminishing margin on return due to the payroll tax and other regulatory compliance which is triggered – this is clearly a disincentive to grow our business”. The business said that is becoming increasingly common for farm/PI businesses to split their businesses into separate entities and trade under multiple names to avoid tax and regulatory requirements/costs.

This business participates in the Rural ABS annual business reporting. They have tried for a number of years to be excluded from this report as they feel that it places too significant a burden on their business, who has now been participating for over 25 years. The critical issue is the deadlines/timeframes for reporting which is due annually on 14th July (for the full financial year which finished only 2 weeks earlier). There is an expectation from ABS that the business provide full financial and productive information. It proves the ABS has no appreciation for small business processes – many small businesses do not complete financial audits/lodge tax returns until much later in the year, and there are many other competing priorities at this time of the year also (e.g. the business is required to do over 100 group certificates by 30 July, payroll tax annual return by 21st July). The business suggested that the ABS needs to urgently review their deadlines to align with business priorities/operating environment. In this case this business does not give a significant degree of attention to the ABS report, and in fact keeps

a dossier of information and resubmits the same information year on year. However at the same time the business said it was concerning that their possibly inaccurate information was the basis for funding and policy decisions made by government. It takes this business 1-2 full days to compile the information required for the report. The reason is that the formats required for ABS are not consistent with standard PI business records (e.g. they are required to report production in KGs when industry measures in bins picked/crates packed). The business receives nothing back from ABS for their effort – not even a copy of their report.

ENVIRONMENTAL REGULATION – Environmentally Relevant Activities

<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Times Performed</i>	<i>Time Required</i>	<i>Labour cost/hour</i>	<i>Purchase Cost</i>	<i>COST TO BUSINESS</i>
Compliance Activities and Monitoring Regulatory Changes	Education	Annual	1	2	120		\$240
License application and/or renewal	Purchase	Annual	1			\$550	\$550
Compliance with license conditions and reporting	Procedural	Annual	1	8	120		\$960
Inspections/Audits	Procedural/ Purchase	Annual	1			\$180	\$180
Annual Cost to Business							\$1930

ENVIRONMENTAL REGULATION – Water Management and Water Quality

<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Times Performed</i>	<i>Time Required</i>	<i>Labour cost/hour</i>	<i>Purchase Cost</i>	<i>COST TO BUSINESS</i>
Compliance Activities and Monitoring Regulatory Changes	Education	Annual	1	2	120		\$240
License application and/or renewal	Purchase	Annual	1			\$106	\$106
Water quality risk assessment	Procedural	Up-front	1	20	120		(\$2400)
Reporting/monitoring for Farming management systems	Procedural	Monthly	12	1	120		\$1440
Annual Cost to Business							\$1786 \$2400

ENVIRONMENTAL REGULATION – Trade and Commercial Waste

<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Times Performed</i>	<i>Time Required</i>	<i>Labour cost/hour</i>	<i>Purchase Cost</i>	<i>COST TO BUSINESS</i>
Compliance Activities and Monitoring Regulatory Changes	Education	Annual	1	5	120		\$600
Trade Waste License	Purchase Cost	Annual	1			\$370	\$370 Plus volumetric charge?
Maintenance and monitoring of	Purchase/	Monthly	1	1	120		\$120

waste water discharge systems (pump-outs, monitoring, testing)	Procedural						Plus cost of water quality testing?
General Refuse Disposal – Council Bin usage/hire	Purchase Cost	Quarterly	5			\$5	\$100
General Refuse Disposal – disposal charge	Purchase	Monthly	2				Charge per tonne?
Ongoing Annual Cost to Business							\$1,190

ENVIRONMENTAL REGULATION – Pesticides and Chemical Use

<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Times Performed</i>	<i>Time Required</i>	<i>Labour cost/hour</i>	<i>Purchase Cost</i>	<i>COST TO BUSINESS</i>
Compliance Activities and Monitoring Regulatory Changes	Education/ Procedural	Monthly	1	2	120		\$2880
Licenses, permits and approvals (Minor Use Permit)	Purchase Cost	Annual	1			\$350	Where relevant?

Ongoing Annual Cost to Business **\$2,880**

Comments and Issues with Regulation:

A licence is required to carry out an environmentally relevant activity - ERA – Chemical Storage
The business has a fuel (diesel, petrol and gas) storage on the business site which requires an ERA licence. The business must apply annually to the regional council for the renewal of the ERA registration certificate (\$550) and there is a requirement for the annual inspection of the business by the licencing agency (\$90/hr x min 2 hrs). The business must also comply with licence conditions which involves having safety and environmental procedures in place to minimise/avoid harm to the environment and for the reporting/management in the event of an accident. The business must also comply with standards outlines in the WHS act and associated codes of practice for the storage and handling of hazardous and combustible substances.

Water Operators licence/Water entitlement - Application fee \$106.10 - A development permit issued under the Integrated Planning Act 1997 is required to physically construct the works (e.g. pump) necessary to take or interfere with water. Water licences are granted for the period specified in the licence. Water licences may be renewed. Application \$106.10 Licence

Trade Waste Approval/Licence – annual registration and fee \$370 per annum plus water discharge fees (TBC)

Waste/Rubbish – as the council does not provide a garbage disposal service for this business being in a rural location, the business/farm collects and dumps their own rubbish and have been doing so for many years. Despite the fact that the business/farm owner pays rates on their property inclusive of these service fees (5 per bin x 3 quarterly), the council introduced a charge/fee per cubic metre of rubbish. The business/farm had been proactive in sorting/collecting their recycling from the general rubbish, which they then periodically delivered to the dump themselves. Without notice the council advised them that they no longer were accepting glass in Gayndah, which meant the business had to dispose of the collected/separated glass into the general rubbish landfill (and was charged general rubbish dumping fees).

The business also noted the impact/cost for disposing of chemicals and chemical containers. Where once the council ran a local Drum Muster program, chemicals now must be collected by private sector/licenced operators. The business noted that the consequence of this change is

that businesses/farm operators are storing chemicals/containers/drums on property and/or illegally dumping

Reef Water Quality Protection Plan (Reef Rescue Program introduced a lot of restrictions on farms – even those in Gayndah 200 miles inland. The program is intended to improve the quality of water in the Great Barrier Reef through improved land management in reef catchments. Accordingly businesses in designated catchment areas are required to prepare a Water Quality Risk Assessment (normally as part of broader recommended Farming Management systems), and manage and monitor nitrogen and phosphorus containing chemicals. This business does not have irrigation runoff as they have filtration irrigation systems to minimise water use and wastage. Regardless the business must still operate in accordance with the Reef Rescue Program as their area has been designated for inclusion. This business was also frustrated that despite the impact and compliance cost on the horticulture industry sector, there was very little dispensation for their industry sector, whilst other “politically active and sensitive” sectors such as the cane growers received significant funding/compensation.

Australian Pesticides and Veterinary Medicines Authority (APVMA) imposes compliance with codes/standards for the use and management of pesticides including: Maximum residue limit standards; registration/permit for ‘off-label’ use of certain chemicals for agricultural purposes (e.g. Minor Use Permit \$350). Any chemicals used on-farm the business owner must ensure that it has a current registration with the national authority, that it is used in accordance with the registration/label, that the product is within date, and that appropriate records are kept of its use/storage. The business noted that this compliance increases the cost of the chemical itself, delays innovation (i.e. adoption of better/improved chemicals used by competitive producers in other countries), and restricts businesses from accessing more competitively priced chemicals from off-shore providers.

FOOD SAFETY REGULATION AND EXPORT COMPLIANCE (Multiple Agencies – DAFF, AQIS, HAL)

<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Times Performed</i>	<i>Time Required</i>	<i>Labour cost/hour</i>	<i>Purchase Cost</i>	<i>COST TO BUSINESS</i>
Compliance Activities and Monitoring Regulatory Changes	Education	Monthly	1	2	120		\$2880
ICA Quarantine Scheme Fees	Purchase	Annual	1			\$253 upfront \$110 renewal	(\$253) \$110
ICA Audit	Purchase/ Procedural	Annual	1-2	4	120	\$520	\$1520
AQIS Establishment Registration	Purchase	Annual	1			\$5687	\$5687
AQIS audit and certification	Purchase Procedural	Annual	1	88	120	\$1040	\$11,600
EXDOC Export Permit	Purchase	Per Unit	10			\$100	\$1000
Horticulture Export License	Purchase	Annual	1			\$1300	\$1300
Horticulture Levy (Citrus \$2.00- \$2.75 per tonne)	Purchase	Annual	1			Per tonne	\$1500
Quality Assurance Program Fees	Purchase	Annual	1			\$700	\$700

Quality Assurance Program Training	Purchase/ Procedural	Start-up	1	8	120	\$900	(\$1860)
Quality Assurance Program Management System Documentation and Reporting	Procedural	Weekly	1	2	120		\$12,480
Quality Assurance Program audits and inspections	Purchase/ Procedural	Annual	1	40	120	\$3000	\$7800
Ongoing Annual Cost to Business							\$46,577
Additional Up Front Cost to Business							\$2,113

Comments and Issues with Regulation:

DAFF - Certification requirements for moving plants and plant products

Certification is required to move a plant/plant product in areas restricted under quarantine measures. Under the Interstate Certification Assurance Scheme (ICA scheme), a business can become accredited to certify that plants consigned to intrastate or interstate markets meet specified quarantine requirements. Alternatively, plants and their products can be certified by a Biosecurity officer. Both government inspection and accreditation under the ICA scheme are provided on a fee-for-service basis. Application Fee: \$253.00 (non-refundable); Renewal Fee: \$110.00 (annual fee)

The ICA arrangement must be audited before the business can be accredited. Audits systematically examine the business, its staff, equipment and facilities to verify conformance with the requirements of the operational procedure covering the ICA arrangement. Regular scheduled audits will be carried out on an ongoing basis. The number and frequency of audits will depend on issues such as the facility's period of operation and the operational procedure. Audit Fees Apply - \$130.00 per hour charged in 15 minute increments and inclusive of travel time (minimum billable time of 45 mins applies).

AQIS – Horticulture Export Compliance

Importing countries impose a number of conditions on the Australian Government and exporters that need to be met to ensure Australian horticulture products are eligible for entry into their country and across their borders. To meet these strict conditions DAFF undertakes a range of administrative, management, monitoring and verification activities. These activities are essential requirements to satisfy importing authorities that particular standards are met and to maintain the highly favorable export status of Australian plant products.

There are three rates for establishment registration annual charges. Where an establishment falls into more than one of these charging categories the charge payable by that establishment is the highest of all applicable charges.

Tier 1 – (\$2,844.00) - basic markets; Tier 2 – (\$5,687.00) - markets requiring additional declarations; Tier 3 – (\$8,530.00) – protocol markets.

Note: The Australian Government has provided transitional assistance to reduce the 2012/13 annual charge for all Horticulture Export registered establishments to \$1,800.00.

AQIS annual audit and certification process involves an 8 hour desktop/documentation audit and inspection of business working environment. This requires approx. 2 weeks of preparation to ensure all auditable documents and worksites are in order and compliant. The compliance and standards has nothing to do with the quality of the food itself, but is focused on the quality of production processes and the workplace environment. For example: ensuring that staff amenities are up to standard; that there is sufficient number of toilets as a ratio to number of

employees; also covers chaplaincy and welfare issues.

Export permits (issued after inspection of goods listed on Request for Permit or Notice of Intention – EX28/EX222) are required for all prescribed plants and plant products. The fees are: manually issued permits (including re-export) - \$100.00 per permit; electronically issued (EXDOC) permits - \$16.00 per permit. Note: EXDOC permits require application/registration on system. This is required for every container of produce exported

Horticulture Export Licence - Australian Government (Horticulture Australia Limited) A permit is required to export apples, dried grapes, pears or oranges to regulated horticultural markets in all destinations outside the Australian domestic market. Licences are valid from the date of issue until January 31 of the following year. Citrus Export Licence \$1300. Compliance with export licence conditions is also required.

Horticulture Levy - Australian Government (DAFF) A levy is payable on specific types of crops, fruit, nuts and vegetables, ginger, and mushrooms and turf, produced or processed in Australia. The levy is payable by the producer but may sometimes be collected via intermediaries such as market agents and processors. Returns are lodged monthly, quarterly or annually depending on the product. Penalties apply if the levy is paid late. The applicable fee will vary according to type of produce and is levied by either weight, value or package (box or tray).

Product	Rate
Export and domestic oranges in bulk	\$2.75 per tonne
Oranges not in bulk	5.5 cents per box (20Kg)
Other citrus in bulk	\$2.00 per tonne
Other citrus not in bulk	\$0.04 per box

On-Farm Quality Assurance Programs (FreshCare, GlobalGap, AusQual)

Each separate program requires training, audits, certification and annual renewals. Lack of consistency across markets with retailers/buyers wanting all different levels of certification and QA programs. Example: FreshCare charges \$900 for their training course, businesses participating in the program must engage a consultant to help them develop a quality assurance program and management system (costs approx. \$2500 - \$3000 plus 40 + hours of business owners time), they must undergo an initial and annual audit and certification process at a cost of approximately \$700; and pay an annual program fee of \$77.

HEALTH AND SAFETY REGULATION – Workplace Health and Safety

Task	Cost Category	Frequency	Times Performed	Time Required	Labour cost/hour	Purchase Cost	COST TO BUSINESS
Compliance Activities and Monitoring Regulatory Changes	Education	Monthly	12	2	120		\$2880

Workcover Fees	Purchase						\$6000
Staff Training	Education	Annual	100	1.5	25/80		\$15,750
Workplace Risk Assessment and Procedures documentation and Reporting - Establishment	Procedural/ Purchase	Start-up	1	40	120	\$850	\$5650
Workplace Risk Assessment and Procedures documentation and Reporting - Review	Procedural	Annual	1	10	120		\$1200
WHSO/First aid training and accreditation	Procedural/ Purchase	(Start-up) Annual	2	(16) 4	120	(\$3500) \$150	(\$7340) \$1260
Industry/Occupational licenses and training	Purchase	Annual	5			\$500/\$80	\$2900
Industry/Occupational safety equipment and clothing	Purchase	Start-up				\$2000	\$2000
Annual Cost to Business							\$37,640
Additional Upfront costs							\$7,340
Comments and Issues with Regulation:							
Harmonised WHS act is one of the largest areas of compliance and complexity for Primary Industry businesses. Business was very critical of the fact that the practical interpretation of the act prevents any certainty and risk management as they are constantly open to liability							
WHSQ does not want to make any rulings or make interpretations of the act. They exist to act simply as an enforcement/investigation agency and therefore do not want to take on risk/liability for making incorrect interpretations or for giving advice/recommendations.							
Example: There is a code for the use of ATV quad bikes but it is not necessarily compulsory and acts only as a guide. Someone decided/interpreted that businesses would have to enforce the wearing of Australian Standard Motor Cycle Helmets – which is completely impractical for the weather conditions/heat and the nature of the work – so the staff refuse to wear them as they believe the low vision/viability and heat is more of a danger than actually riding the quad bikes. The company has bought three different types of helmets in an attempt to find ones that are suitable and amenable to the staff. Additionally it is not practically enforceable as the ATVs are used across a 50+HA property and staff can/do take them off once out of sight of the business owner – however if there is an accident/incident, regardless of the steps taken by the business owner to enforce the wearing of helmets they would still be liable.							
Example: The singling out of forklifts and introduction of licence and training requirements (which seems illogical due to lower degree of risk compared to other vehicle types which present higher risks; suspected that it is simply due to the higher volume of use rather than risk/incidents). People/workers/business owners who had used/driven forklifts for 20 years had to attend at training course (1 full day @ cost of \$500 pp). The licence needs to be renewed/recertified annually. A cost borne by employer, but the employee owns the licence/qualification and can take it with them to other employment. From an on-farm perspective it is huge financial cost for no actual gain and the legislation and training is not focused intended for forklift use outside of commercial buildings so is irrelevant to farm businesses.							

WHS Codes require risk assessments to be undertaken of worksites – so need to employ a consultant to complete this as it is too complex for most small business owners to understand and complete. The application of the risk matrix is just more paperwork – it is about enforcement and fines for non-compliance rather than any actual safety outcomes in the workplace.

Maintenance and pre-use inspections/checks required for workplace vehicles such as ATVs and forklifts – very impractical and not realistic/practical for vehicles used for on-farm purposes. For example checks on tyre pressure, when tyre pressure changes once the vehicle is used; the fact that vehicles must be free from dust/dirt; the fact that vehicles have to be in perfect working and mechanical order – a determination that anyone other than a mechanic would not be able to do with any authority (hence can be argued in favour of the employee in case of incident).

Induction training for every worker upon commencement is a huge task for this business – they have a very large seasonal workforce and high turnover. 1.5 hours induction plus an additional 0.35 hours of practical training in orchard for every new worker (@ \$50 for owners time and \$25 for the worker) and most of this is WHS requirements. – completed approximately 75-100 times per year. Then there is an additional 0.5 hrs per worker documenting and signing off on procedures and inputting required information into computer system. There is a significant degree of repetition and duplication as workers moving from farm to farm are having to recomplete training every time they are employed.

Concern was raised over the proposal to develop a “HORTCARD” a type of industry card that theoretically provides workers with a “qualification” enabling them to work in the industry. however early advice is that this would not negate the need for individual businesses to still complete site specific induction and WHS training hence would prove a cost/waste of time/money. There are also a number of RTOs claiming to be able to deliver the training, the quality and suitability of which is questionable. There needs to be a determination made and quality assurance processes put in place for this.

First aid Training/Officers – must have at least 1 qualified first aid officer on business at all times. A 1 day course costs approximately \$500; and must be renewed every 5 years. CPR half day course must be completed annually (cost of \$150). The business previously provided an opportunity for 3-4 people to complete this training. However as the requirement and repeat/ongoing costs are so significant, the company now only has the minimum number of first aid officers trained (that being 1) in order to be compliant.

“Paperwork, certificates and reporting just saves the company from liability, it does not and cannot prevent incidents and accidents”.

HEALTH AND SAFETY REGULATION – Fire Regulations and Risk Management							
<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Times Performed</i>	<i>Time Required</i>	<i>Labour cost/hour</i>	<i>Purchase Cost</i>	<i>COST TO BUSINESS</i>
Compliance Activities and Monitoring Regulatory Changes	Education	Start-up	1	100	120		\$12,000
Fire Safety Building approval	Purchase Cost	Start-up	1			\$3421	\$7876 \$4950
<i>Upfront and Opportunity Costs</i>							\$24,826
<i>Cost of building amendments to be compliant</i>							\$200,000

Comments and Issues with Regulation:

This business has been closely involved in the process of gaining fire safety approval for extensions that were undertaken to the Coop packing shed in the district. The business expressed frustration over the time and cost involved in gaining fire safety approval. The packing shed has now been seeking approval for over 3 years (at the time of the case study interview approval had still not yet been given). The business indicated that the interpretation of fire inspectors and the constant changes to expectations, ongoing raising of new issues not identified by previous inspectors has resulted in the

\$3 million dollar investment/upgrades not able to be used for three years at a significant opportunity cost to the coop members. Despite the shed being of metal open-air style construction, with multiple large roller doors/opening large enough to allow access by b-double trailers there was unexplainable and unnecessary compliance requirements/building codes to be met:

- Illuminated exit signs over the huge roller doors
- Then the next inspector came in and advised that roller doors did not constitute an “exit” and they had to install standard doors/openings beside every roller door, and place additional illuminated exit signs above each of these doors.
- The third inspector subsequently advised them they had to install an 8 metre high brick wall 2 metres away from the building behind which the fire hydrant had to be placed (off the record local fire department officers indicated that if the building was on fire they would not in any case stand behind this wall as it would offer little to no protection from the 15+ metre building).
- They had to install a ring main around the whole building and then had to pay significant cost towards increasing water pressure for town supply
- Not one of these issues were highlighted or raised during the development approval process and hence has added \$200,000 + to the cost of the building post completion.

“Every time we thought we had met requirements, the next inspector would advise of further requirements that had not been raised previously and which had to be met before the building was signed-off. Someone needs to put a cap on the number of times that different inspectors can change their interpretation of requirements and request additional changes. It should not be a business problem that the government employs incompetent inspectors”.

EMPLOYMENT AND WORKPLACE RELATIONS

<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Times Performed</i>	<i>Time Required</i>	<i>Labour cost/hour</i>	<i>Purchase Cost</i>	<i>COST TO BUSINESS</i>
Compliance Activities and Monitoring Regulatory Changes	Education	Monthly	12	2	120		\$2880
Negotiation of workplace and individual employment agreements	Procedural/ Purchase	Start-up	1	100	120	\$3000	\$15,000
Renewal/renegotiation of employment agreements	Procedural	Annual	1	20	120	n/a	\$2400
Lodgment of agreements for approval	Purchase	Annual	5	n/a	n/a	\$150	\$750
Record keeping and managing awards/ employment conditions	Procedural	Monthly	12	8	120		\$11,520

Completing checks and maintaining records – visa holders/seasonal workers	Procedural	Annual	100	0.5	120		\$6000
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Ongoing Annual Cost to Business							\$23,550
Additional upfront Cost to business							\$15,000

Comments and Issues with Regulation:

Most farmers have/operate under workplace agreements as the horticulture awards are too difficult and not suitable to the way the industry works. Applying a pure award basis to wages would make the business unsustainable/unprofitable.

However they are told that if they have workplace agreements a business owner must have a comprehensive understanding of the legality of the workplace agreements/instruments and a full understanding of the legislation – “I think they want to make workplace agreements so risky and complex that it forces businesses onto modern award structure simply through fear.

This business had to establish a head agreement which had to be taken to a vote with all staff. A record of all meetings and votes has to be kept. The business then had to develop an individual agreement with each and every staff member. These agreements had to be lodged with the Fair Work Australia for approval/endorsement (at a cost of \$150 per agreement for approval – they have 5 permanent staff on workplace agreements). Every time a new staff member commences employment the process is repeated. All agreements are required to be updated periodically and subsequently re-submitted for approval as updates/changes are made (again at a cost of \$150) it seems like the Government by legislating this process created a large amount of unnecessary work as well as an unnecessary revenue stream for the government.

Nature of employment in the horti-industry is quite unique and the FWA is not accommodating/ difficult to get an interpretation of requirements. Bulk of employment/workforce is itinerant and backpackers on working holiday visas. These workers just want to work, earn some money/cash and move on to the next job/holiday location – they do not want to form a relationship with the employer as the FWA tried to create/imply. The FWA has put the horti-industry in position that they have to know the award in detail and the award structure – but it is very unclear and the commission keeps making rulings which change the previously held interpretation or advice that they had previously sought. As a consequent every business in the industry sector has to stay abreast of every single ruling, statement or change made. Requires constant checking and rechecking of business wage structures and workplace agreements.

The general practice in the industry is to payment under a “piecework” structure e.g. by number of bins picked/filled. But this does not mesh well with the horti award/code. “the unions hate this and continue to push for hourly rate/award structure which would make farm businesses go broke and would significantly lower farm productivity”. (i.e. mean they would have to pay every worker the same hourly rate regardless of whether they picked one apply or a whole bin of apples in an hour – lead to inflation in the price of food).

Farmers now have to cover themselves for liability. The FW Act and award requires that “workers must be able to earn the minimum wage if they are a competent worker”. This has significant implications for horti-businesses: they must check and do audits against books that the amount paid to workers is equal; it means they have to push workers to ensure minimum levels of productivity and if not meeting productivity levels then they have to ask them to move on/cancel their employment; it also means that certain types of workers are not viable e.g. grey nomads, semi-retired, disabled.

The business believes that there are a number of cases across sector in their region where past/previous workers collude and/or go “fishing” for additional payments and benefits under FWA

Example: a past employee resigned on good terms of their will was paid out the entitlements on record by this business. However the worker sought additional long service leave reflecting term of employment under a previous employer from a neighbouring property (that was purchased by the business). This demonstrated the scenario where the business was required to keep records/evidence beyond the statutory requirement and also the fact that liability extends onto a company for areas where it is not necessarily their legal responsibility. In this case FW Australia advised the business that they may not necessarily be liable but that they should “just pay the employer as it will be easier”. It was going to be cheaper for the business to payout \$2000 in entitlements rather than take it to a hearing would cost \$5000 in legal and administration fees. The employee had free legal representation. The way the system stand it is going to lead to more and more challenges and employees making claims and being awarded payout that they are not really entitled to at a significant cost to businesses and the economy.

Visa Programs: little recognition given to the narrow sighted policy changes made to the visa programs, in particular the effect on PI/growers of labour availability flowing on from increases to visa application fees. It was noted that the sector has significant labour shortages as any unskilled labour in the region have been taken by the mines; the remaining local workforce do not want to do the horti-industry/picking work – it is very labour intensive and manual type of work. The industry would fall over if they could no longer access sufficient working holiday visa workers

OTHER COMPLIANCE COSTS & ISSUES

Comments and Issues with Regulation:

Flooding and Access to recovery grants. This company lost in excess of \$300,000 in productive crop and cost to business planet and equipment in 2011 and then only had access to \$10,000 recovery grant – which involved significant paperwork and “hurdles” to jump through in order to apply for and secure the grant.

Harvest Trail – there is a number of employment offices in the region who supposedly receive up to \$60,000 in government grant moneys to administer the Harvest Trail program and source/supply season workers for high demand harvest periods. Despite the high funding amounts this program is not being effectively delivered, they are being sent poor quality/poorly vetted applicants and in most cases farms still source their own workers. Due to recent worker shortages the business owner attempted to contact the department administering the program and “got the run around” between departments/divisions without actually speaking to anyone who knew about the program.

The business noted a significant constraint imposed on them by current road conditions/quality. The Dept. of Transport regulates/imposed load/weight restrictions on export containers because the road network cannot handle frequent heavy load transport. Accordingly containers being transported from the region cannot be filled to full capacity prior to being transported to ports in Brisbane. This increases the cost of exporting containers (reduced the efficiency of transport). The only option available to businesses to make it economically viable is to re-open the container at port prior to shipping and consolidate/top-up containers to full capacity. However this imposes additional costs due to the requirement for AQIS inspections on all loads – i.e. in this case AQIS will inspect and seal the container both prior to transport from the region, and again once the load has been topped up prior to shipping. The business believes there is a double standard being applied, as cattle/live animals have no load restrictions placed on them (suspected mostly due to difficulty/inability to measure/monitor load weights).

