Regulatory Burden on Business – Submission - Agsafe Limited

Following initial discussion, please accept the following submission to the Regulation Taskforce on Reducing the Regulatory Burden on Business. This submission strongly advocates self regulation and details the self regulatory measures that the agricultural chemical and animal health input supply chain industry have developed and implemented through the Agsafe Guardian product stewardship program. Please find ACCC Monitors attachments – further information can be forwarded upon request.

Background to self regulation

The commitment to have an accredited industry was made by its corporate leaders in 1987. It was envisaged that, through the use of joint trading sanctions, the entire industry could be motivated to enact its duty of care obligations through the entire sales chain. It was also determined that the industry would fulfil its commitment to comply with all current regulation relating to the storage, handling, transport and sale of its products.

Through Agsafe Limited, the agricultural chemical and animal health industry supply chain, has developed and implemented a robust self regulatory product stewardship program (Agsafe Guardian) in partnership with industry stakeholders and government (an ACCC authorisation to assist with anti-competitive practices under the Trade Practices Act).

The Board is managed by representatives from a broad array of stakeholders including corporate and independent retail distribution and manufacturers, product users and members of the fertiliser and veterinary manufacturers associations.

The success and integrity of stewardship is dependent on the ability to remain relevant in today's legislative and business environment. This is achieved by being proactive and innovative in the delivery of compliance and risk management tool's.

The Board have developed a policy framework that includes:

- That industry sustainability is dependent on sound product stewardship, including post sale;
- The conviction that with over ten years experience, that sound industry self regulation can be a cost effective and practical alternative to government regulation and community expectation;
- That perceived risk, political risk and community concern must be addressed as thoughtfully as any aspect of physical hazard reduction;
- That the program must be practical to implement and structured to encourage involvement; and'
- That transparency demands that ACCC authorised sanctions must be justifiable and enforceable.

Agsafe believes that the agricultural chemical and animal health industry have sufficient self regulatory measures in place to meet regulatory conformance for the distribution of Dangerous Goods and Hazardous Substances. As an industry driven body, the organisation ensures that the methodology is cost effective, relevant and sustainable.

Agsafe Guardian has two major objectives which are;

1. to ensure that all individuals who sell or offer advice on Crop Protection and Animal Health Products have received proper training in the principles of safe, effective and legal use of these products - **Personnel Accreditation**
2. to ensure that Crop Protection and Animal Health Products are stored handled and transported in accordance with all statutory regulations and standards - **Premises Accreditation**

The Program

The Agsafe Guardian program assists businesses to manage risk by providing the necessary procedures for compliance and demonstrating duty of care in the *handling, storage, transportation and recommendation of agricultural and veterinary chemicals*.

- The Agsafe Guardian program accredits approximately 1570 reseller outlets that market commercial quantities of agricultural chemicals and provides training to approximately 4500 personnel nationally, over a two year cycle. An Australian Competition and Consumer Commission (ACCC) Authorisation provides for the program to cover all locations that store any quantity of agricultural and veterinary chemicals – from point of manufacture through to point of sale.

- The ACCC authorisation empowers Industry, through an independent body (Agsafe Limited), to enforce regulatory compliance. The Authorisation enables Industry to position itself for a future in which there is no longer a commercial disadvantage in meeting safety obligations. The result is that Industry is committed to trading only with those organisations which have Agsafe accredited personnel and premises.

The Agsafe Guardian program summarises the requirements of each relevant piece of regulation. This is delivered to Industry in the form of the Agsafe Code of Practice (a document reviewed by all state regulatory authorities prior to publishing) and delivered through facilitators trained annually.

By way of example, at last count there were approximately 110 individual regulations from the following pieces of legislation that directly affected a rural retailing business selling commercial quantities of agricultural chemical and or animal health products in NSW;

- Occupational Health and Safety Amendment (Dangerous Goods) Regulation 2005
- Poisons and Therapeutic Goods Regulation 2002
- Occupational Health and Safety Regulation 2001
- Road and Rail Transport (Dangerous Goods) (Road) Regulation 1998
- Protection of the Environment Operations (General) Regulation 1998
- Protection of the Environment Operations Act 1997 No 156
- Pesticides Act 1999 No 80

In addition to the above the following national Regulations, Codes and Acts also affect business operations at AgVet chem. outlets.

- Agricultural and Veterinary Chemicals Code Regulations 1995
- The Building Code of Australia
- The Australian Dangerous Goods Code Vol 6

Australian Standards (recognised by regulations as codes of practice) are also adopted in some State regulations and affect most locations;

- The Australian Standard for the Storage and handling of flammable and combustible liquids AS 1940—2004
- The Australian Standard for the Storage and handling of agricultural and veterinary chemicals AS 2507—1998

In NSW, the above legislation is administered by 4 separate government departments / authorities (in some states it is 6) and comes with separate compliance branches for different sections of the regulation.

For example; the NSW Dangerous Goods licence was replaced as of September 1, 2005 with "Notification of Dangerous Goods on premises", a risk management based approach to the storage of chemicals, (our understanding is that current holders of Dangerous Goods licences have three months in which to make the transition to the new notification procedure) This partly meets the currently undefined criteria of the ACCC Authorisation condition; however, there remains a large number of remaining regulations that are required to be addressed by an individual business if they choose to gain regulatory compliance equivalent to that offered by the Agsafe Guardian program.

An alternative in demonstrating equivalence is to obtaining the services of a mutually agreed consultant. This is not defined within the Authorisation. Agsafe understands the intentions, and, as such, has recently formed a task force to resolve and clarify the conflict within condition C12 of the ACCC Authorisation. With such a complex suite of issues and mixed messages facing business, simplification is essential.

NB. Usually regulatory authorities do not issue compliance certificates on all regulations that a business is required to comply with. Consequently, it is difficult for an individual business to effectively demonstrate the standard required by Industry, other than by meeting the control points within the Agsafe Guardian program.

What are the benefits of self regulation?

The benefits demonstrate Industry's commitment to extended producer responsibility by providing best practice solutions, responsibility and duty of care throughout the supply chain, ensuring regulatory compliance and cost effectiveness.

All fees charged by Agsafe are charged to cover operational costs only (i.e. cost recovery). Every attempt is made to streamline the organisation through automating processes and systems. Agsafe Limited receives no Government assistance.

An ongoing agenda for the program is to remain in regular contact with State and Federal regulators whose legislation effects the Industry including EPA's, Workplace Health and Safety, Health, Agriculture, Dangerous Goods and federally with the APVMA, Environment Australia and National Occupational Health and Safety Commission.

Liaison continues with all National and State based farmer organisations, other stakeholders including the Australian Local Government Association, the Veterinary Manufacturers and Distributors Association, other stakeholders, with representation on various committees where regulatory review and reform is being undertaken.

Key Achievements

- If the Agsafe Guardian program was not helping business comply, costs would be much greater. For example, the Agsafe Guardian program has an annual turn over of approximately $2 million to cover the job of **5 regulators in each state**, whereas one regulator in Queensland has an annual turn over of **$23 million** for their inspectorate and support services.
- Guardian facilitators provide advice on **over 100 individual regulations** from 5 separate Acts. Guardian effectively bundles 5 separate consultants into one to help the business comply.
- Agsafe continues to negotiate on industries behalf for impractical regulations, including;
- Negotiations on behalf of individual businesses, for example, in South Australia Agsafe saved a business $80,000 in set up costs alone
- Agsafe attained the adoption of a flame proof forklift exemption in Australian Standard AS1940—2004 saving industry $9 million
- Agsafe is currently negotiating on behalf of industry to prevent 70% of non dangerous goods becoming dangerous goods

Measured benefits to Industry through self regulation

The Victorian experience shows the following;

- Agsafe Assessor site visits 3x higher than State regulators
- No recorded deaths in assigned area
- No known fines imposed under DG, Work Cover or Poisons Acts
- Improved storage sites and reduced workplace risk

Where Savings to Victorian Industry are:

- Recognition of the Agsafe Standard by Vic WorkCover Authority for Forklift Truck operations – Saving $1.87m
- Elimination of Licensing by Vic. Govt. Departments – Saving $185K
- Total Savings for Vic over 10 year period in excess of $2.5m.
- ROI to Vic. Industry – 11:1

There are significant benefits achieved through self regulation to regulatory agencies, to individual businesses and to the broader community through higher safety standards, environmental and management controls to the agricultural chemical supply chain.

The Scope of Accreditation

Accreditation targets those agricultural and veterinary chemicals which are defined in the Agricultural and Veterinary Chemicals Code 1994 Section 4 (agricultural chemical product) and Section 5 (veterinary chemical product) and Section 7 and 8 of the Agricultural and Veterinary chemical code regulations which are:

- Schedule 5 Poisons;
- Schedule 6 Poisons;
- Schedule 7 Poisons;
- Hazardous Substances;
- Dangerous Goods;

and which are not:

- Dairy sanitisers or cleansers in outlets which do not supply any other agricultural or veterinary chemical products;
- Products exclusively for home use including those for companion animals when sold in outlets catering exclusively for home use;
- Nutritional pre-mixes and supplements for animals;
- Substance used in conjunction with an agricultural chemical product to identify areas treated with that product;
- Insect repellents for use on human beings;
- Substances listed in Schedule 3 of the Agricultural and Veterinary Chemical Regulations (examples are mould inhibitors used in paper and glue manufacture, fungicides, bactericide or deodorants in footwear of clothing, soil ameliorants if there is no claim to have effects as regulators of plant growth, invertebrate pest management lures based on food, cut flower preservatives, hay inoculants, predatory insects, industrial biocides);
- Swimming pool products.

The accreditation program does not cover veterinarians or veterinary chemical wholesalers where the quantity of agricultural and veterinary chemical products (as defined above) held by the veterinarian or the veterinary chemical wholesaler does not at any time exceed 500L or 500kg, and they do not hold on their premises other chemical products which are the subject of the program.

Conclusion

Internationally, the voluntary Food and Agriculture Organisation's Code of Conduct sets the framework for the **standard** of pesticide management adopted and demanded in developed countries. Consumer and community expectations, particularly in developed countries, demand best practice management solutions. Sound stewardship goes a long way towards meeting that demand and cannot be underestimated.

Producers, suppliers and regulators need to be aware of the threats of product misuse, dangerous workplace health and safety and undesirable environmental practices to people, environment and trade.

By ensuring agricultural chemical products are purchased through Agsafe-accredited outlets, companies and individuals can be assured of minimising their risk, complying with food safety standards through QA programs and meeting regulatory standards. This submission gives significant currency in maintaining and promoting self regulatory schemes in interpreting and cost effectively managing regulatory compliance.

Yours sincerely

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ACCC Monitors Meeting 2005

Annual Review of Conditions for Authorisations A90680 and A90681 Pertaining to Agsafe Accreditation

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1 Review of Operations

ACCC Monitors Meeting

Annual Review of Conditions for Authorisations A90680 and A90681 Pertaining to Agsafe Accreditation

Background

1.1. The charter for Agsafe Limited is to assist the food and fibre industry in ensuring its future viability through better safety management, extended producer responsibility programs and co-regulation with government. The core stewardship function means that Accreditation has a role in providing governance and guidance to the industry that helps industry meet its social responsibility and community acceptance obligations. The current scope of accreditation covers supply from point of manufacture through distribution to point of sale and includes storage, use, transport, advice and disposal of agricultural and veterinary chemicals.

1.2. The commitment to an accredited industry was made by its corporate leaders in 1987. The use of joint trading sanctions motivates the entire industry to enact its duty of care obligations through the entire sales chain; and fulfil its commitment to comply with all current regulation relating to the storage, handling, transport and sale of its products.

1.3. Agsafe Limited is a wholly owned subsidiary of Avcare (the National Association for Crop Production and Animal Health) and implements the three functions of the Agsafe Accreditation program, namely individual accreditation, premises accreditation and the sanctions process.

1.4. The Industry holds an Authorisation issued by the Australian Competition and Consumer Commission (ACCC) originally granted in 1990 to Avcare, subsequently to Agsafe in 1994 and more recently renewed in May 2002. This Authorisation empowers the industry to use self discipline to enforce regulatory compliance – co-regulation, through an accreditation program implemented by an independent body, Agsafe Limited. Such co-regulatory power enables the industry to position itself for a future in which there is no longer a commercial disadvantage in meeting safety obligations.

1.5. Nationally sales of agricultural and veterinary chemical products in the calendar year of 2003 were reported by the APVMA to be estimated at 1.65

and 0.60 billion dollars respectively (total of $2.24 billion), an increase of $40 million on 2001 figures (2002 figures were greatly affected by the drought).

1.6. There are more than 860 companies who have registered agricultural and veterinary products with the APVMA of which 31 are Avcare members (18 crop production, 13 animal health). Avcare member companies represent 85% of the Australian crop protection and animal health product market in terms of sales. These products protect against and control pests, weeds and diseases in plants and keep animals healthy through preventative medication and treatment of disease. The APVMA has many more individuals and companies that have registered labels made up from active constituents which are no longer propriety owned. The balance of chemical registrants is made up of generic supplier and manufacturer, non Avcare member companies.

General Operations 2004-2005

Personnel Accreditation

1.7. The primary targets for the training program in 2004/2005 have been:

- Transfer of the companies Registered Training Organisation (RTO) status from NSW to ACT to increase support;
- Promotion and review of the online delivery modules for reaccreditation and basic;
- Development of new e-learning strategies to support Project Value Add
- Continued clean up of old data from the UNIX database;
- Delivery and promotion of new reaccreditation modules, Fertcare and Occupational Health and Safety Risk Management;

1.8. The reaccreditation campaign which was commenced in 2001 and designed proactively to remind personnel prior to their accreditation becoming due continues to be successful. Over 1437 reminders were despatched throughout the year with the majority of personnel taking action after the first communication. Figures for the current financial year are on budget to exceed the projected result of 1600. The progress of the Personnel Accreditation and Training (basic) course is likely to fall short (approximately 10%) of the budgeted target of 750 individuals trained.

1.9. The percentage of accredited individuals per buying groups compared to the total eligible for the period fluctuated between 70 and 90 percent. Quarterly fluctuations can be as high 10% across industry and up to 20% within buying groups as was experienced between the February and May 2005 Accreditation Committee reports when over 1000 personnel had their accreditation lapse. Manufacturers currently have achieved 78% of all eligible personnel holding current accreditation compared to 82% last year. Some buying groups were able to report current accreditation rates of over 95% which was an excellent result; however, independent companies still struggle to achieve greater than 60%.

1.10. Results from independent companies are skewed by old data which Agsafe has attempted to clear up through direct contact by phone and mail. Data is gradually being cleared up and is also being enhanced through increased ground activity by ***drum****MUSTER* and ChemClear activity conducted by field representatives. A second initiative planned for release under Project Value Add is to bring the database online so that individuals can view live information in APPLE.

1.11. Continued high performance in the training sector within the major buying groups can be accredited to the new governance structure implemented in late 2003 and the increased positive communication strategies.

Premises Accreditation

1.12. The premises program currently has 1453 premises registered as eligible for accreditation of which 1315 are currently accredited; it is believed that this represents 94% of distribution (approximately 1550 outlets). However, the total number of businesses that may be eligible for accreditation can not be determined with accuracy. This represents a net increase from the previous year of 40 locations, which is a result of new businesses and new buying groups emerging from the Wesfarmers – IAMA merger of 2002-2003 and the impact of the lowered premises accreditation threshold.

1.13. The reduced premises accreditation threshold has been a primary resource focus for Agsafe over the current financial year with over 70 applications for accreditation (self assessment) received since July 1 2004 i.e. 30 are working towards accreditation. As a result of the new applications and premises accreditation numbers reached #2000 in October 2004. Agsafe ran a special article in Rural Business focussing on the 2000th accredited store and the benefits of Accreditation.

1.14. At the annual assessors conference the invitation was extended to include industry representatives to which Elders took an active role by sending three representatives for one day of training in regulatory matters and Agsafe policies and procedures. Assessors were also issued with hand held computers (Pocket PC's), representing the completion of project streamline. Project streamline provides an electronic checklist where assessors can record audit information on the Pocket PC resulting in a "next working day" turn around time for audit reports. Quality checks are performed by the secretariat to ensure reports reflect the evidence presented and programming controls are in place to ensure that no checklist item is overlooked.

Compliance

1.15. One instance of trading sanctions has been levied since the last monitoring meeting. Bowa Organics failed to respond to all correspondence and subsequently issued a compliant against Agsafe that the ACCC are currently investigating. Just prior to implementing sanctions Agsafe had 13 premises that were to be sanctioned, however, last minute calls and correspondence resolved these issues. Four premises remain on trading sanctions two of which are produce agents who currently do not trade in

agricultural and veterinary chemicals to primary producers but retail home garden products and consequently represent a risk considering their previous activities. Dillon & Co, who is under new management and after recent contact has committed to provide a statutory declaration indicating that they are no longer involved.

Project Value Add

1.16. Project Value Add was given full endorsement by the Agsafe Board in October 2004, including funding to upgrade systems to support the aims of the project. The projects ultimate deliverable is to save industry money through combining training and assessments services into a single event. Other deliverables of the project include an increased variety of online training and information services, more customised advice provided by Accreditation Facilitators and increased efficiencies within the secretariat to enhance quality control and tool developments.

1.17. As part of the implementation of Project Value Add four long standing assessors will not be renewing their contracts and retire as assessors in July 2005, John Whitehead (Southern Queensland), David Jesse (South Australia), Allan Evered (Gippsland and metro Melbourne in Victoria) and Iain Chalmers (Western Australia). New appointments have been recruited through an application and interview process resulting in appointments in Southern Queensland (Allan Porter); South Australia (Peter Tsouris); Western Australia (Bevan Henderson); North Eastern NSW – new region (Emma Richardson) and Victoria (David Bell).

Communications

Web Page

1.18. The Agsafe web page is a vital avenue of communication and was updated on nearly a monthly basis with news and regulatory briefs. The most popular sections of the web site are training information, publications and accreditation tools. The accreditation tools section is a reprint of the forms from the Agsafe Code of Practice and has been accessed over 1000 times in the past year. Popularity of the web site is increasing with over 3600 visitors per month and increase of 1000 per month since July 2004.

Newsletter

1.19. Agsafe has increased the visibility of the accreditation program, particularly in lead up to the release of Project Value Add, through Rural Business magazine. Quarterly newsletters addressing new regulations and industry issues are included in the magazine. Rural Business magazine has also published Agsafe comment on industry on an ad-hoc basis, which can be as often every two months.

Company Intranets

1.20. Most buying groups now have internal intranets through which corporate and local information is disseminated. Through the new Accreditation Advisory Committee access to company intranets has

increased. Articles, regulatory updates and hot topics are now sent through the Ruralco, Landmark, and Elders networks at the request of Agsafe. Such messages have provided reinforcement from corporate groups on the value of Accreditation.

Liaison with Government and Community

1.21. Regulatory liaison aims to brief agencies on the progress of Agsafe Accreditation, seek regulatory recognition, to seek common goals and ways to derive mutual benefit:

Federal Government Liaison Activities:

1.22. Standards Australia

- Through membership of the coordinating committee for all chemical standards (committee CH-009) and participation in the committee for a revised AS1940—1993, the Standard for the Storage and Handling of Flammable and Combustible Liquids (committee ME17). This standard was published in October 2004 and included all editorial comments submitted by Agsafe through the committee representation made by Okke Jansma.

1.23. National Transport Commission & Department of Transport and Regional Services

- The development of the Australian Dangerous Goods Code version 7. Agsafe holds a representative position for the agricultural and veterinary chemical industry on the Advisory Committee on the Transport of Dangerous Goods (ACTDG). ADG7 and the subordinate regulations will be published as draft for public comment in June 2005. Agsafe provided input into the draft prior to publication that will result in ongoing multimillion dollar savings to industry. The details of which will be included in the Regulatory Impact Statement.

1.24. Australian Pesticides and Veterinary Medicines Authority (APVMA)

- Coordination of recall, relabelling and rescheduling of Procymidone from an unscheduled active to a scheduled 7 poison;

- Various communications associated with concerns on spray drift damage and existing chemical review program on 2-4-D products

- Biannual meetings with department heads and the CEO on Accreditation program activities

1.25. Department of Environment and Heritage

- Providing advice on policy direction and development relating to the use of MITC generating products for both pest control in soil preparation and use in quarantine services to reduce the products use due to its ozone depletion properties.

1.26. National Farmers Federation (NFF)

- (and state affiliates) on various aspects of the accreditation program including the security costs for storage of Ammonium Nitrate by farmers.

1.27. Australian Federal Police, National Institute of Forensic Science

- Policy consultation on the regulatory development surrounding the availability of explosive precursors and the ability for monitoring and traceability within industry. Two issues were discussed Security Sensitive Ammonium Nitrate (SSAN) for which State Regulators have already released regulations for. The second issue relates to an unknown list of "chemicals of concern" which are being discussed between Prime Minister and Cabinet, the Attorney Generals Department and the Australian Federal Police. Industry involvement has been limited in both groups.

State Government Liaison Activities:

1.28. New South Wales

- WorkCover NSW: on the release of new Dangerous Goods regulations.
- Department of Environment and Heritage (EPA): on the NSW training regulation.
- Department of Environment and Heritage (EPA): on the Environmental compliance program which included a review of best practice programs for which the Agsafe Code of Practice was to be reviewed in detail.

1.29. Queensland

- The CHEM unit (lead agency for the DGSM Act): in an ongoing training exchange that included training of two Agsafe trainers in the CHEM units flammable and combustible licence authorised inspector training program. One staff member from the CHEM unit also attended an Agsafe course.
- The CHEM unit: on the proposed changes for Project Value Add in anticipation of requiring regulatory support.
- Workplace Health and Safety: on the progress of Accreditation in the past financial year and proposed changes for Project Value Add in anticipation of attaining regulatory comment and support for the new business model.
- Workplace Health and Safety: Agsafe attained the involvement, support and comment of the regulator in reviewing the pilot OHS Risk Management course run in Toowoomba.
- Department of Health: on the results of the accreditation program and on the benefits of the proposed changes under Project Value Add in anticipation of attaining supporting comment.

1.30. South Australia

- Primary Industry and Resources South Australia (PIRSA): on assisting in development and BETA testing new versions of the inFINDer product to increase premises compliance with record keeping, in particular testing of license calculations and placarding requirements due for release late 2005.

- Department of Health to facilitate communication of compliance issues surrounding scheduled 7 poisons and on the implications of Project Value Add.

- PIRSA: on the implications of Project Value Add and Fertcare.

- PIRSA and Workplace Services: on policy development for security sensitive ammonium nitrate.

- Workplace Services: on the results of the accreditation program and on the benefits of the proposed changes under Project Value Add in anticipation of attaining supporting comment.

1.31. Victoria

- Department of Sustainability and the Environment: on the implications of providing off label advice.

- Victorian WorkCover Authority: to assist the development of the OHS Risk Management reaccreditation course.

1.32. Western Australia

- Department of Health: on the results of the accreditation Risk Management reaccreditation course.

Occupational Health and Safety Risk Management

3.11. Agsafe contracted Houlahan Safety Consultants to develop the OHS reaccreditation module to assist industry in meeting OHS regulations which were not part of the scope of accreditation in October 2004. A Project Reference Group was appointed to review and direct the progress of the manual, workbook and reference material the Project Reference Group included representatives from Elders, Kinniburgh and Associates, Protech Consulting, DuPont, Agsafe and the Victorian WorkCover Authority. The Victorian WorkCover Authority pulled out without providing any detailed comment towards the end of the project. Agsafe consequently negotiated to involve Workplace Health and Safety Queensland as an alternative who were very responsive by sending an inspector to the pilot course and providing written feedback on the presentation and written material.

Labels & Legals Review

3.12. The Labels and Legals course was reviewed to both update the manual and develop a more uniform delivery standard by including a workbook as part of the assessment process. Finalised materials were signed off in December; however, proofing of the final documents and stock on hand levels delayed the final release until May 2005.

Web Training

3.13. Agsafe continues to promote the successful online delivery mode for the Personnel Accreditation and Training (basic) course and the Chemical Handling Storage and Transport course. Feedback on the courses is primarily positive, with some issues reported on the length of the course and lack of interaction. Web training students account for 8% of the total number of individuals trained this year and 38% of the total number of individuals completing the Chemical Handling Storage and Transport reaccreditation course.

Quality Assurance of Training

3.14. As part of the ongoing quality delivery strategy and reduced face to face training proposal included in Project Value Add, the number of trainers is gradually being reduced in each state. The Accreditation Committee recently requested that trainers wishing to deliver the OHS Risk Management course apply, or tender for a specific area. The trainers approved in each area have been based upon selection criteria including; previous experience, current knowledge and student feedback. By reducing the numbers of trainers this will reduce competition between trainers but increase the quality and economic benefit to the individual trainer through increasing class sizes.

Chapter 4

Premises Accreditation

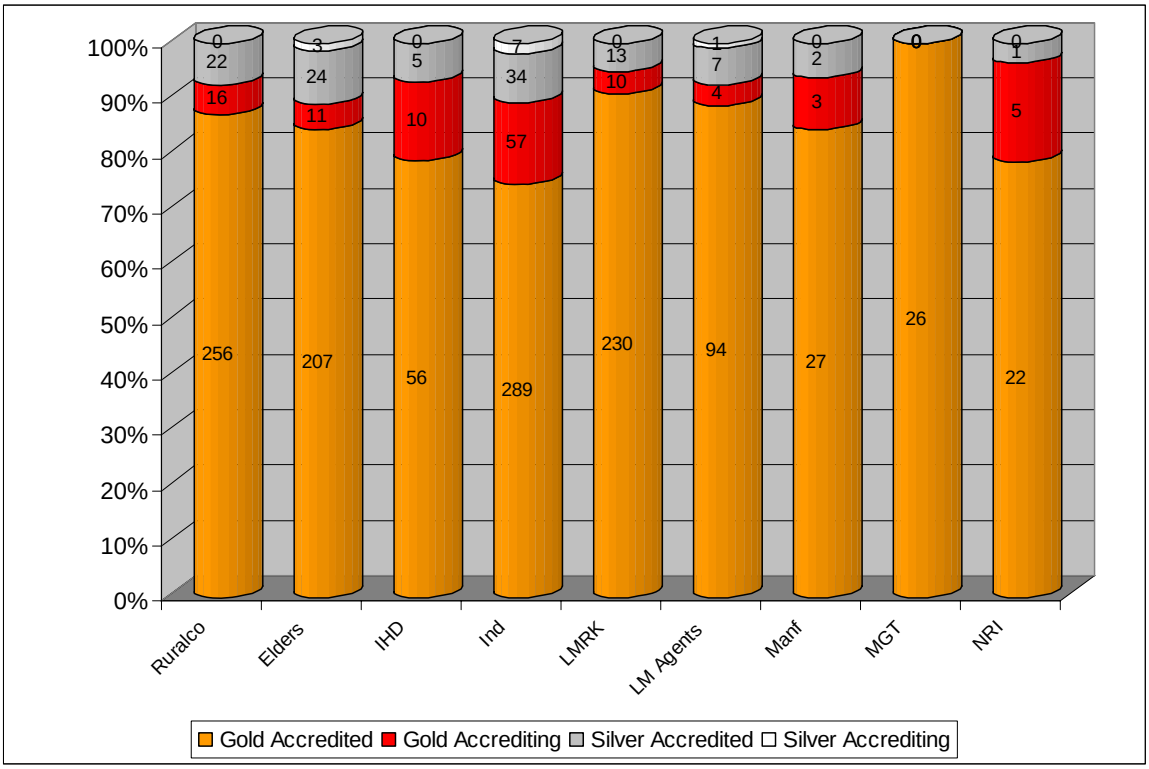
Current Performance Results

Accredited Premises

4.1. Agsafe currently has 1453 registered premises eligible for premises accreditation a net increase of 40 premises across Australia. Applications for accreditation continue to be received on an ongoing basis with 70 applications received so far this year i.e. 30 are working towards accreditation.

4.2. When Agsafe applied for a reduction in the premises accreditation threshold in September 2000 the predicted increase in premises eligible for accreditation was approximately 200 new locations. In the previous reporting period 121 new applications were received with a resultant net increase of 63 accredited premises. Consequently another 100 premises are believed to become accredited over the next two financial periods.

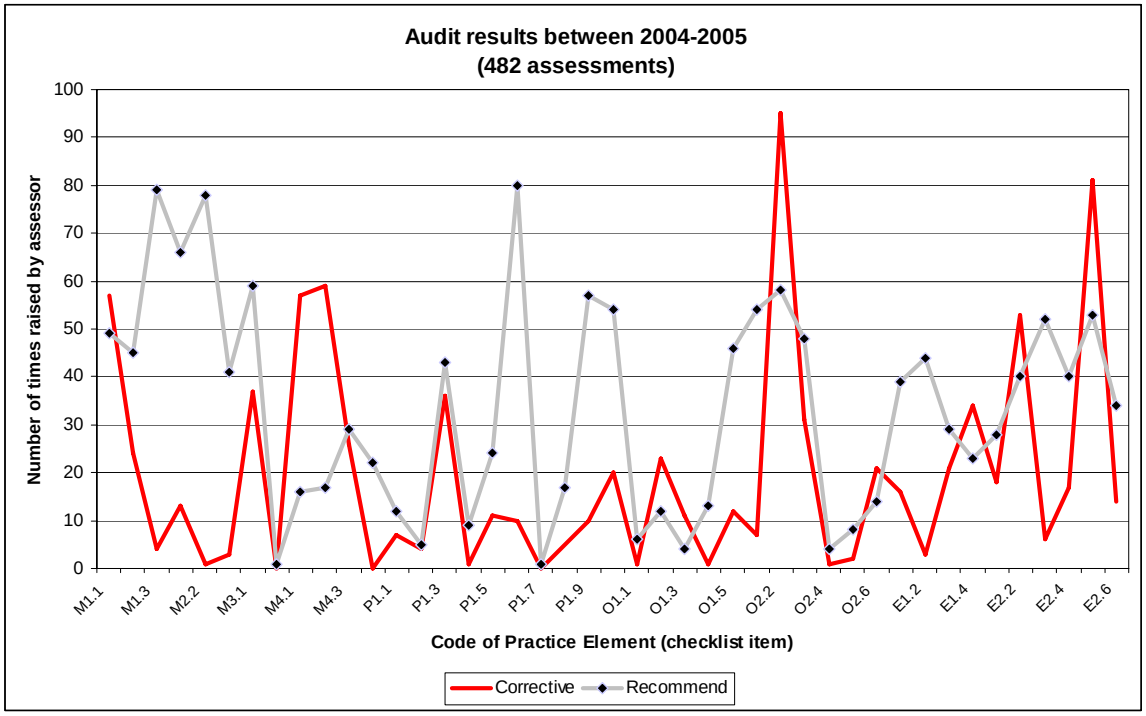
4.3. As with training premises are assessed on an ongoing basis and at any one time a significant number may either be accrediting (is working towards accreditation) or fully accredited (Gold and Silver). At this point in time 91% (1315) of all eligible premises are currently accredited with the remainder either working towards accreditation or risking trading sanctions being levied against them by the industry. Graphed below is the current status (accredited and accrediting) of premises across Australia by buying group.



Audit Results

4.4. The increased functionality of the APPLE database has provided Agsafe with a valuable tool for determining industry needs and reporting to Government on specific areas of concern. By analysing results from specific buying groups or even in particular regions Agsafe can identify critical issues that require attention and coordinate responses to the specific group or area. Such information has been extracted and delivered to regulatory authorities to support the co-regulatory process. In Queensland a direct correlation has been seen between Agsafe audit results and Workplace Health and Safety audits indicating the close alignment and mutual directions of each purpose. Such reports are planned to be available online to government bodies on demand through a new web interface with the database.

4.5. The information gathered through the Audit process similarly provides supporting evidence for Training Needs Analyses which are required to justify new course or competency development to government. The graph below displays the number of corrective action and recommend fix items issued by assessors during the past financial year.



4.6. The above graph represents data gathered from 482 assessments conducted over the last financial year and the number of times each checklist item has been raised by an assessor during the course of an assessment. The darker line represents items that are corrective actions and the lighter line represents recommendations. Clear areas of concern are listed below;

- The four major non compliance areas are
- Placarding (Code of Practice (CoP) Element E2.5)

- Training (CoP Element M1.1)
- Manifests and Product Registers (CoP Element M4.2)
- OHS Hazard identification and risk assessments (CoP Element O2.2)
- Management processes, indicated at the left end of the graph and by Code of Practice (CoP) elements beginning with an M, are often ***recommended*** for improvement during the assessment. These may be regulatory non compliances which are outside of the scope of the accreditation program such as internal OHS consultation processes or clear delegation of responsibilities within the workplace. These areas are now covered within the new Agsafe OHS Risk Management course which should improve the results.
- Other common recommendations issued focus on risk assessment documentation and emergency management elements

4.7. The above results are similar to those reported last year and Agsafe continues to review its education and delivery strategies to improve industry results in these areas.

Project Streamline

4.8. At the annual assessors conference assessors were issued and trained in the use of Pocket PCs which were programmed to deliver an electronic version of the audit checklist. The successful implementation of the new process has improved turn around time on reports to next working day once files have been received by Agsafe. Project Streamline is the precursor to Project Value Ad which combines assessment and training into the one event and is due for release in July 2005.

Project Value Add

4.9. The Board in October 2004 endorsed reserve funding for the development of systems to implement a new business model for delivering accreditation. The secretariat and Accreditation Committee have been developing policies and procedures that will effectively reduce the cost of the program to members by 0.5 million dollars per annum and at the same time increase the service level of accreditation. Primary changes are focussed on the delivery mechanism by achieving the following;

- Replacing face to face reaccreditation training with online training that is more relevant to the individuals job description; and
- Increasing the provision of advice and consultative services to stores by increasing the amount of time an assessor is on site.
- Allowing controlled online access to the Agsafe database for appropriate individuals within premises, buying groups and Accreditation Facilitators so that records can be updated by the individual themselves

- Automating systems within Agsafe to save time and resources in case management

4.10. Progress in achieving the deliverables for Project Value Add is 1 month behind schedule, particularly with the online training development and application to the ACCC; however, all other areas are progressing well. Industry involvement has been continuous throughout the development of the project to ensure that goals are relevant and within scope. Government regulatory Authorities have also been briefed on the proposed changes and all have responded positively.

4.11. According to legal advice the proposed changes to the ACCC Authorisation will require a revocation and substitution to the following areas:

- Reducing the number of warnings from 3 to 2;
- Reducing the training cycle from three to two years which will be offset by reducing the course times;
- Modifications to the charge structure associated with premises and personnel accreditation;
- Imposition of trading sanctions on premises that fail to be audited within the two year cycle; and
- Consequential changes to the Code of Conduct

4.12. Release of the project, scheduled for pilot in September/ October, will include regional forums and a marketing campaign to educate members on the expected changes.

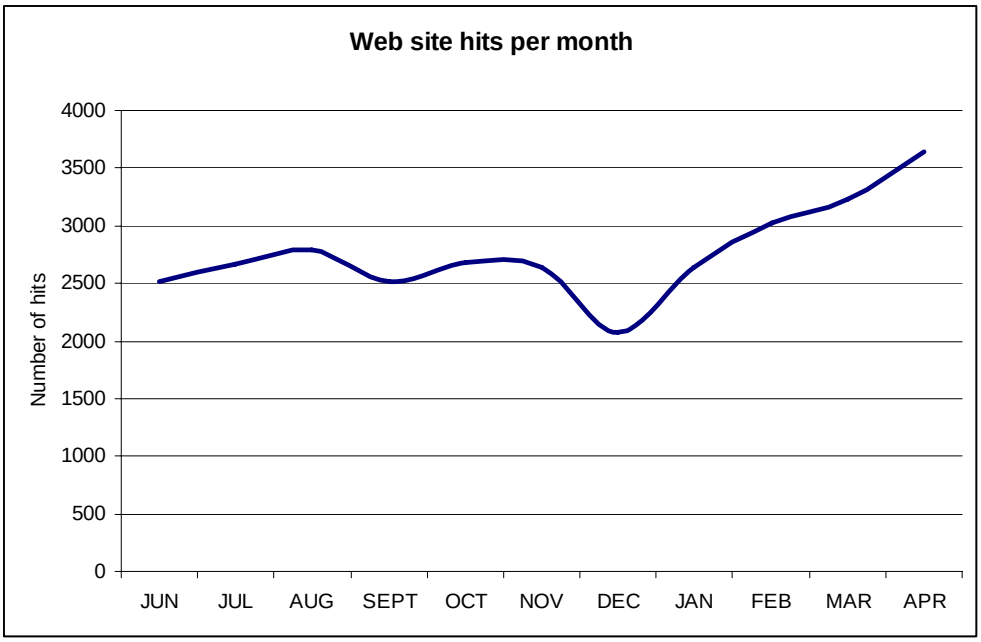
Chapter 5

Communication

Current Strategies

The Agsafe Web Page

5.1. Usage of the Agsafe web page continues to grow with most users using services associated with training information, tools and forms from the code of practice, and publications being the most commonly accessed. Visitor are primarily using the web site between the hours of 11 and 2 with minimal after hours usage rates.



5.2. A review to further improve the services offered by the web site, including improvement of navigation to the most popular sections, has been conducted. A content management system will also be introduced in the next financial year to further ease the update process and reduce the reliance upon contractors.

Rural Business

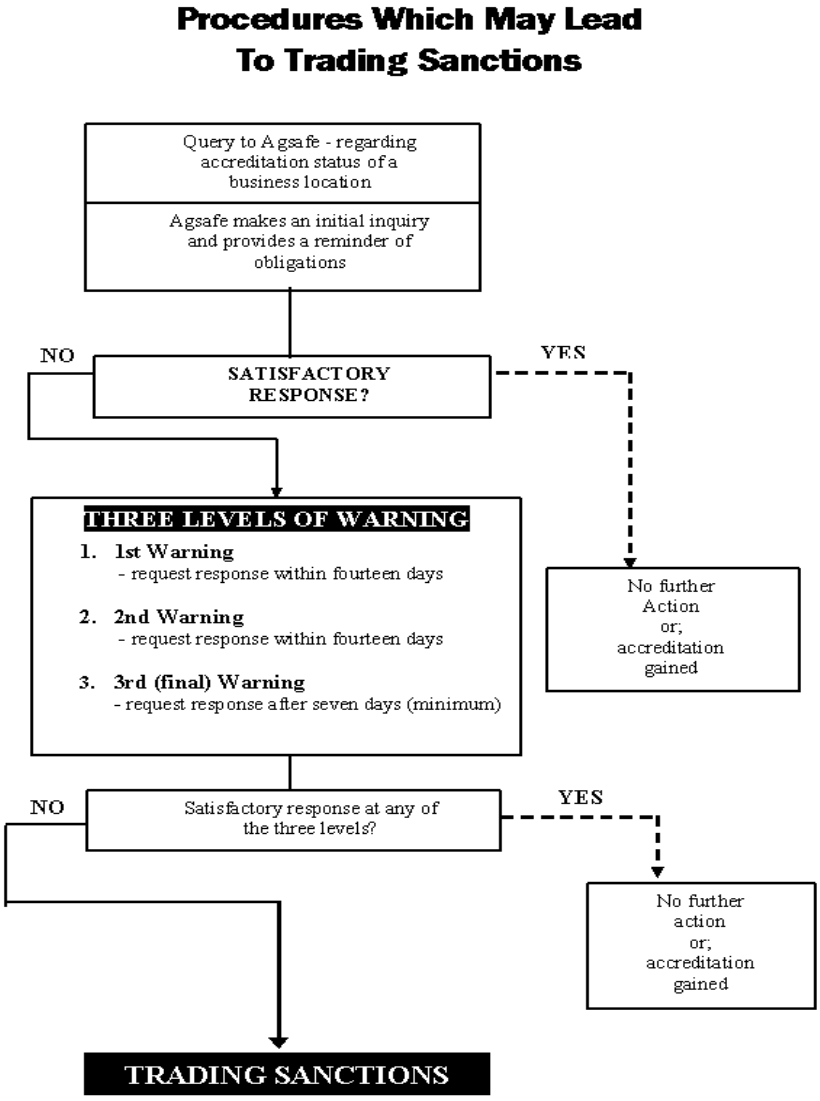
5.3. Agsafe has successfully partnered with Rural Business magazine to include all Agsafe newsletters. Additional articles are also published in Rural Business on an ad-hoc basis. The partnership has effectively doubled distribution, now over 3000, increased the professional presentation of the articles and allowed Agsafe to be better recognised with other stakeholders such as farmers.

Chapter 6

Compliance

The Enquiry and Sanction Process

6.1. An enquiry about the accreditation status of a person or organisation within the scope of Agsafe initiates a process which may ultimately lead to either the achievement of accreditation obligations OR the levying of joint trading sanctions by the industry on behalf of Agsafe. The process is designed to give the business every opportunity to meet its obligations and is summarised in the flow chart below.



6.2. Procedures which may lead to the imposition of trading sanctions are also outlined in Article 8: Sanctions, in the Agsafe Code of Conduct (all persons undertaking Agsafe training are issued with a copy of the Code of Conduct). The following is a simplified version of the sanctions process:

6.3. Trading sanctions may apply to those aspects of the Agsafe Code of Conduct which apply to the Industry Accreditation Program.

6.4. If any business location requiring accreditation of its personnel and/or premises does not comply with the accreditation program and/or those sections of the Code of Conduct, accreditation may be suspended for withdrawn if the non-compliance is not corrected.

6.5. If such a business location is found to be in breach of accreditation requirements, accreditation status would be denied or withdrawn and trading sanctions would then be applied and (where applicable), simultaneous loss of Agsafe and/or Avcare membership.

Current Activities

6.6. Trading Sanctions were levied against one organisation, Bowa Organics in Waikerie South Australia, on Tuesday 10 May 2005. This is the first time sanctions have been levied in five years of operation. Sanctions were levied against the organisation due to lack of activity towards meeting their accreditation obligations, it is alleged that the business has been selling product from the back of a truck as far east as the Victorian Mallee region. The ACCC is currently investigating a compliant from Bowa Organics against Agsafe.

6.7. Three premises remain on trading sanctions two of which are small produce agents who currently do not trade in agricultural and veterinary chemicals to primary producers but retail home garden products and consequently represent a risk considering their previous activities. Dilllon & Co, is now under new ownership and after recent contact completed a statutory declaration confirming they are out of the industry. Horsefield Trading / Horsefield Transport were confirmed as no longer active in the industry by the assessor for that region. Each organisation is either contacted or investigated at least annually to determine the applicability of sanctions.

Business	**Date Sanctions Applied**	**Date Sanctions Lifted**
Horsefield Trading/ Horsefield Transport – Thorpdale VIC	14/7/1998	1/8/2005
Pinjarra Traders – Pinjarra WA	5/3/1997	
Llandilo Produce – Llandilo NSW	13/8/1996	
Dillon & Co – North MacLean QLD	28/1/1998	1/8/2005
Bowa Organics	10/5/2005	

7.3. *Total of all flammable liquids (Class & S.R.) cannot exceed 500L PG III & 250L PG II or minor storage will be exceeded for flammable liquids. For more information please contact Agsafe.

Personnel Accreditation

7.4. The Agsafe personnel accreditation training program applies to all personnel who handle, sell, recommend, advise and/or take responsibility for the safety of agricultural and veterinary chemicals.

7.5. The Agsafe training program consists of two stages, the introductory course Personnel Accreditation and Training Course and the ongoing Re-accreditation modules; Principles of Pest Management; Emergency Planning and Response; Labels and Legals; and Chemical Handling, Storage and Transport. Personnel need to renew their accreditation every three years by completion of a Re-accreditation module and by again committing to abide by the Agsafe Code of Conduct.

7.6. Costs associated with these courses are set by course providers and range from $550 for the two day introductory course and from $400 for one day reaccreditation modules. Reports of overpricing are handled by the secretariat directly with the course provider; however no strict price setting policy is in place and competition between providers is encouraged to a limited extent.

Chapter 8 Review of Submissions

8.1. The review of submissions is covered in the Monitor's report by F G Blockey & Associates.

Chapter 9

Any Other Business

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COMPETITION & CONSUMER AFFAIRS

CONSULTANT

MONITOR'S REPORT

Monitoring Meeting, 16 May 2005.

Those present for the meeting were:

- Frank Blockey Monitor F G Blockey & Associates
- Colin Boldra Accreditation Manager *Agsafe* Limited
- Sam Ponder General Manager *Agsafe* Limited
- Frances Cameron Quality Assurance Officer *Agsafe* Limited
- Claude Gauchat Executive Director Avcare Limited
- Sarah Thomas Policy Officer Chemical Policy, Environment & Heritage ACT

1. This is the 12th Monitor's report on the progress of implementation and maintenance of accreditation initially granted to *Agsafe*[1] by the then Trade Practices Commission in (TPC) 1991. The current Authorisations relate to A90680 and A90681.

2. I consider that *Agsafe* gave adequate notice to all interested parties of the monitoring meeting and provided ample opportunity to lodge submissions *(Attachment 1).* ***[I don't seem to have copies of the initiating letters.]***

3. I followed my established procedure, which was that *Agsafe* provided me with copies of submissions received for the meeting and its responses in order for me to consider them before the Monitoring meeting. *Agsafe* also supplied me with a written draft report on the Review of Operations for the 2003-2004 year, and the final of this Review of Operations is now (*Attachment 2*) of my Report. I provided *Agsafe* with a series of questions in relation to the draft *Agsafe* Review of Operations & some of the submissions prior to the meeting. Continuing my previous process, I indicated I would raise some of the issues at the meeting. In instances where my queries in relation to the draft *Agsafe*

[1] The initial authorisation was lodged by Avcare Limited.

Review of Operations went simply to clarification, or to errors, they have been taken up in the final version of the year's operations and are not referred to in my Report. Issues relating to submissions were raised during the Monitoring meeting.

4. Matters raised specifically during the Monitoring which went to the Review of Operations have also been resolved in *Attachment 2*. The continued contraction of the industry brought about by mergers etc had a direct and significant impact on *Agsafe*'s operations in this current year as it had in recent years.

5. The meeting commenced with Mr Colin Boldra providing an overview of the year's operations. Where I do not quote a Chapter reference, I am referring to material in Chapter 1. I asked that the reaccreditation campaign, referred to in paragraph 1.8 be expanded to provide the reader with a better idea of *Agsafe's* efforts in this area. I noted the still poor results in respect of the Independents and asked if Agsafe had any plans to remedy this aspect which detracts from Agsafe's overall performance in meeting its objectives. (refer Attachment 2 – paragraph 1.10) The results with Buying Groups were far more successful & I asked that Agsafe provide some detail of its dealings with this sector in the final of *Attachment 2*. Mr Boldra said that a part of it was the additional contact in respect of ***drum****MUSTER* & ChemClear.

6. I said I found the references to the numbers of premises that had been granted accreditation, now requiring accreditation because of the lower threshold & in the process of accreditation confusing & asked that it be clarified in Attachment 2. Likewise, I asked that when comparisons were made, a percentage was used not adjectives like "slightly".

7. I noted the comments made in respect of the annual assessors conference, some repeated below;

   "Assessors were also issued with hand held computers (Pocket PC's), representing the completion of project streamline. Project streamline provides an automated checklist where assessors can record audit information in electronic form whilst on site. This process has produced a "next working day" turn around time for all audit reports." I asked what safeguards were in place to counter the "tick & flick" approach which can happen when this sort of process is put in place? Mr Boldra said that a safeguard had been programmed into the checklist to prevent assessors from moving through each item without entering a result or comment. Secondly quality assurance checks are in place to ensure reports were representative of the evidence gathered.

8. I asked for an explanation of the recruitment process used to fill the vacant assessor positions (refer Attachment 2 paragraphs 1.16 & 1.17)

9. I noted that under the sub heading Compliance, there was reference to sanctions being imposed on 4 premises, however only 3 were identified. I asked for that to be clarified in Attachment 2.

10. I asked that some explanation be provided in respect of the general reference to “Company Intranets” under that sub heading.

11. Some issues arise under the heading Liaison with Government and Community in the Overview. In respect of the development of the Australian Dangerous Goods Code version 7, if the draft is released by the time my report is finalised, it should be an attachment. Agsafe has since informed me that the draft for public comment is in two volumes – each of over 500 pages so attaching it to the report was impractical. Agsafe’s submission is Attachment 3 Mr Boldra said that Government had indicated that the Code would be ready for release in January 2006; however adoption by all states would take a further 12 to 24 months. I said that given the possible savings to the industry, it was an issue to be followed up next year.

12. I noted that the Northern Territory, Tasmania & the Australian Capital Territory were missing from the list. I asked if there had been any contact. Mr Boldra said they had invited NT WorkSafe to participate in joint audits of locations in October, however no involvement was forthcoming. He said there were only 13 accredited stores in the NT. There has been no contact with the ACT as there is only one location.

Chapter 3 - **Personnel Accreditation**

13. At paragraph 3.6 under the sub heading, Industry Performance, third dot point, I asked for a clarification of “through direct calls to businesses with old records”. Mr Boldra outlined that a new aspect of the database allowed smaller groups that might be part of the independents to be identified and create communication linkages with such groups to improve their performance as with the larger groups such as Elders.

14. I asked for some more information in respect of the contact with the Victorian WorkCover Authority listed under the sub heading Occupational Health and Safety Risk Management at paragraph 3.11. Mr Boldra said that the Authority had agreed to be part of the expert review panel and assist in the development of the Occupational Health and Safety risk management course; however, priorities were reassigned due to the release of new regulations post commencement of the project. This was done without providing any indication of the change until the end of the project.

Chapter 4 - **Premises Accreditation**

15. I said I thought a bit more detailed explanation was required in explaining the graphical results for the 2004-2005 period under the sub heading Audit Results. Mr Boldra said that could be done & would be in the final version of *Attachment 2*.

16. I asked if *Agsafe* could provide some more information on Project Value Add in the final of *Attachment 2*. In particular when it will go live & what processes are in place to ensure quality control of the exercise. Mr Boldra said *Agsafe* would do that.

17. The changes in industry structure have caused and will continue to cause some problems for *Agsafe* in terms of reaching satisfactory accreditation levels. The increase in the scope of the new Authorisation seems likely to add about 200 additional premises to those that will fall within the scope of the Authorisation.

18. The numbers of premises requiring accreditation are a balance between reductions caused by industry restructure and increases due to the altered scope of the Authorisation. This is effectively dealt with in *Attachment 2.*

Chapter 5 - **Communication**

19. The increasing penetration of *Agsafe* into electronic & print media to get its message to the industry was noted.

Chapter 6 - **Compliance**

20. I asked if I could be provided with some more detail on Bowa Organics, the first company to be subjected to trading sanctions in 5 years. I noted that Bowa Organics had complained to the ACCC; however that investigation was not part of the Monitoring Meeting. Depending on the result it may be relevant to next year's meeting. Mr Boldra said that Bowa Organics was a formulator, importing highly volatile active ingredients to make Glyphosate based herbicides. Agsafe has also received allegations that the efficacy of the formulations have been of low quality, resulting in the proprietor needing to search for business outside of their local environment, these reports have been forwarded onto the regulator (APVMA).

21. Mr Boldra agreed to update the text above the table setting out those organisations subject to trading sanctions so their trading activities are clearly identified.

22. I considered the restating in the Review of Operations of the process to be followed prior to sanctions being applied was a very useful move, especially given the current activity.

Chapter 7 - ***Accreditation Fee Structure***

23. I asked what sort of control mechanisms that Agsafe had in place to deal with the situation that the cost of the Personnel Accreditation courses are set by the course provider.

Chapter 8 - Review of Submissions

24. Prior to reviewing the 5 submissions recently provided to me by *Agsafe* I said I thought the continuing correspondence between *Agsafe* and Guyra Rural Services & Ian Barnett should also be attachments to my Report. ***(I am not sure whether I need to make any comment on these, will have to decide when I put the series together.)*** The other submissions are from;
25. Australian Pesticides & Veterinary Medicines Authority, 12 April 2005 (*Attachment 4)*. This submission is supportive.
26. Avcare Limited, 19 April 2005 *(Attachment 5)*. This submission is supportive.
27. Department of Agriculture, Fisheries and Forestry - Australia, 14 April 2005. *(Attachment 6)* This submission does make any substantive comment.
28. Department of Environment and Conservation (NSW), 18 April 2005. *(Attachment 7)* This submission queried several aspects of Agsafe's operations. I asked Mr Boldra if he would like to respond. Mr Boldra briefly outlined the regulations in question notably the "supply of restricted use products" and "supply of pesticides to those using them in the course of their business". The first requirement is related to the label and Frances Cameron noted that the 7 incidents raised in the letter were somewhat dated and had since been resolved through premises assessments. The second requirement was being dealt with through a direct fax campaign, newsletter article, and meeting with the compliance team of the department *(Attachment 8)*.
29. Country Fire Authority of Victoria, 27 April 2005. *(Attachment 9)* This submission queried the competence of some of *Agsafe's* assessors. Mr Boldra said that it had been difficult to identify the appropriate individual within the CFA, however an invitation had been extended to the CFA to present to the Assessors Conference which had been accepted and the appropriate training of the Assessors would be conducted in August.

30. I still firmly believe that the active liaison role *Agsafe* has with regulatory authorities serves it well and I see this as one of *Agsafe*'s major benefits to the industry it serves. Additionally I believe that the links in its web site to industry players which assist its members to view standards and regulations relevant to their business reinforces this.

31. PowerPoint file used to highlight the review of operations is *(Attachment 10)*.

32. Given the ever changing industry structure, I consider that *Agsafe* is meeting its obligations under the current Authorisation.

Frank Blockey
Industry Monitor

August 2005