
C Case studies: the burden of regulation on farm businesses

Purpose of the case studies

Defining and quantifying the cumulative burden of regulation on farm businesses is not easy. To better understand the cumulative burden of regulation on farm businesses, the Commission conducted semi-structured interviews with three agricultural businesses located in northern New South Wales and southern Queensland (box C.1). The purpose of the interviews was to document and report on the day-to-day experiences of farm businesses complying with regulation.

Case study results

The case studies revealed that the burden of regulation is derived from three main sources.

- The diversity of farming operations — businesses are affected by a diverse array of regulation that can be time consuming to keep track of and comply with.
- The timing of farming operations is critically dependent on weather events, and regulation that coincides inflexibly with major farming operations can be difficult to comply with.
- Regulations are often designed with the operation of other industries (like manufacturing) and operating environments (such as urban areas) in mind, and this can make regulations incompatible with the rural operating conditions of farm businesses.

Box C.1 **Case study method**

Respondents

The sampling frame for the interviews was opportunistic, and was developed in collaboration with Cotton Australia, GrowCom and the Queensland Farmers' Federation. Participating farm businesses included two large cotton farming businesses near Moree in New South Wales and Goondiwindi in Queensland, and a large horticultural business in south east Queensland.

Two similar cotton farms in New South Wales and Queensland were selected to compare differences in regulation between states. A horticultural business was chosen to provide an industry contrast.

Format

The case studies were derived from semi-structured, key informant interviews (Bernard 2011). Interviews were conducted face-to-face during visits with each business, and followed up with phone calls and emails to ensure that the narrative used to represent each example was acceptable to the respondents. The main respondents at each farm were the owner/operators, although other staff were called on to provide additional information.

Questions

General information about each farm business was collected to provide context and allow the reader to understand the perspective on regulatory compliance provided by each example. The interviews were conducted as conversations structured around the following questions:

- What major activities occur in each month throughout the year?
- What types of regulation are associated with these activities?
- What effort (in terms of time and cost) is involved in complying with regulations?
- What would staff and resources be allocated to if not complying with regulations?

Prompts

Prompts were given to help define direct costs such as staff time, travel costs and equipment, as well as tasks including form filling, emails, phone calls and meetings. Prompts were not initially given regarding the types of regulation affecting farm businesses in order to identify the issues of most concern to the respondents. Relevant areas of regulation that may have been overlooked by the respondents were introduced later in the interview as required.

Case studies

Narratives were constructed from detailed notes taken during the interviews, including direct quotes, supplemented by recall. Each case study was validated, and in two cases edited, by the respondents to ensure that the text accurately represented their narrative.

The topics covered by the case study narratives are summarised in table C.1, while elements of these case studies have been used throughout the report.

Table C.1 Summary of case studies

Cotton farm — Moree

<i>Activity</i>	<i>Regulation/issue</i>	<i>Impact</i>
Peak periods of farming operation	Water licences	Stressful in peak periods
Submitting forms	Unreliable internet	Lost email, repeat form filling
Monitoring GM crops	GM licensing	Time consuming, aids agronomy
Trialling new crop varieties	Heavy-handed implementation	'Terrible waste' – crop burnt
Moving farm machinery	Heavy vehicle registration	Forgone contracting work
Floodplain harvesting	Establishing water rights	Forgone investment

Cotton farm — Goondiwindi

<i>Activity</i>	<i>Regulation/issue</i>	<i>Impact</i>
Trading water	Slow regulatory approval	Lower crop yields, profit
Building a bridge	Duplicate state regulation	Stress, unnecessary bureaucracy
Trucking cotton to gin	Larger loads permitted	Fewer trips, less trucks on road
Employing foreign workers	Opaque visa application process	Time wasted, delays
Adding to environmental flows	Narrow focus of regulators	Delays, lost ecological opportunity
Responding to market prices	Costly chemical registration	Missed market opportunities
Conserving soil moisture	Overly prescriptive regulation	Lost crop opportunities, low yields
Keeping staff safe at work	Risk shifted to employers	Reduced workforce, inefficient use of machinery
Developing a new property	Native vegetation regulation	Lost investment opportunity

Vegetables — south east Queensland

<i>Activity</i>	<i>Regulation/issue</i>	<i>Impact</i>
Moving farm machinery	Local knowledge is ignored	Increased farm costs, reduced road safety
Labour hire companies	Illegitimate employment contracts	Undercut legitimate employers
Keeping staff safe at work	Risk shifted to employers	Reduced workforce, inefficient use of machinery
Purchasing water	Cost padding by utilities	Increased costs, reduced profit
Using more selective chemicals	Foreign testing not accepted Industry collaboration forgone	Reduced productivity and international competitiveness
Exporting to new markets	Costly export certification	Lost market opportunities

The diversity of regulations that apply to farm businesses

The main reasons for the regulatory burden experienced by farm businesses are the quantity, diversity and complexity of regulations that apply to them. This diversity was reflected in the types of regulation raised during the case study interviews, including those relating to the environment, water resources, biotechnology, transport and work health and safety (table C.1).

The case study interviews confirmed that the quantity and diversity of regulation that farmers have to deal with results in a lot of time spent keeping track of regulation and complying with it. The time and effort required to keep track of regulation is further compounded when activities or issues are regulated by multiple agencies in many jurisdictions, and when these regulations are subject to constant change (box 4.4).

The farm businesses that the Commission interviewed had dedicated farm managers to manage the day-to-day farming operations when the owner/operator was dealing with regulatory compliance. In smaller farm businesses, an individual farmer may need to manage farming activities and comply with regulation at the same time.

The timing of farming operations is often incompatible with regulatory timeframes

The case studies revealed that regulatory burden is not just a function of the time and effort required to keep track of regulation and comply with it, it is also a function of when the time and effort is required. All three case studies revealed that the timing of agricultural operations can be critical to productivity, and that there are tight windows of opportunity set by markets and weather conditions during which farming operations have to be completed for productivity and profitability goals to be met (box 4.3).

The flexibility needed to rapidly adapt farming operations to changes in market and seasonal conditions can be incompatible with the fixed deadlines that apply to regulatory compliance. For example, the timing of sowing operations can determine the profitability of a crop and have a significant influence on the farm's income. All three farm businesses that the Commission spoke to said that this routinely places farmers in the difficult position of choosing between regulatory compliance and higher profitability. Several of the examples in the case studies show why otherwise apparently minor regulatory compliance activities, such as reporting water use or getting a permit to move agricultural machinery, can cause significant stress during peak periods of farming activity.

Conflicts between the goals of regulators and the goals of farm operators

All three farm businesses mentioned that regulatory agencies can have responsibility for a specific type of regulation, and the goals or objectives of regulators can be largely unrelated to the goals of farmers relating to productivity, profitability or sustainability (boxes 2.10 and 3.5).

The farm businesses argued that there was a need for more participatory approaches to allow regulators to tailor compliance with regulation to local operating contexts.

Farming work styles may not match those needed to comply with regulation

The farm businesses also said one of the reasons why they feel burdened by regulation is that the administrative nature of complying with regulation is very different to the nature of nearly all other aspects of farm-based work (including working outdoors doing physically demanding tasks and operating heavy machinery).

Two of the farm businesses the Commission spoke to employed full time Chief Financial Officers, both of whom were qualified accountants and played key roles in terms of ensuring compliance with regulation. All three farm businesses employed office managers who also played an important role complying with regulation. While larger farm businesses may be able to employ staff to deal with regulation, smaller farm businesses are more likely to have to leave farm work to deal with regulatory issues.

Cultural differences between farm businesses and regulatory agencies

Farm-based work is also highly interpersonal, and often involves working closely with immediate family members. The owner/operators of the three farm businesses that the Commission met with lead diverse teams, and rely on trust-based relationships with input suppliers and marketing agents. Many farming transactions are also based on long standing interpersonal relationships and take place face-to-face or over the phone. In contrast, the farmer owner/operators described regulation as usually taking place through impersonal paper or web-based transactions with institutions represented by individuals who frequently change role. The owner/operators considered that this cultural disconnect added to the effort involved in complying with regulation, and worked against building the trust, reciprocity and volunteerism that would make regulation more effective.

All three farm businesses provided the Commission with examples of where they considered that better consultation could have resulted in improved outcomes for farmers, the community and the regulator. The examples included the burning of a GM cotton crop, opposition to the construction of a bridge, and registration of new chemicals in the cotton and horticulture industries.

Incompatible technologies increase the costs of complying with regulations

All three farm businesses said that the costs of corresponding with government (and commercial institutions) were high. Many institutions have switched from surface mail to email for correspondence based on the high speed internet services available in most urban areas. However, unreliable internet services in rural areas have resulted in lost

correspondence and staff spending large amounts of time re-entering data lost when web-based forms failed.

Regulations that are not compatible with the operating environments of farms

Regulations that apply to farm businesses may cover, or have been designed for, other industries. Examples include regulations affecting employment conditions, work health and safety, roads and transport and planning and zoning (box 2.10, box 10.7).

The farm businesses told the Commission that attempts to standardise regulation can add to the regulatory burden in agriculture if differences in operating conditions are not recognised. For example, the horticultural business suggested that rules for operating machinery such as forklifts were often designed for operating conditions in warehouses. One of the businesses illustrated this point by outlining how the application of these rules to the use of forklifts for vegetable harvesting reduced productivity for seemingly little or no safety benefit.

Another theme was that regulation limiting the movement of large machinery does not adequately recognise the low risks involved in moving machinery between nearby farms.

All three farm businesses, commenting on changes to work health and safety standards, said the standards were now almost impossible to meet. One owner/operator said this was in part due to the ‘ramping up at any cost’ of work health and safety regulation during the mining boom. All three farm businesses also considered potential work health and safety claims to be a constant threat to the viability of their businesses.

The owner/operators also highlighted regulations that they acknowledged met important societal goals but worked against international competitiveness — examples included minimum wages rates and superannuation, and visa conditions placed on foreign workers.