
BETTER REGULATION TASKFORCE

Regulatory Review Project

September 2020

Executive Summary

In Queensland, the Better Regulation Taskforce (BRT) seeks to provide advice to government on how regulation can support small business to create a strong, profitable and globally competitive business environment, while providing for reliable and effective protections for consumers. Regulation, whether it is in relation to construction or food safety, is about finding the balance between minimising risk (protecting consumers, workers and the community) and maximising the potential of business (providing consumers with choice).

The Queensland Small Business Advisory Council (QSBAC) has requested the Better Regulation Taskforce (BRT) investigate the regulatory landscape and experience of the artisan producer. Artisanal producers create innovative products that may add extra value and push the boundaries of traditional food processing methods – which heightens the complexity, and sometimes cost, for producers at each step of their regulatory journey.

To highlight the way in which artisanal producers are engaging with the regulatory environment, the BRT engaged Deloitte Access Economics to undertake an artisanal producers' regulation review to better understand the impact the regulatory system has on artisan food and non-alcoholic beverage producers. Deloitte Access Economics has researched and mapped the regulatory journey of the artisanal producer in theory (what it is meant to look like), alongside the regulatory journey in practice (what producers are actually experiencing).

By tracing the regulatory journey – from business start-up through to close and exit, across both the businesses and their operating environment – Deloitte Access Economics has identified regulatory pain points, how producers are coming up with 'workarounds' for them, and the difference between regulatory journeys based on risk.

The key findings of Deloitte Access Economics' review are attached in a report (**Appendix One**). The review highlights the complexity of the regulatory landscape that artisanal producers are operating in. This analysis has revealed that producers (categorised as having both low- and high- regulatory risk) have developed unique workarounds when presented with problems that the current regulatory landscape does not adequately cater for.

Key findings and the BRT's recommendations:

Finding 1: The food safety and regulatory landscape is complex, involving multiple levels of government. There is a lack of consistent approach to food safety across LGAs.

From producer consultation and case studies, it was found that artisanal producers consistently find it difficult to overcome the complex food safety regulatory system. A consistent pain point for producers was inconsistent advice, guidance and variation in the regulatory systems' application across different local jurisdictions and regulatory levels (i.e. between different local government areas, and different layers of regulation between the state and local governments).

Recommendations:

- 1.1 The Queensland Government should action the findings from the Queensland Audit Office 'Managing consumer food safety in Queensland' Report ('the QAO Report'). This will ensure that the implementation of a state-wide, risk-based, regulatory regime that drives consistency and reduces the regulatory burden reflects the needs of small and micro-businesses.

- 1.2 The Queensland Government should review the Food Regulation 2016 and the Food Production (Safety) Act 2014 in the context of the QAO Report and this review's findings to ensure any amendments address regulatory complexity and barriers for artisanal producers and micro businesses. Where Queensland has adopted a multi-agency approach to managing food safety along the food supply chain, a legislative and/or policy review to introduce flexibility and a risk-based approach for smaller artisan producers would be required across the key responsible agencies. The review would need to specifically address how a state-wide, scaled (to business size) and risk-based (based on product type) framework can be implemented flexibly to accommodate and mitigate different levels of risk, while supporting small operators through less barriers and regulatory hurdles. Given the fast-paced nature of the food and artisanal production sector – and shifting consumer preferences and quickly developing access to new markets – the review should further ensure the legislation is 'fit for purpose' in this context to support artisanal producers to grow, while maintaining the necessary risk standards.

Finding 2: Producer consultation established that regardless of the product type, complexity level or uniqueness, the ability to access experienced support and networks of other producers was key to overcoming regulatory barriers.

Recommendations:

- 2.1 To support producers without access to networks, the Queensland Government should develop specific regulatory guidance for Queensland artisanal producers. The regulatory guidance should be designed alongside food safety regulators and be intended to improve the capacity for producers to reasonably navigate through the regulatory environment (in the absence of regulatory reform). This may include:
 - 2.1.1 the development of specific guidance materials
 - 2.1.2 a website targeted towards micro and small producers to assist them to navigate the complexities of the regulatory landscape.
- 2.2 The Queensland Government should play a stronger coordinating role and develop a centralised contact point for artisanal producers. Acting to ensure the quality of the Government-to-Business (G2B) experience (across all levels of government) will support the education and knowledge sharing needs of the artisanal production sector. In particular, the Queensland Government should:
 - 2.2.1 ensure the delivery of the Digital Food Safety Hub in the immediate-to-short term, such that it can act as a central location for artisanal producers to access tailored regulatory guidance, advice and assistance. The Digital Food Safety Hub could also be leveraged to provide artisanal producers with access to formal (key contacts) and informal (such as the Food and Agribusiness Network) networks.
 - 2.2.2 consider an expansion of the Queensland Government's 'Go Local' and 'Made in Queensland' campaigns to specifically target artisan producers through events, networking, campaign materials.
 - 2.2.3 reduce the complexity of the system (for government and business alike) through the development of tailored educational guidance that assist local councils to support artisanal producers to seek out networks, peer learning opportunities and facilitate mentoring relationships. The development of this guidance could occur through programs such as the proposed Small Business Friendly Councils (SBFCs).

Finding 3: Artisan producers naturally lean towards the small scale – the regulatory landscape lacks the ability to cope flexibly with scale.

The current regulatory landscape fails to accommodate growth, evolution of product, innovation in terms of production and packaging, changed business models. The structure of the current regulatory environment limits the use of insights driven regulation (and regulators), meaning the system does not readily have the capacity to address the regulatory challenges presented by innovation in the food-economic ecosystem in Queensland into the future. The findings of this report not only highlight ways in which the regulatory environment is not able to cope with the current requirements of the industry; but the findings also demonstrate the ways in which the system is not prepared to meet the future challenges of the industry.

Disruptive forms of technological change often cross traditional industry boundaries. As products and services evolve, they can shift from one regulatory category to another. To prepare the regulator and the regulatory environment for change and innovation; the regulator needs to ensure there is capacity in the system to make space for innovation – and support businesses to grow in line with this. Regulators can rethink methods of producer-regulator outreach and regulatory touchpoints (across the stepped regulatory journey) to reduce the regulatory burden. This rethinking can inform the evolution of explicit and transparent rules and guidance (if appropriate) in relation to food safety and the food-economic ecosystem – and ultimately small business regulation in the long-term.

Recommendations:

- 3.1 The Queensland Government should support regulators in the food economic-ecosystem by rethinking (and potentially redesigning) the existing regulator-producer outreach and regulatory touchpoints.
- 3.2 The Queensland Government should engage relevant agencies to explore pathways and/or initiatives designed to deliver insights driven regulation and regulators. This approach should enable regulators to employ innovative approaches to problem-solving – business enablers – that will help regulators to reduce the amount of effort needed to maintain or improve outcomes. The aim is to lessen regulators’ operational and delivery burden so they can speed up their processes and improve their effectiveness – improving not only the G2B experience for small and micro-business operating in the food and non-alcoholic beverage industry, but small business more broadly.
- 3.3 The Queensland Government should consider its role and contribution to the future of the food safety regulatory environment as it prepares to deal with emerging challenges and innovations in foodtech and the food economic ecosystem generally.
- 3.4 In the medium-long term, Government could play a role in assisting food safety regulators to prepare for innovations that will disrupt the regulatory environment. This may involve assisting with the identification of an innovative foodtech business that is struggling to operate under the current regulatory framework as part of a regulatory sandbox exercise for food safety regulation.

Finding 4: The findings were different for those artisan producers who are also primary producers. Of the producers consulted with, primary producers presented the highest food safety risk (by definition) and had the most difficulty navigating regulatory hurdles due to their businesses' size, product type and inability to meet regulatory requirements for their scale without it being cost prohibitive. Other producers with less risky products and processes (by definition) had relatively less barriers.

Producers are being incentivised to 'workaround' the system when presented with regulatory hurdles and pain points. Artisanal producers operating in primary production need specific, additional assistance, to make complex regulation easier to navigate/understand from the perspective of small producers with complex risk and compliance requirements.

Recommendations:

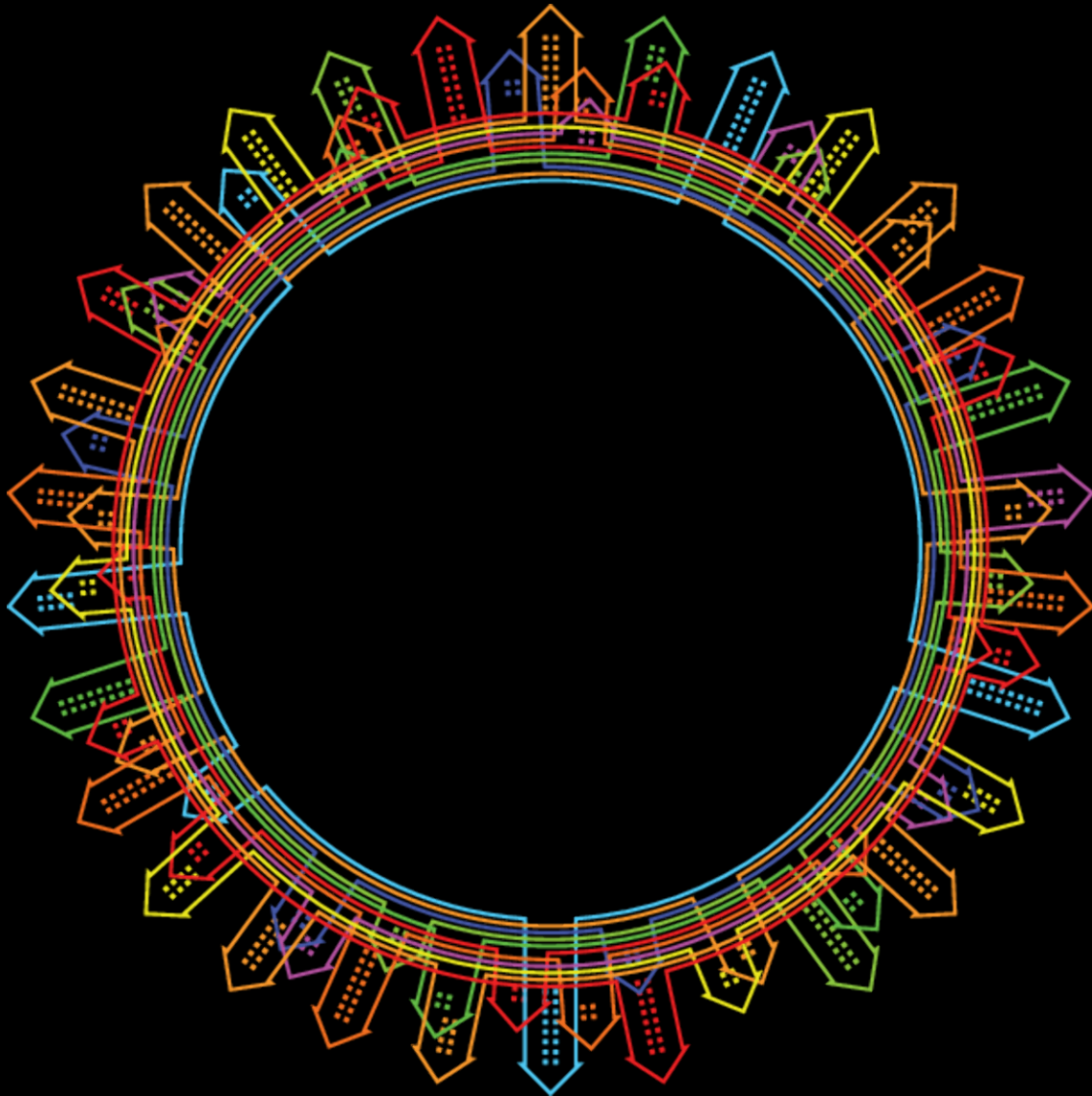
- 4.1 To minimise the regulatory burden of the (small-scale) primary producer, the Queensland Government, with guidance from the BRT (and other relevant agencies such as Safe Food Queensland), should develop a tailored and dedicated primary producer point of reference to assist producers to navigate regulation. This may include:
 - 4.1.1 The development of specific guidance materials/a website targeted towards micro and small primary producers to assist them to navigate the complexities of the regulatory landscape.
 - 4.1.2 The presence of a specifically trained contact for artisanal producers across Queensland that can provide producers with appropriate local contacts that can provide them with place-based guidance and support.

Finding 5: There is an opportunity for innovative technology solutions that could be explored with artisanal producers.

Innovation technology solutions could be in a variety of forms but could relate, for example, to food safety and monitoring of temperatures to sustainable packaging. This could assist in the protection and enhancements of high-quality produce from Queensland.

Recommendation:

- 5.1 To assist producers explore technology enhancements, Queensland Government agencies (such as the Department of Employment, Small Business and Training and the Department of Agriculture and Fisheries) could sign post producers to engage with Advance Queensland representative at the Precinct building in Fortitude Valley. The Precinct facilitates collaborative, open innovation methodologies and works with start-ups and small businesses which could address challenges for artisan producers and seek to enhance their products.



How artisanal producers navigate regulation

Artisanal Producers Regulation Review

Report to the Better Regulation Taskforce

May 2020

Acknowledgement

Deloitte Access Economics would like to acknowledge and thank the following stakeholders who provided both their time and invaluable support to the regulatory review process.

The Better Regulation Taskforce

MS MAREE ADSHEAD,
Queensland Small
Business Champion
(Chair)

MR CRAIG FENTON,
PWC

MS AMANDA ROHAN,
Chamber of Commerce
and Industry
Queensland

MR GRANT FIELD,
MGI South Queensland

MS LEANNE KEMP,
Queensland Chief
Entrepreneur

MS JANELLE KERRISK,
Helix Legal

Contents

Executive summary	5
1 Artisanal producers and regulation in Queensland	11
1.1 The future of regulation	11
1.2 Why artisanal producers matter for Queensland	12
1.3 This project	13
1.4 Structure of this report	15
2 Regulatory environment for an artisanal producer	16
2.1 Role of regulation for artisanal producers	16
2.2 Food and beverage regulation	16
3 The artisanal regulatory journey: on paper	19
3.1 Regulatory obligations of an artisanal producer	19
3.2 The artisanal regulatory journey: on paper	21
4 The artisanal regulatory journey: in practice	23
4.1 Understanding the regulatory journey: in practice	23
4.2 Journey of a high-risk producer	25
4.3 Journey of a low-risk producer	27
5 Findings: regulation in practice	29
5.1 Queensland's regulatory environment for artisanal producers	29
5.2 Summarising producer problems	30
5.3 Analysing solutions for producers	32
5.4 Key findings on review of regulation in Queensland's artisanal producer sector	34
6 Recommendations	37
6.1 Pathways to a sustainable and growing artisanal food producer sector in Queensland	37
References	43
STEP 1: RESEARCH	45
STEP 2: ESTABLISH	47
STEP 3: COMPLIANCE & OPERATION	49
STEP 4: CHANGING AND EXPANDING	51
STEP 5: EXIT	52
Limitation of our work	76
General use restriction	76

Charts

Chart C.1 Time spent on meeting compliance requirements	67
Chart C.2 Producers' experience on the journey	68
Chart C.3 How producers find information about regulatory requirements	68
Chart C.4 Low risk producers' reflections on their regulatory journey	69
Chart C.5 High risk producers' reflections on their regulatory journey	69

Figures

Figure B.1 High-risk producer with support and networks	55
Figure B.2 High-risk producer without support and networks	58
Figure B.3 Low-risk producer with support and networks	60
Figure B.4 Low-risk producer without support and networks	62

Executive summary

Regulation, whether it is in relation to construction or food safety, is about finding the balance between minimising risk (protecting consumers) and maximising the potential of business (providing consumers with choice). The Queensland Small Business Advisory Council (QSBAC) has requested the Better Regulation Taskforce (BRT) investigate the regulatory landscape and experience of the artisan producer.

In Queensland, the BRT seeks to provide advice to government on how regulation can support small business and do just that: *create a strong, profitable and globally competitive business environment, while providing for reliable and effective protections for consumers.*

Artisanal producers create innovative products that may add extra value and push the boundaries of traditional food processing methods – which heightens the complexity, and sometimes cost, for producers at each step of their regulatory journey.

The BRT has engaged Deloitte Access Economics to undertake an artisanal producers' regulation review to better understand the impact the regulatory system has on artisan food and non-alcoholic beverage producers.

To highlight the way in which artisanal producers are engaging with the regulatory environment, Deloitte Access Economics has researched and mapped the regulatory journey of the artisanal producer in theory (what it is meant to look like), alongside the regulatory journey in practice (what producers are actually experiencing).

By tracing the regulatory journey – from business start-up through to close and exit, across both the businesses and their operating environment – Deloitte Access Economics has identified regulatory pain points, how producers are coming up with 'workarounds' for them, and the difference between regulatory journeys based on risk.

The **key findings** of Deloitte Access Economics' review highlight the complexity of the regulatory landscape that artisanal producers are operating in. This analysis has revealed that producers (categorised as having low- and high-risk regulatory risk) have developed unique workarounds when presented with problems that the current regulatory landscape does not adequately cater for.

The **recommendations** of this review are aligned with each key finding.

Summary of key findings from Chapter 5 and recommendations from Chapter 6:

- Finding:** From producer consultation and case studies (limited to 12 producers in Queensland), it was found that artisanal producers consistently find it difficult to overcome the complex food safety regulatory system. A consistent pain point for producers was inconsistent advice, guidance and variation in the regulatory systems' application across different local jurisdictions and regulatory levels (i.e. between different local government areas, and different layers of regulation between the state and local governments).

Related recommendation:

- The Queensland Government should action the findings from the QAO 'Managing consumer food safety in Queensland' Report ('the QAO Report'). This will ensure that the implementation of a state-wide, risk-based, regulatory regime that drives consistency and reduces the regulatory burden reflects the needs of small and micro-businesses.

- Finding:** Producer consultation established that regardless of the product type, complexity level or uniqueness, the ability to access experienced support and networks of other producers was key to overcoming regulatory barriers.

Related recommendation:

- To support producers without access to networks or who are new to producing, the Queensland Government should develop specific regulatory guidance, centralised contact points and/or formalised networks for artisanal producers to access at no charge. The regulatory guidance and contact points are required to improve the capacity for producers to

reasonably navigate through the regulatory environment in the absence of regulatory reform. The regulatory guidance should be designed alongside food safety regulators for compliance.

3. **Finding:** Of the producers consulted with, primary producers presented the highest food safety risk (by definition) and had the most difficulty navigating regulatory hurdles due to their businesses' size, product type and inability to meet regulatory requirements for their scale without it being cost prohibitive. Other producers with less risky products and processes (by definition) had relatively less barriers.

Related recommendation:

- In the short-term, the Queensland Government should develop risk-based guidance for Queensland artisanal producers. This artisanal producer risk-based guidance would be an interim measure until the regulatory framework is designed to accommodate business size and risk, by design.
- In the medium-to-long-term, the Queensland Government could consider a review of the Food Act 2006 and related legislation to introduce flexibility and a true risk-based approach. A review would need to consider how to impose a state-wide, true risk-based framework which can flexibly accommodate different levels of risk, while supporting small operators to go to market with less unnecessary barriers due to the size of their operations.

Detailed recommendations from Chapter 6:

KEY FINDING: From producer consultation and case studies (limited to 12 producers in Queensland), it was found that artisanal producers consistently find it difficult to overcome the complex food regulatory system. A consistent pain point for producers was inconsistent advice, guidance and variation in the regulatory systems' application across different local jurisdictions and regulatory levels (i.e. between different local government areas, and different layers of regulation between the state and local governments).

1. Recommendation:

The Queensland Government should action the findings from the QAO 'Managing consumer food safety in Queensland' Report ('the QAO Report'). This will ensure that the implementation of a state-wide, risk-based, regulatory regime that drives consistency and reduces the regulatory burden reflects the needs of small and micro-businesses.

The QAO Report highlighted structural regulatory issues such as different risk-based assessment schemes across local councils which result in inconsistency and varying degrees of institutional knowledge. Specifically, the primary recommendations that align with the findings of this review and which the Department should play a role in implementation include:

Legislation, governance and frameworks

QAO Recommendation 1:

- Making the definition of licensable food businesses clearer and aligning it more to food safety risks.
- Establishing competency standards and availability requirements for food safety supervisors.

QAO Recommendation 2:

- In consultation with the Department of Local Government, Racing and Multicultural Affairs, implement a consistent statewide risk-based framework and standards for classifying and inspecting food businesses and for making enforcement decisions.

Monitoring, data and reporting

QAO Recommendation 5:

Rectifies data collection and reporting issues, including providing local governments with better access to update the statewide mobile food business register.¹

¹ Mobile food licences are a unique 'workaround' that many food businesses pursue as the associated compliance obligations and regulatory scrutiny are significantly lower. A mobile food business is licensed in its 'home' council but can operate anywhere in the state. Inspections and enforcement of mobile food vendors operating outside their council boundaries rely on the existence of an up-to-date statewide mobile food register. Queensland Health manages the register, which has not been updated since February 2017. Deloitte Access Economics notes that this aspect of the regulatory framework was an area of concern and frustration that was expressed throughout multiple case study and industry-based consultations.

Training

QAO Recommendation 7:

- Identify training requirements for authorised people to promote consistent regulatory outcomes. The requirements should include skills in gathering evidence, managing a prosecution event, and conducting a check audit.

KEY FINDING: Underlying every journey is the impact and contribution of strong networks and shared experience. The review has established, regardless of the product type, complexity level or uniqueness; a key differentiator between the experiences of artisanal producers was the way in which they were able to draw on support networks to navigate their journey.

2. Recommendation:

To support producers without access to networks, the Queensland Government should develop specific regulatory guidance for Queensland artisanal producers.

To minimise the regulatory burden of the (small-scale) artisan producer, the Queensland Government, with guidance from the BRT (and other relevant agencies), should consider the use of the findings of this report as a guide to develop a tailored and dedicated artisanal producer point of reference to assist producers to navigate regulation.

This may include:

- The development of specific guidance materials/a website targeted towards micro and small producers to assist them to navigate the complexities of the regulatory landscape.

3. Recommendation:

The Queensland Government should play a stronger coordinating role and develop a centralised contact point for artisanal producers. Acting to ensure the quality of the Government-to-Business (G2B) experience (across all levels of government) will support the education and knowledge sharing needs of the artisanal production sector.

In particular, Queensland Government should:

- **For Business** - Ensure the delivery of the Digital Food Safety Hub in the immediate-to-short term, such that it can act as a central location for artisanal producers to *access* tailored regulatory guidance, advice and assistance. The Digital Food Safety Hub could also be leveraged to provide artisanal producers with access to formal (key contacts) and informal (such as the Food and Agribusiness Network) networks.
- **For business** – consider an expansion of the Queensland Government’s ‘go local’ and ‘Made in Queensland’ campaign to specifically target artisan producers through events, networking, campaign materials.
- **For Government** - Reduce the complexity of the system (for government and business alike) through the development of *tailored educational guidance that assist local councils* to support artisanal producers to seek out networks, peer learning opportunities and facilitate mentoring relationships. The development of this guidance could occur through programs such as the proposed Small Business Friendly Councils (SBFCs).

KEY FINDING: Of the producers consulted with, primary producers presented the highest food safety risk (by definition) and had the most difficulty navigating regulatory hurdles due to their businesses' size, product type and inability to meet regulatory requirements for their scale without it being cost prohibitive. Other producers with less risky products and processes (by definition) had relatively less barriers.

4. Recommendation:

The Queensland Government should develop specific primary producer risk-based guidance for Queensland artisanal producers. This artisanal producer risk-based guidance would be an interim measure until the regulatory framework is designed to accommodate business size and risk, by design.

Producers are being incentivised to 'workaround' the system when presented with regulatory hurdles and pain points. Artisanal producers operating in primary production need specific, additional assistance, to make complex regulation easier to navigate/understand from the perspective of small producers with complex risk and compliance requirements.

To minimise the regulatory burden of the (small-scale) primary producer, the Queensland Government, with guidance from the BRT (and other relevant agencies such as Safe Food Queensland), should consider the use of the findings of this report as a guide to develop a tailored and dedicated primary producer point of reference to assist producers to navigate regulation. This may include:

- The development of specific guidance materials/a website targeted towards micro and small primary producers to assist them to navigate the complexities of the regulatory landscape.
- The presence of a specifically trained contact for artisanal producers across Queensland that can provide producers with appropriate local contacts that can provide them with place-based guidance and support.

5. Recommendation:

In the medium-to-long term, the Queensland Government should consider how the *Food Regulation 2016* and the *Food Production (Safety) Act 2014* could be reviewed in the context of the QAO and this review's findings to ensure any amendments address regulatory complexity and barriers for artisanal producers and micro businesses.

Where Queensland has adopted a multi-agency approach to managing food safety along the food supply chain, any legislative and/or policy review to introduce flexibility and a risk-based approach for smaller artisan producers would be required across the key responsible agencies.

Any review, would need to specifically address how a state-wide, scaled (to business size) and risk-based (based on product type) framework can be implemented flexibly to accommodate and mitigate different levels of risk, while supporting small operators through less barriers and regulatory hurdles.

Given the fast-paced nature of the food and artisanal production sector – and shifting consumer preferences and quickly developing access to new markets – any review should ensure the legislation is 'fit for purpose' in this context to support artisanal producers to grow, while maintaining the necessary risk standards.

The following section presents a general view to longer-term policy considerations – as opposed to regulatory review recommendations.

GENERAL FINDING: The structure of the current regulatory environment limits the use of insights driven regulation (and regulators), meaning the system does not readily have the capacity to address the regulatory challenges presented by innovation in the food-economic ecosystem in Queensland into the future.

1. Consideration:

Consider how the findings of this report could be used to support regulators in the food economic-ecosystem to rethink (and potentially redesign) the existing regulator-producer outreach and regulatory touchpoints.

At its heart, this report considers the regulatory environment of the artisanal producers of today; however, it can also provide a case study of how food safety regulators are navigating innovation (albeit on a small scale) in their sector.

In an era of rapid change, it is important for regulators, and regulatory systems, to identify every possible food safety (or general business) risk to consumers and markets – and navigate ways to mitigate this risk in existing, often rigid, frameworks. This can be a difficult, if not impossible task for regulators.

The findings of this report not only highlight ways in which the regulatory environment is not able to cope with the current requirements of the industry; but the findings also demonstrate the ways in which the system is not prepared to meet the future challenges of the industry.

Disruptive forms of technological change often cross traditional industry boundaries. As products and services evolve, they can shift from one regulatory category to another. To prepare the regulator and the regulatory environment for change and innovation; the regulator needs to ensure there is capacity in the system to make space for innovation – and support businesses to grow in line with this.

Regulators can rethink methods of producer-regulator outreach and regulatory touchpoints (across the stepped regulatory journey) to reduce the regulatory burden. This rethinking can inform the evolution of *explicit and transparent rules and guidance* (if appropriate) in relation to food safety and the food-economic ecosystem – and ultimately small business regulation in the long-term.

2. Consideration:

The Queensland Government could engage relevant agencies to explore pathways and/or initiatives designed to deliver insights driven regulation and regulators. This approach should enable regulators to employ innovative approaches to problem-solving – business enablers – that will help regulators to reduce the amount of effort needed to maintain or improve outcomes. The aim is to lessen regulators' operational and delivery burden so they can speed up their processes and improve their effectiveness – improving not only the G2B experience for small and micro-business operating in the food and non-alcoholic beverage industry, but small business more broadly.

The Queensland Government utilise the findings of this report as a case study to undertake a detailed technical study and assessment into how and where the current transfer of explicit and tacit information (in this sector) is inefficient. For example, where explicit information is delivered in a tacit manner (unnecessarily); as well as where tacit information can be delivered as explicit information in an insight driven regulatory framework – considering areas such as the future of the food ecosystem in Queensland, global markets for export and interstate and global food system competitors.

In the short-to-medium term, the output of such an assessment could be used to scope and design an insights-driven operating model supported by delivery of a long-term roadmap and strategy to become a more proactive food safety regulator that relies on intelligence, data and insights – considering the recommendations of the QAO Report.

This could consider utilising alternative technology-based engagement mechanisms across the regulatory touchpoints – such as (for example) a Queensland Government Food Safety Chatbot that could gather basic data from business permit applications and respond in real-time to queries and recommend which permits or licences would be required. The same solution could also be used to improve the customer experience through natural language processing and conversational dialogue to answer food safety related questions from Queensland Health and/or Safe Food Queensland website visitors.

3. Consideration:

The Queensland Government could consider how the findings of the review could be used to assist the food economic-ecosystem prepare for disruptive change.

The Queensland Government should consider its role and contribution to the future of the food safety regulatory environment as it prepares to deal with emerging challenges and innovations in foodtech and the food economic ecosystem generally.

In the medium-long term, Government could play a role in assisting food safety regulators to prepare for innovations that will disrupt the regulatory environment. This may involve assisting with the identification of an innovative foodtech business that is struggling to operate under the current regulatory framework as part of a regulatory sandbox exercise for food safety regulation.

1 Artisanal producers and regulation in Queensland

1.1 The future of regulation

Regulation can serve to improve social, environmental and economic standards.² However, in an effort to shape incentives and influence behaviours for an economic greater good, regulation can also result in significant compliance costs and distortions, resulting in sub-optimal economic growth and sub-optimal choices available to consumers.

Consequently, the role of the contemporary policy maker is to balance the potential benefits of regulation with its potential costs, in an increasingly complex environment. An economic environment characterised by rapidly emerging and evolving technologies, that equally disrupt existing business models and pose fundamental challenges for existing regulation, is rendering the regulatory environment complex.

In the past - particularly during the decades preceding the 2005-06 Productivity Commission's taskforce on 'Reducing Regulatory Burdens on Business' ('the Taskforce') - regulation had been seen as a cure-all for many of Australia's problems.³

This belief led to the establishment of a volume of regulation, found by the Taskforce to impose excessive and unnecessary costs on business.⁴ Following the Taskforce's findings and recent development in regulatory thinking and technology, there has been an emphasis on '*better regulation*' and reducing barriers to business growth.⁵

This has led to various government initiatives to reform regulation and, when necessary, to introduce new regulation ensuring the intended framework is:⁶



Transparent and easy for business and individuals to navigate



Encourages innovation while protecting the public from unintended consequences



Operates efficiently and provides excellent customer service using digital and emerging tech as enablers

In such a frame, the future of regulation and the role of the future regulator is to be less prescriptive, more agile, and more outcomes-focussed, utilising new technologies with an emphasis on reducing the regulatory burden on business.⁷ *Insights driven* regulation - and regulators - can work hand-in-hand with businesses to protect the public in ways that also stimulates economic growth and fosters innovation.

For Queensland small businesses, making up almost 98% of all businesses and employing 44% of the private workforce, unlocking their potential through better regulation can produce large dividends for the economy.⁸

² (Productivity Commission, 2011)

³ (Productivity Commission, 2006)

⁴ (Productivity Commission, 2006)

⁵ (Deloitte, 2019)

⁶ (Deloitte, 2019)

⁷ (Better Regulation Taskforce, 2018)

⁸ (Queensland Government, 2019)

1.2 Why artisanal producers matter for Queensland

Artisanal producers are important to Queensland for both their economic benefits, and the broader social and cultural value they create through their local products, processes and community ties. But it is the economic benefits, and the role of small business and artisanal producers in Queensland's economy that has an important part to play in Queensland's sustainable economic growth story.

As small businesses, artisanal producers contribute to Queensland's economy, particularly regionally, where local produce is sourced, and local supply chains are used. Increasingly, artisanal producers are extending beyond their place of origin to source, produce, and sell across jurisdictional boundaries, including as exports.

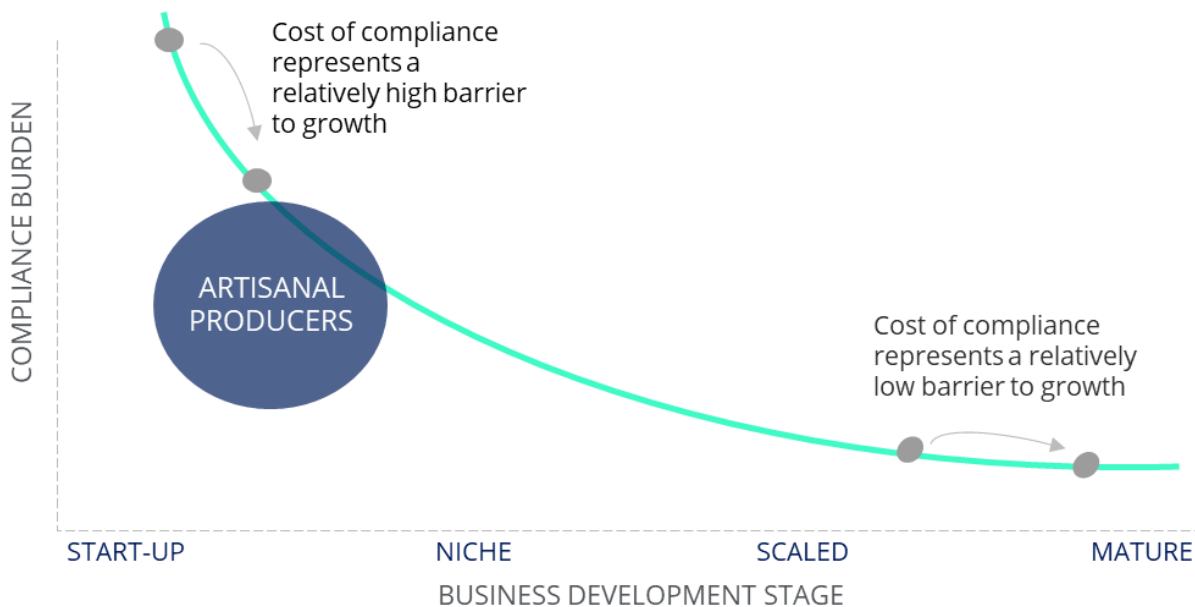
Artisanal production also offers a valuable avenue for existing producers to diversify and utilise excess capacity/existing operations in a way that complements their existing business and ultimately enhances productivity and creates value. Such activity both enhances and complements more conventional Queensland industries, such as tourism and agriculture.

With a range of scalable benefits, it is imperative that barriers to growth and entry for these producers are minimised to support sustainable operations and growth, when desired.

Where regulatory burdens can disproportionately fall on small (including 'micro') businesses (see Figure 1.1), which lack the resources to deal with them, modifying regulation to limit the impact on small business and keeping regulatory costs down is essential for sustained employment generation and economic growth.⁹

An overly burdensome regulatory hurdle to starting a business can stifle innovation or increase the hurdle rate for an innovation to be commercialised as a small business – with consequences for consumer choice over time. This is particularly the case for artisanal producers who, as a general characteristic of this cohort, are *niche* market players.

Figure 1.1 Cost of regulatory compliance versus business size



Source: Deloitte Access Economics

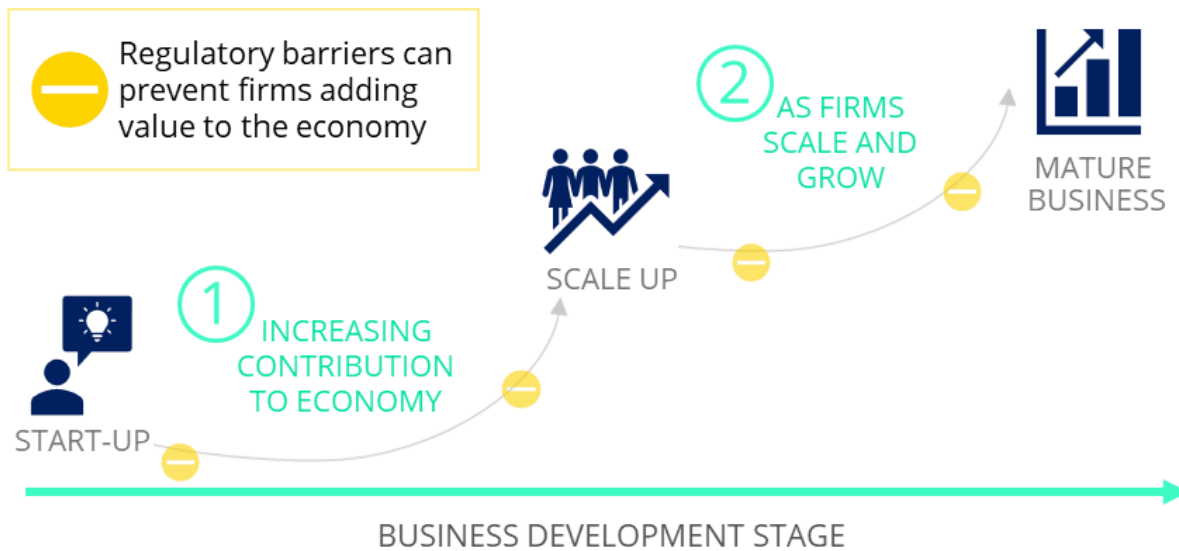
⁹ (Productivity Commission, 2006)

Where the regulatory burden presents 1) a cost to a producer and 2) is a potential barrier to business growth, this can equally impact the path of Queensland's economic trajectory overtime – albeit on a small, often place-based regional scale.

Where small firms (like artisan producers) scale-up (should they choose to) – increasing business activity, output and productivity – they increase their contribution to the economy (Figure 1.2).

Where Queensland small business is going for growth, this economic frame (Figure 1.2) provides a basis to consider the role of regulation in Queensland's artisanal producer sector.

Figure 1.2 From small scale to large scale, and the growth that comes with it



Note: Stylised relationship between small/micro firms, regulation (barrier or not) and their contribution to the economy overtime. Source: Deloitte Access Economics

1.3 This project

Regulation, whether it is in relation to construction or food safety, is about finding the balance between minimising risk (protecting consumers) and maximising the potential of business (providing consumers with choice). In Queensland, the Better Regulation Taskforce ('the Taskforce') seeks to provide advice to government on how regulation can support small business and do just that: create a strong, profitable and globally competitive business environment, while minimising risk to consumers.

With a goal to understand how the Queensland regulatory environment can have the best of both worlds – or have their cake and eat it too – the BRT has engaged Deloitte Access Economics to undertake an artisanal producers' regulation review to better understand the impact the regulatory system has on artisan food and non-alcoholic beverage producers.

The artisanal food and beverage industry represents a niche area of the small business environment in Queensland. Typically based out of local markets, the sale of artisanal food and beverage products generates an economic and social benefit to many local communities – by providing fresh, local products, supporting community pride and enhancing local tourism offerings.

The value these local markets can add to a community should not be overlooked – farmers' markets can ameliorate issues of food security, create community focal points for building social capital and strengthen local economies.¹⁰ In addition, local markets often serve as low-risk, low-cost incubators for small entrepreneurs, the spill over effects of which provide a direct and indirect economic benefit to local communities.

¹⁰ (Sadler, Clark, & Gilliland, 2013)

Artisanal producers in Queensland also strongly support local tourism offerings across regional Queensland – and add value to ‘brand Queensland’ internationally through recognised products, having built a name for quality artisanal products.

For small industrious artisanal producers to continue to succeed across Queensland, the cost of doing business must be low enough not only to incentivise participation, but also to ensure that there is no disincentive. One of these costs includes regulation, at all levels of government.

While regulation has, more commonly, been viewed in terms of its role in minimising the risk of harms, the economic imperative requires a greater recognition of its role in also incentivising greater innovation and market development. Where the regulatory environment does not appropriately incentivise innovation, new businesses may struggle to become operational and existing businesses may shy away from growth opportunities. It is in this context that Deloitte Access Economics approaches this study for the Taskforce.

Approach

This project seeks to uncover instances if and where regulation is no longer generating the most optimal outcomes, and amongst other things, impeding business growth, discouraging entrepreneurship, and incentivising the wrong behaviour – such as ‘working around the regulation’ to comply, as opposed to complying within the existing regulatory framework.

As such, it is necessary to step back and consider where and how regulation is impacting businesses (both those in existence and those that might one day may exist) and whether there are modifications that need to be made.

The evolving role of the regulator is to be less prescriptive, more agile, and outcomes-focused. There is a continued need for regulation to strike a balance between creating space for innovation and minimising the risk of harms (such as safety and exploitation), which can be a greater challenge in a quickly changing business environment.

Understanding the way in which artisanal producers are engaging with compliance and regulatory requirements to gain access to these local markets is critical to unlocking the potential of the industry. To uncover this, Deloitte Access Economics used a two-phased approach to develop an understanding of the current regulatory environment facing the artisanal food and beverage industry in Queensland.

On paper *versus* in practice

To highlight the way in which artisanal producers are engaging with their regulatory environment Deloitte Access Economics has mapped the regulatory journey of the artisanal producer prescribed on paper, alongside the regulatory journey in practice.

By tracing the regulatory journey, Deloitte Access Economics has identified regulations, regulation themes and timing constraints impeding producers from achieving their business goals.

To construct the regulatory journey of the artisan producer in Queensland, a combination of primary research and desktop research was used.

Deloitte Access Economics conducted 8 case studies and 4 industry-based consultations with artisanal producers across Queensland; and fielded a survey that was designed to articulate the regulatory journey producers experience. Details of the case studies and survey can be found in Appendix A and B.

1.4 Structure of this report

The report is structured as follows:

- **Chapter 2** | Regulatory environmental for an artisanal producer
- **Chapter 3** | The artisanal regulatory journey: on paper
- **Chapter 4** | The artisanal regulatory journey: in practice
- **Chapter 5** | Findings: regulation in practice
- **Chapter 6** | Recommendations: the future of regulation
- **Appendix A** Regulatory journey: on paper
- **Appendix B** Regulatory journey: in practice
- **Appendix C** Consultation summary
- **Appendix D** Survey results

Defining artisanal producers

Defining an artisanal producer is an important step to determining both the scope of this review, as well as the types of businesses that are likely to encounter the regulatory environment that will be outlined.

For the purposes of this review, an artisan producer is defined as follows:

*Artisanal producers are those that **transform or process** local Queensland ingredients into niche, high quality products and employ less than 20 FTEs – with artisanal products defined by the unique value added by Queensland producers, through either the connection between people, place, health values or the sustainability of the environment around them.*

The definition reflects the following characteristics:

- **Experience/Connection:** reflects the personal interaction between consumer and producer, including the direct interaction of consumers with the place, the produce and the process.
- **Small-scale:** production being local, with an emphasis on homemade/non-commodity products instead of commercial mass production.
- **Value add:** recognises the contribution of the producer/farmer in the production process. Including, but not limited to, inherent health values, variety and specialty of the products (e.g. cheese, curing meats).
- **Niche:** products seen as unique, boutique, and specialty (handmade).
- **Sustainable/ethical:** practices of production that consider seasonality, the environment and ethical production.

2 Regulatory environment for an artisanal producer

2.1 Role of regulation for artisanal producers

The key regulation that applies to artisanal food producers in Queensland is primarily related to food safety. The role of food safety policy is primarily to protect public health, minimise risk in relation to food production and consumption, while also providing information for the consumer. In this regard, food regulation touches every aspect of the food supply chain for an artisanal producer – from paddock to plate.

Secondary to this, artisanal producers are exposed to regulation that generally applies to all small businesses in relation to their set-up, workforce and broader business compliance (e.g. taxation, ABN).

Where regulation is often multi-layered, the role of regulation can be complex – particularly when it comes to small businesses - including artisanal producers - who often operate, produce and run their own business as sole-operators. This regulatory complexity has also historically been viewed through the lens of legislation and protection: where defining, permitting and prohibiting certain activities are the primary goal of regulation, and therefore impose costs on industry and business – and can stifle business and sector growth.

But regulation is an important policy lever, and critical to well-functioning markets and economies. Regulation, whether it is in relation to construction or food safety, is about finding the balance between minimising risk for consumers and maximising the potential of business to deliver choice for consumers. Specifically, regulation:

- Ensures that the minimum standards expected by society (such as hygiene) are met for all market transactions
- Provides a level playing field for providers of goods and services, and clearly sets out the boundaries within which businesses must operate, and
- Through the incentives generated, affects the structure and nature of the market and market conduct.

Chapter 2 provides an overview of the governance structures and the regulatory environment that artisanal producers operate within in Queensland.

2.2 Food and beverage regulation

In economic terms, the absence of appropriate food safety regulation can see private markets fail to apply adequate food safety; consumers unable to determine safe and unsafe food products; a mismatch between quality and price; and distortions in purchasing behaviour. From a health and safety perspective, a failure of adequate and appropriate food safety regulation can lead to illness – sometimes with severe and catastrophic consequences.

Food safety regulation equally incentivises businesses to implement controls for food safety; while also assisting food producers and retailers to determine the safety of foods given the wide array of microbial agents and their potential for hazard.¹¹

In Australia, and Queensland, the overriding aim of the food and beverage regulatory system is to:¹²

- Protect the health and safety of consumers by reducing food-related risks
- Help consumers make informed choices about food by reducing information asymmetries
- Support public health by promoting healthy food choices, maintaining and enhancing the nutritional qualities of food and responding to specific public health concerns, and
- Support a strong, sustainable food industry that offers a diverse, affordable food supply that also benefits the economy.

¹¹ (Unnevehr & Jensen, 1999)

¹² (Australian Government, 2019)

Regulatory framework for an artisanal producer

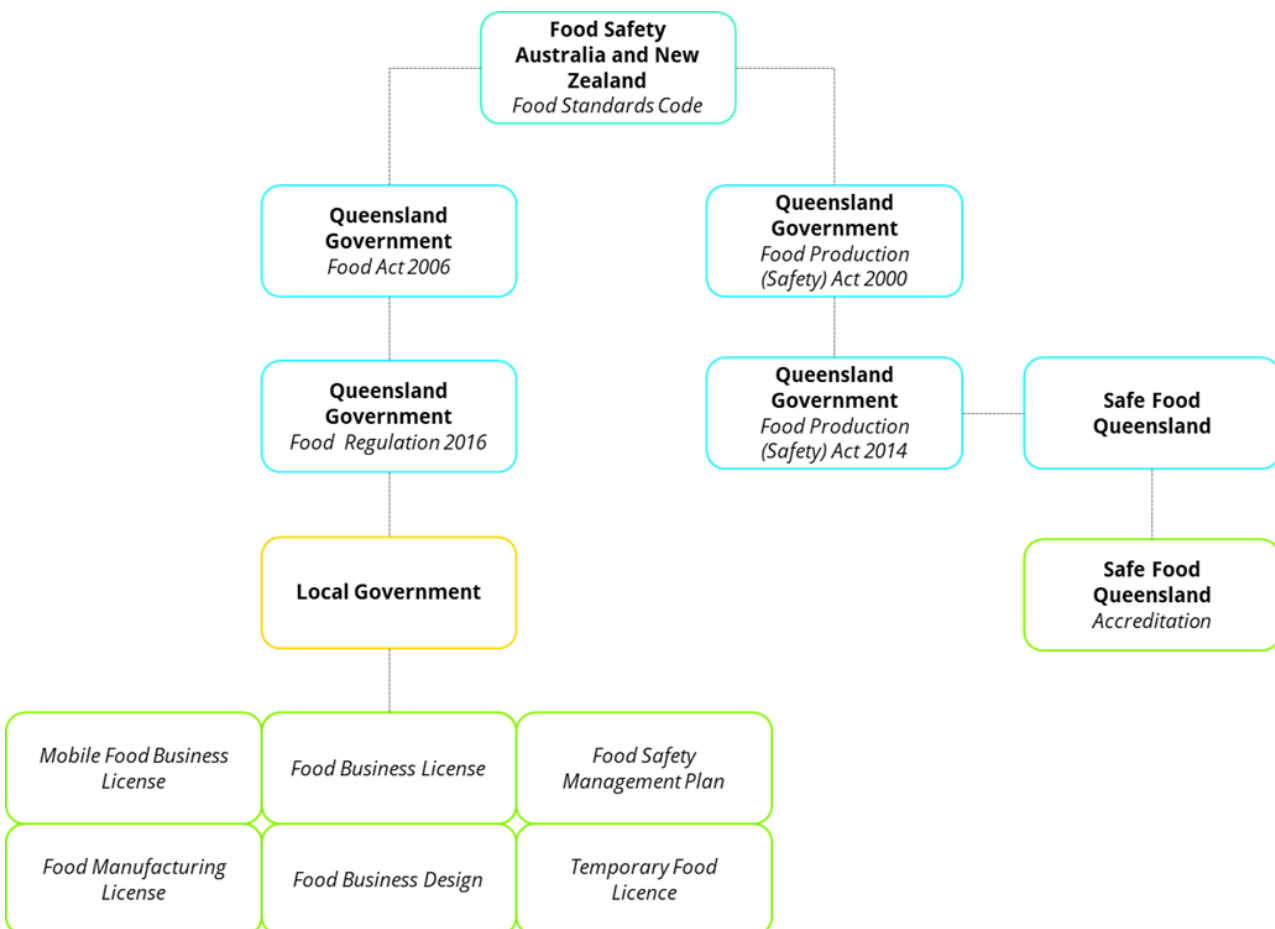
A niche area of the food industry, artisanal food and non-alcoholic beverage producers operate within the strict food safety regulatory environment. Considered in scope for this regulatory review is all aspects of regulation that an artisanal producer encounters throughout the course of their operations (in addition to food safety regulation), such as general business functions (for example, GST and Industrial Relations), and regulation associated the sale of goods (such as licencing and exports). However, the primary focus of this regulatory review is to create a picture of the artisanal producer’s regulatory landscape and analyse the specific complexities associated with food safety regulation.

However, the primary focus of this regulatory review is the complexities associated with food safety regulation.

Australia and New Zealand jointly oversee the development of food policy standards. The Australia and New Zealand Ministerial Forum on Food Regulation (the Forum), supported by the Food Regulation Standing Committee is the peak decision-making body on food regulatory policy and policy guidelines.

Supporting the Forum is Food Safety Australia and New Zealand (FSANZ), the independent statutory authority in the Australian Government Health portfolio.¹³ FSANZ develops food standards (which become part of food law) for Australia and New Zealand. These standards, the *Food Standards Code* (the Code), are enforced by state and territory departments, agencies and local councils in Australia. This structure of responsibility is shown in Figure 2.1.

Figure 2.1 Food safety regulatory framework in Queensland



Source: Deloitte Access Economics. Note: stylised infographic to represent the food safety framework in Queensland, not exhaustive.

¹³ (Food Standards Australia New Zealand, 2019)

All businesses operating in the food and beverage industry must comply with the Code. The Code covers every aspect of the food supply chain; from the composition of foods (e.g. dairy, meat and beverages), as well as foods developed by new technologies such as genetically modified foods. Labelling requirements for packaged and unpackaged food (e.g. specific mandatory warnings or advisory labels), handling, as well as primary production and processing standards (Australia only) are also covered by the Code.

The regulatory environment in Queensland

The Code has informed the primary Queensland Government food safety regulation; the *Food Act 2006* (the Act) and the *Food Production (Safety) Act 2000*. Differentiated principally by primary production, food safety regulation is based on risk; the riskier the product, the greater the monitoring, compliance and reporting that accompany its production. Primary production (activities involving meat, eggs, seafood, poultry or dairy) is regulated by the *Food Production (Safety) Act 2000*.

In Queensland, *Food Regulation 2016* and the *Food Production (Safety) Act 2014*, are also primary regulatory frameworks that guide the administration of food safety. Queensland has adopted a multi-agency approach to managing food safety along the food supply chain from primary producers to consumers.

The Act is administered and enforced through Queensland Health and local governments (councils) across Queensland. In all, 94 organisations have responsibilities for food safety regulation across the state. They include the Queensland Health, 16 hospital and health services (HHSs), and 77 councils.¹⁴

The day-to-day regulation of primary production and processing is the responsibility of Safe Food Queensland. The legislation focuses on the food safety management of meat, eggs, dairy, seafood and horticulture. It also provides a framework to address emerging issues that may impact food safety.

Queensland Health does not have a state-wide risk-based framework to guide local councils on their approach to classifying food businesses, monitoring compliance, and taking enforcement action. Local councils have adopted their own risk-based regimes to classify food businesses, plan inspections, and decide on enforcement action.¹⁵ For example, some councils might assess risk based on the adequacy of food safety controls, while others might assess other risk factors; such as the type of food and intended use, activity of the food business and customer base.

From one council, to another

The Queensland Audit Office has reviewed the risk-based regimes developed to guide the food safety practices of three different councils: Brisbane City Council, Gold Coast City Council and Cairns Regional Council in their 2019 report: *Managing consumer food safety in Queensland*.

Brisbane City Council and Gold Coast City Council adopted the Eat Safe Program to assess the risk of a food business based on the adequacy of their food safety controls and management practices. Both councils would classify businesses using a star rating system, based on factors such as food handling controls, health and hygiene, cleaning, sanitising and maintenance, and good management practice. Food businesses with higher star rating would face fewer routine inspections. For example, 5-star businesses will be inspected once per year by the Gold Coast City Council, and only once every three years by the Brisbane City Council.

The Cairns Regional Council has applied a risk-based approach based on FSANZ to decide the risk level of a business and the frequency of routine inspection required. The council would classify a food business as low, medium or high risk, based on their food type and intended use, activities involved, method of process and their customer base. High and medium risk food businesses will be inspected annually, while low risk businesses would only be inspected every six months.

These differences mean that food businesses are not being evaluated consistently for their food safety practices, and consumers do not have a consistent reference point for food safety production across the state. For small or micro artisanal businesses in Queensland who are agile and unique in their business models and processes, this can also present challenges.

¹⁴ (Queensland Audit Office, Report 17: 2018-19)

¹⁵ Ibid.

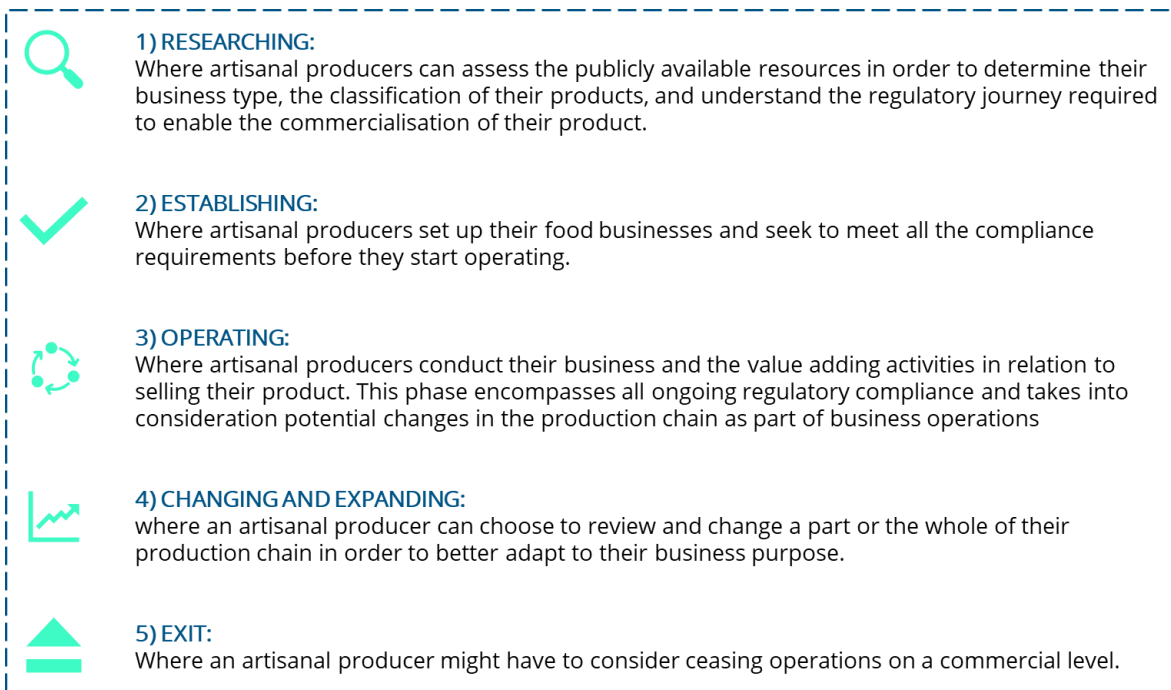
3 The artisanal regulatory journey: on paper

3.1 Regulatory obligations of an artisanal producer

On paper, there are many steps required to bring an artisanal business idea into existence.

Businesses are required to be registered and accredited with local, state and federal authorities, to ensure that the products and processes are safe, fair and sustainable for consumers, employees and the community. This is often a staged process for an artisanal producer.

To capture the regulatory journey of an artisanal producer, the prescribed (on paper, best practice) regulatory journey of a producer is defined to have the following distinct steps:

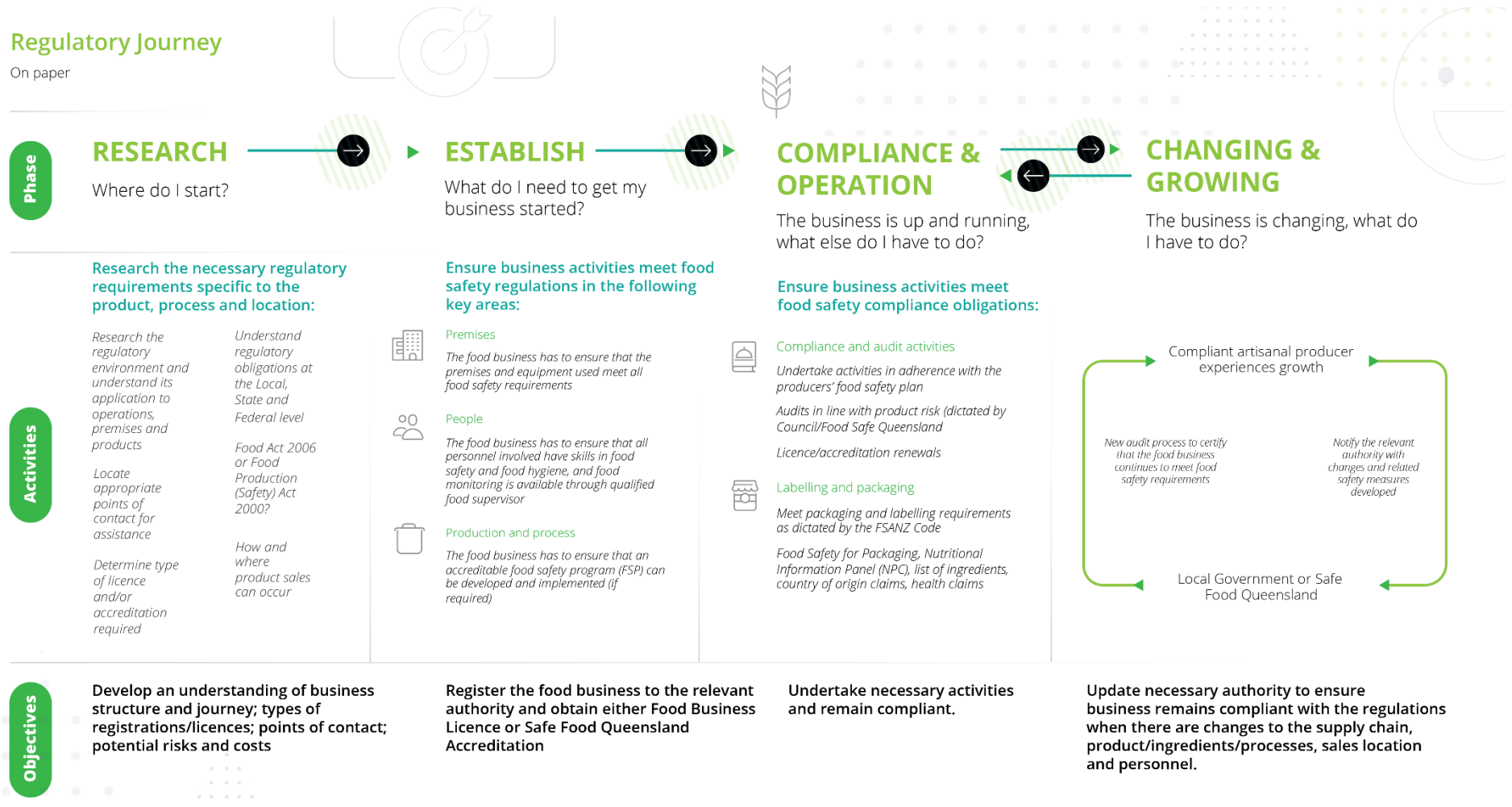


In a stylised and simplified way, each step taken by an artisanal producer forms part of their regulatory journey. At each step, there are differing requirements and resources available for artisanal producers to access as they seek to stay compliant with the various types, and levels, of regulation.

A map of the regulatory journey, on paper, can be found in Figure 3.1 below.

The regulatory journey map outlines the main activities and outcomes to be achieved at each stage for any artisanal producer, both in relation to food regulation and general business regulation. While the journey map is presented as a stylised linear process, it is important to note that 'Step 5: Exit' is not depicted in Figure 3.1 as a producer can exit at any point of the journey map.

Figure 3.1 Regulatory journey on paper



General business regulations

- Australia Business Number
- Fair Work Act 2009
- Australian Consumer Law
- Good and Services Tax
- Local permits
- Work Health and Safety Act
- Work Health and Safety Act
- Anti-Discrimination Act 1991
- Superannuation Act 1976
- Copyright Laws

3.2 The artisanal regulatory journey: on paper

In support of the journey map on paper (Figure 3.1), the following sections provide a stepped-guide of the prescribed regulatory journey for an artisanal producer in Queensland. This section seeks to provide clarity and detail on the ideal process a producer follows, for comparative purposes, as subsequent sections present in detail what producers experience *in practice*. The stepped guide does not seek to be exhaustive, but rather a representation of the main steps a producer *should* take, and the key ways a producer *should* be compliant.

STEP 1 GOAL – UNDERSTAND THE REGULATIONS THAT APPLY TO THEIR BUSINESS TYPE AND STRUCTURE

By the time producers have completed this step; they have formed a clear understanding of the types of regulation that they will need to comply with, where they can locate it and how it will impact their operations in future.

Key resources accessed at Step 1

- The Australian Business Licence and Information Service (ABLIS) website. This website provides businesses with regulations that may be applicable to them, with respect to their proposed operating location as well.
- “Starting a Business Guide” on the business.gov.au website. This website is an online government resource for the Australian business community that captures all areas across the stages of planning, starting, running and exiting a business.
- The Australian Taxation Office website and services are available for all business taxation enquiries such as ABN, payroll tax or insurances.
- Depending on the type of business, enquires can be made to local government on regulations related to the community such as zoning, operating hours, noise restrictions and applicable operating permits. The leads on applicable requirements are available on ABLIS.
- A general understanding of the local regulation environment is also available on the Local Government Toolbox website. This website is an initiative of the South East Queensland Councils Forum to support local communities on residential, business and local government information. The list of regional councils currently subscribed to the Toolbox is available online.
- Specialist (private sector) consultants are also available to advise on business structure, legal advice, or food product development.

STEP 2 – OBTAIN FOOD BUSINESS LICENCE OR ACCREDITATION

By the time producers have completed this step; they understand the risks of their business and have fulfilled their relevant requirements to obtain a food business licence or accreditation.

STEP 3 GOAL – UPHOLD FOOD SAFETY COMPLIANCE

By the time producers have completed this step; they have renewed their food business licence or accreditation (if required).

Consider in this step: Nutrition information panel

Generally, all packaged food labels must include a nutrition information panel (NIP). The percentage of daily intake may also be included in the NIP, however these must be calculated using associated values listed in Standard 1.2.8. FSANZ has an online Nutrition Panel Calculator (NPC) to help food manufacturers calculate average nutrient content of their food products and prepare a NIP.

Source: Food Standards Australia New Zealand (2017)

STEP 4 GOAL – REVIEW BUSINESS PROCESSES AND DETERMINE NEW REGULATORY REQUIREMENTS

By the time producers have completed this step; they would have reviewed recent changes to their business and be meeting their new regulatory requirements.

Consider in this step: Hazard Assessment and Critical Control Points (HACCP)

HACCP is a nationally and internationally recognised system which informs part of a food business' quality assurance system. HACCP is widely recognised in the food industry as an effective approach to establishing good production, sanitation, and manufacturing practices that produce safe foods. The system can be applied to control any stage of the production process and is designed to provide enough feedback to direct corrective activities, therefore is seen as more cost-effective than testing a product and then destroying or reworking it. The system formed the basis for the identification and control of hazards outlined in the Standards for designs of Food Safety Program. As such, food safety programs complying with the Standards should also comply with the core safety principles outlined in HACCP.

While food businesses can get accredited for meeting the Standards in their Food Safety Program by local authority or Safe Food Production Queensland, these entities cannot authorise or accredit businesses with HACCP certification. Currently, food businesses can engage suitably qualified food safety auditors to get HACCP certified, using standards interpretations privately developed by these certifying regulatory bodies.

Source: Food Standards Australia New Zealand, (2007)

STEP 5 GOAL – ENSURE ON EXIT THEY HAVE MET ALL OUTSTANDING REGULATORY REQUIREMENTS

A food business might exit from the current business structure, either through growing out of its current scale, re-purpose its operating processes, or cease its current operations. In exiting the industry, businesses will have to make sure that they meet all of their superannuation requirements, as well as removing consolidating any outstanding debts or leftover responsibilities they might have with their employees and supply chain.

4 The artisanal regulatory journey: in practice

4.1 Understanding the regulatory journey: in practice

Where Chapter 3 simplifies the regulatory journey of an artisanal producer (on paper) to a stepped process; Chapter 4 looks to detail and analyse what producers experience *in practice* as they navigate Queensland's regulatory system.

The regulatory journey on paper illustrates the multiple layers of regulation, with multiple touchpoints, for producers across the regulatory system. While this system can be successfully navigated by producers, in practice, artisanal producers often have trouble, and develop 'workarounds' to ensure they stay on top of their regulatory requirements and compliance.

This Chapter details this regulatory journey (in practice) through combining the insights provided from consultation with producers and a research survey – and is analysed through the lens of finding the balance between minimising risk to consumers and maximising the business potential of artisanal producers in Queensland.

Refer to Appendix C and D for detailed consultation summaries and survey results.

In practice: journey map framework

Journey mapping was employed as the analytical approach given its unique ability to capture the entire user experience across multiple decision points, while also highlighting the potential triggers that may initiate such decisions. Comparing these 'lived' regulatory journey maps with the regulatory journey map on paper (Figure 3.1), reveals pain points and information gaps unique to artisanal producers. The combination of pain points and information gaps when analysed together present two distinct issues for the artisanal producer – hurdles that may be the result of comprehension difficulty, or, caused by the intricacies, complexity and inflexibility of the regulatory framework.

The primary research – both consultations and the survey – was designed to mirror the stepped journey previously established: 1) Researching, 2) Establishing, 3) Operating, 4) Changing and Growing and 5) Exiting. Step 4 in the journey was further expanded to reflect both routine changes initiated by producers for practical purposes (such as maintenance updates or changes in processes and equipment), as well as changes induced by growing needs, particularly as this may relate to scaling up or branching out into new markets.

The journey maps are designed to capture the distinguished experiences of different types of producers, with respect to the level of risk associated with their products. As such, there are unique journey maps presented at each end (for illustration) of the risk classifications (high and low), with the definitions informed by the FSANZ information paper on *Food Safety: The priority classification system for food businesses* (refer Appendix B for detail on classification of engaged producers).

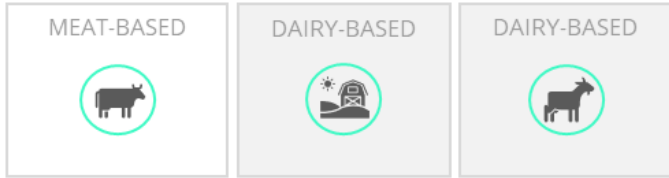
In developing the journey maps, producers are classified as:

- **High-risk producers:** produce products that may contain hazardous ingredients, which can contain pathogenic microorganisms and will support the formation of toxins or growth of microorganisms. Examples of such products are raw meat, fish, milk and dairy products. Producers consulted with and surveyed had products relating to meat and dairy.
- **Low-risk producers:** produce products that contain non-hazardous foods that are unlikely to contain pathogenic microorganism and will not support their growth. These can be grains, cereals, bread, non-alcoholic beverages, sugar-based confectionary and food of similar properties. Producers consulted and surveyed had products ranging from grains and nuts, to confectionary and honey products, as well as non-alcoholic beverages.

PRODUCER ENGAGEMENT

HIGH RISK PRODUCERS

Regulatory high risk defined by product type

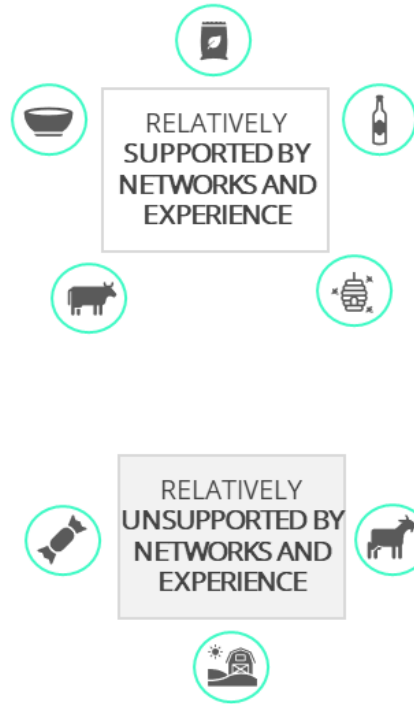


HIGH RISK PRODUCERS

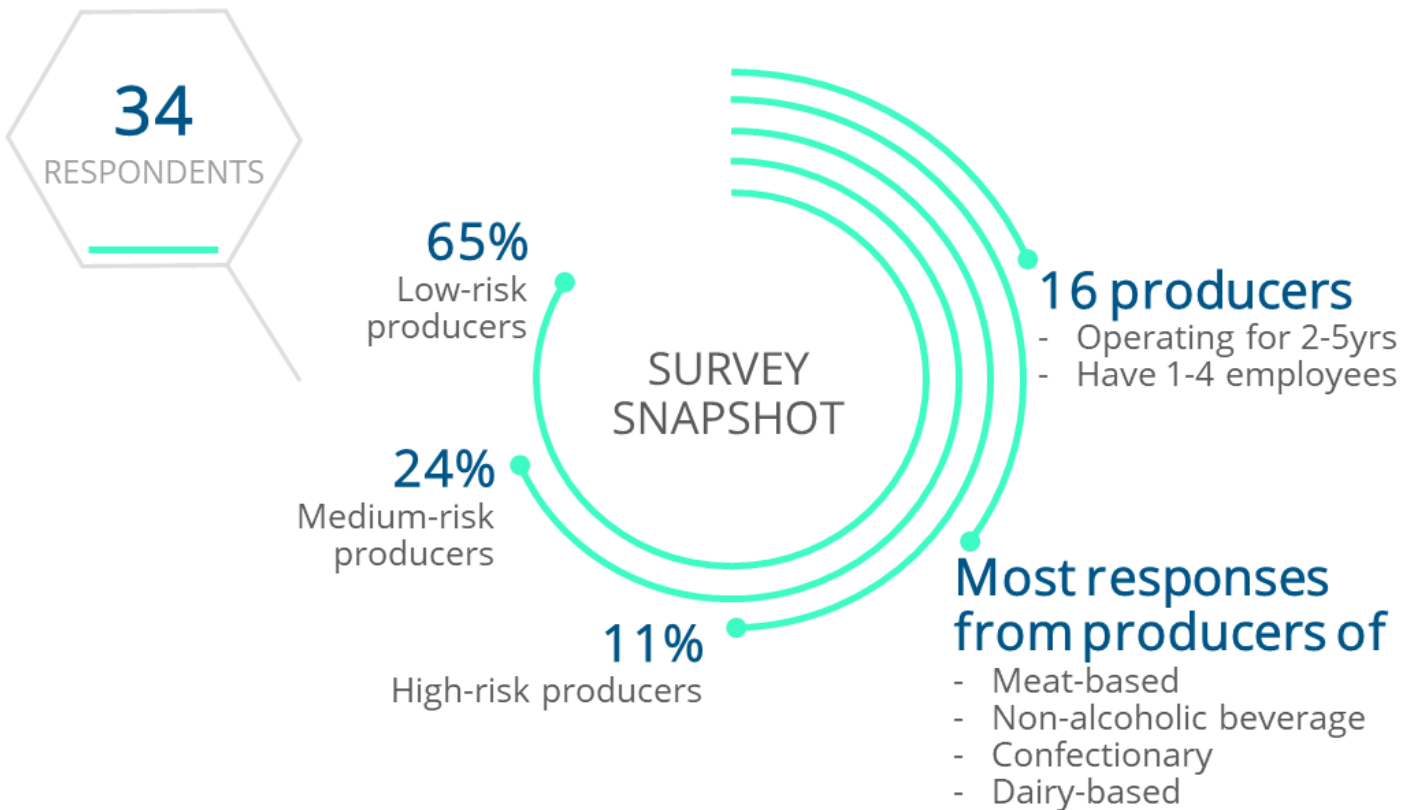
Regulatory high risk defined by product type



LEVEL OF SUPPORT



PRODUCER SURVEY



A burden shared, is a burden halved – value of networks to the artisanal producer

Underlying every journey is the impact and contribution of strong networks and shared experience. The review has established, regardless of the product type, complexity level or uniqueness; a key differentiator between the experiences of artisanal producers was the way in which they were able to draw on support networks to navigate their journey.

The absence or presence of a knowledgeable network (or the ability to purchase one) differentiated distinctly between positive and negative experiences – and the ability of an artisanal producer to develop ‘workarounds’ in relation to meeting regulatory obligations. Accessing and leveraging personal experiences or that of their networks, an ability to hire specialist knowledge or draw on local communities and networks; all directly affect the quality (and pace) of their regulatory journey.

To illustrate the impact that networks have on an artisanal producers’ regulatory journey; the journey maps (for both high-risk and low-risk producers) have been presented from two distinct perspectives.

1. Artisanal producers *with* strong support and networks
2. Artisanal producers *without* strong support and networks

Highlighting the different producers’ experiences in this way brings to light the difference between a poor regulatory experience and limitations of the regulatory environment. This allows for an observation of when an *artisanal producer* has struggled to understand the regulatory environment and their obligations – versus where the *regulatory framework* is unable to accommodate unique artisanal products, processes and ingredients and is unnecessarily burdensome to producers.

4.2 Journey of a high-risk producer

High-risk producers must adhere to more complex regulatory requirements that place a high burden of responsibility on the producer. An overview of their regulatory journey, by phase, is provided below.

STEP 1: RESEARCH

For a high-risk producer, the regulatory environment during this phase is incredibly complex. Producers navigate large volumes of regulatory information that cover every aspect of their operations to determine the scope of requirements. High-risk artisanal producers are generally attempting to get a handle on the most up to date regulatory information they need to comply with, which regulatory body they must report to, while also ensuring they are developing an in-depth knowledge of their product, processes and ingredients. Survey respondents reported that the Research phase was difficult to understand, unclear, frustrating and time consuming.

STEP 2: ESTABLISH

A clear burden of information appears during the Establish phase for the high-risk producer. Unfortunately, the compounding of errors throughout the previous phase can also impact on producers throughout their Accreditation process. For example, the producer may be subject to failed assessments due to incorrect compliance and having to pay in both time and money. For high-risk producers generally (i.e. regardless of the level of support), this phase was also overwhelmingly negative; for the same reasons as the Research phase.

STEP 3: COMPLIANCE & OPERATION

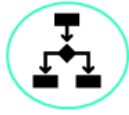
High risk products are required to be audited more frequently, which induces higher costs and more disruptions to the production chain. Inherently, there are higher hidden costs in meeting the compliance requirements for high-risk products compared to those for low-risk producers. While producers reported the phase to be difficult, time consuming and unclear; the same producers also reflected their understanding that compliance activities are a necessary aspect of ensuring a high degree of product quality and market confidence.

STEP 4: CHANGING & GROWING

Producers’ decision to change or grow their operations are influenced by their previous experiences in their regulatory journey; as well as the associated regulatory and compliance costs that will accompany any changes in activity. High-risk producers reflected that their experience with regulation and the regulatory environment has directly (often negatively) impacted decisions about whether to undertake growth and expansion activities.

HIGH RISK PRODUCERS

KEY PAIN POINTS



FINDING THE RIGHT TYPE OF REGISTRATION



MEETING COMPLIANCE REQUIREMENTS FOR THE ACCREDITATION PROCESS



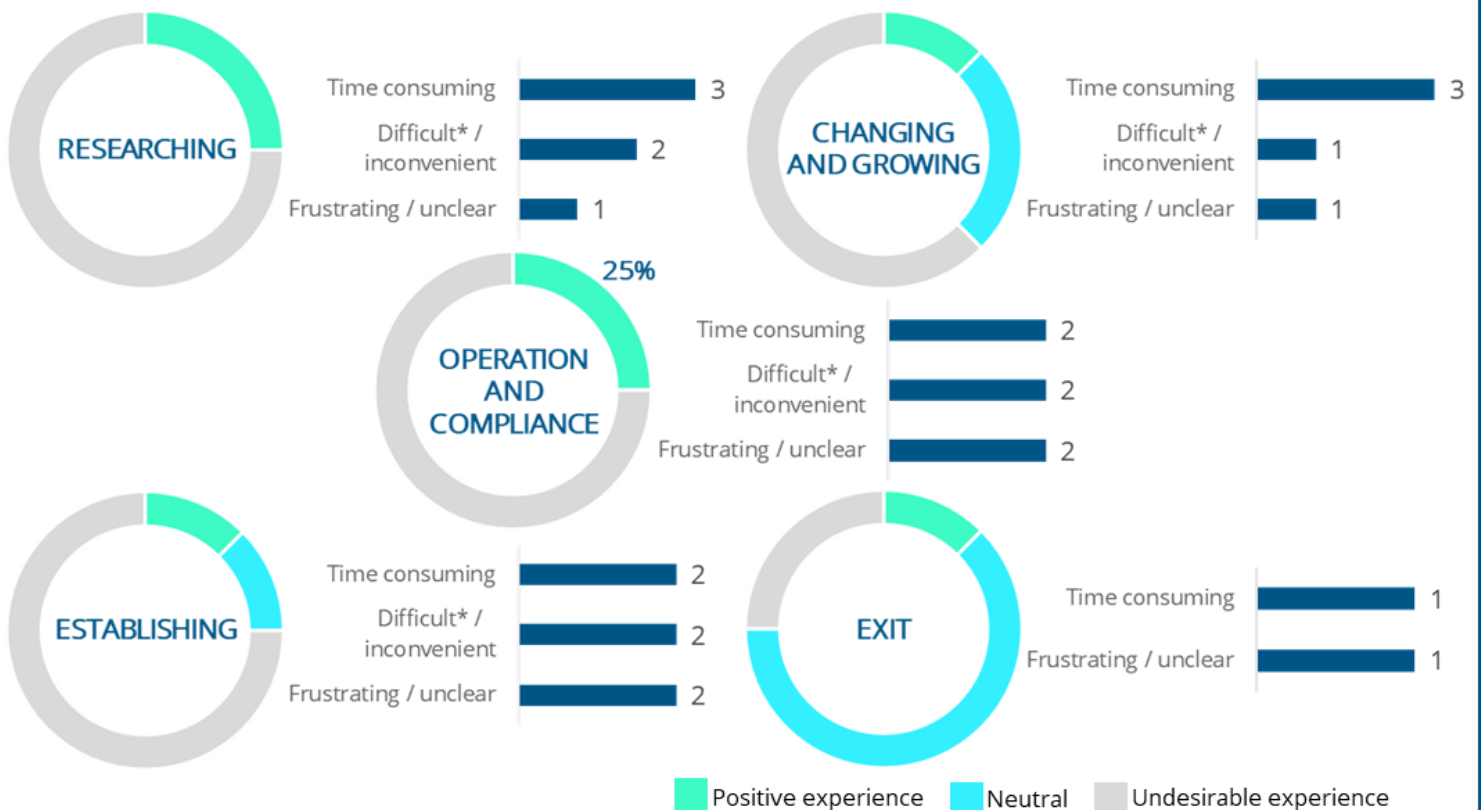
MEETING COMPLIANCE REQUIREMENTS WHEN CHANGING EXISTING PRODUCTS AND DEVELOPING NEW PRODUCTS



MEETING LABELLING AND PACKAGING REQUIREMENTS

REGULATORY EXPERIENCE

In the survey, the regulatory experience of high risk producers is described as:



Note: A total of 8 respondents were identified as high risk producers. Bar charts indicate the count of respondents for each undesirable response category. *Difficult to understand and navigate.

4.3 Journey of a low-risk producer

Compared to high-risk producers, low-risk producers are likely to have fewer regulatory obligations due to the nature of their products being simpler and less hazardous. As a result, they are typically only required to meet the requirements set out by local council, as their primary food safety enforcement agency.

STEP 1: RESEARCH

Despite the comparatively less complex regulatory obligations of the low-risk producer, most survey respondents did not find the Research phase easy to navigate. Producers reflected the process was time consuming, unclear, frustrating and difficult to understand and navigate.

However, producers noted that once they were able to find the correct information or make direct contact with a network that would point them in the right direction, they found the process became easier to navigate. Just with high-risk producers, networks and supports make the regulatory journey easier to navigate.

STEP 2: ESTABLISH

During the Establish phase, low-risk artisanal producers typically engage with local council to ensure their Food Safety Plan, premises and personnel meet the appropriate requirements of the individual council. During this phase, artisanal producers' experiences were predominantly classified as neutral or time consuming.

STEP 3: COMPLIANCE & OPERATION

Compliance and operational activities for low-risk producers are typically less burdensome (due primarily to less frequent audits) than high-risk producers. However, producers reflected this phase to be almost as time consuming, unclear, frustrating and difficult to navigate as their experience during the Research phase.

Specifically, producers referenced the duplication of effort, inconsistency in information and assessment across local councils as well as Environmental Health Officers (EHOs) at the same council and compliance costs (both in time and money).

STEP 4: CHANGING AND GROWING

Low-risk artisanal producers changing and growing their operations did not express significant difficulty during this phase; however, there are some common hurdles and pain points that do influence the way in which these artisanal producers are choosing to operate.

Changing their business operations as a result of experiencing growth often required producers to make strategic decisions that were based on inputs such as time, cost and effort. As low-risk producers change and/or grow their operations, they typically must comply with additional regulatory requirements. Such as moving from a home-based business to a shared or commercial kitchen or undertaking labelling and packaging processes so they can leverage additional sales/distribution channels.

It was frequently identified that the labelling and packaging process (with reference to Nutritional Panels) for some producers was time consuming and challenging. For example, some producers were not even aware that there were online tools to assist with the process (i.e. the Nutritional Panel Calculator [NPC]). Whereas producers that did use the NPC found that it was not user friendly and that the output was not always consistent/accurate (which had cost implications if re-labelling was required).

Artisanal producers are characterised by their unique approach to their products; this includes unique ingredients and recipes. Some producers found that it was not easy to use the NPC for some of their more niche ingredients.

LOW RISK PRODUCERS

KEY PAIN POINTS



NAVIGATING THE APPLICATION PROCESS FOR THEIR ARTISANAL PRODUCTS



GROWING OUT OF PREVIOUS OPERATING MODEL



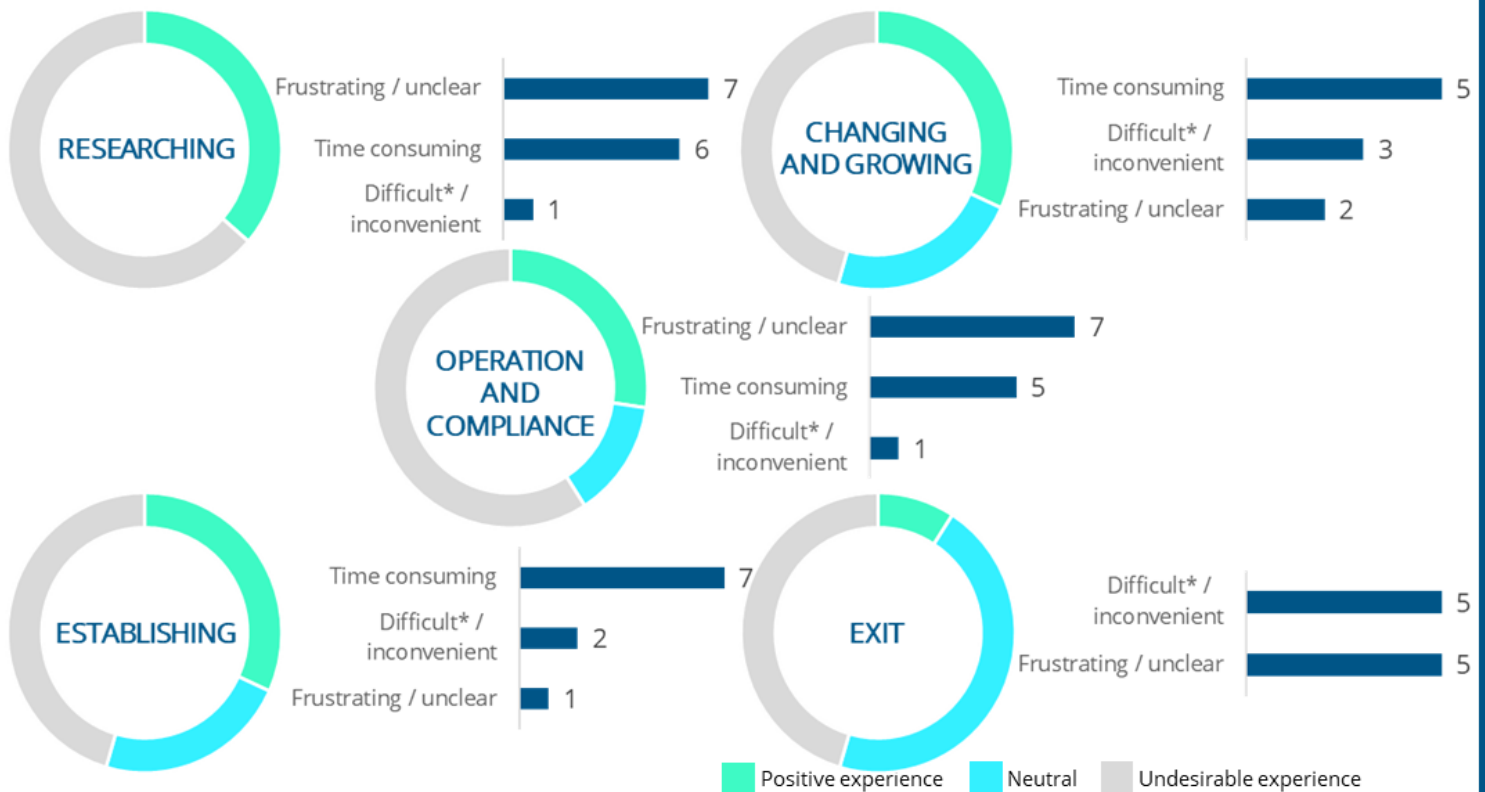
INCONSISTENT INTERACTION WITH THE ENFORCEMENT AUTHORITY



MEETING LABELLING AND PACKAGING REQUIREMENTS

REGULATORY EXPERIENCE

In the survey, the regulatory experience of low risk producers is described as:



Note: A total of 8 respondents were identified as high risk producers. Bar charts indicate the count of respondents for each undesirable response category. *Difficult to understand and navigate.

5 Findings: regulation in practice

5.1 Queensland’s regulatory environment for artisanal producers

Across high- and low-risk artisanal producers, their regulatory journey reveals what is often a complex operating environment, with information gaps, a lack of transparency in how to remain compliant and a perceived unreasonably burdensome process.

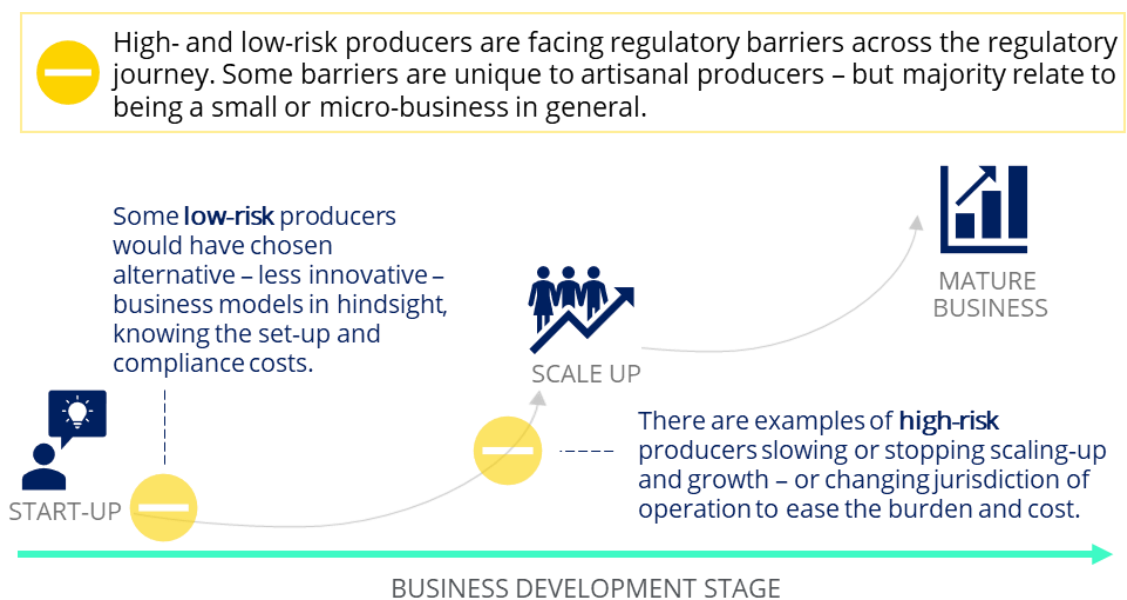
The conceptual regulatory journey implies reaching a destination; but for an artisanal producer, the regulatory journey is more of a continuous cycle of operations, compliance and business transformation – in either their product or processes – to remain relevant in their market or gain access greater new markets and customers.

The consultation, survey and the journey map process has highlighted that where regulatory barriers can prevent firms (of any size) adding their full value to the economy – there are instances in the Queensland artisanal sector where regulatory barriers and costs are explicitly causing some producers to grow slowly, or not at all.

Figure 5.1 highlights some of the key regulatory barriers artisanal producers face, noting that while some of the findings of this regulatory review are unique to the artisanal sector and the nature of their production – the **majority of findings are related to the producers operating as a small- or micro-business**.

In this frame, the following section analyses the problems artisanal producers encountered and how they managed to create workarounds to continue to operate within their existing regulatory environment.

Figure 5.1 Slow and steady, and not finishing the race



Source: Deloitte Access Economics

5.2 Summarising producer problems

As the high- and low-risk journey maps demonstrate, artisanal producers encountered a variety of hurdles and pain points throughout the regulatory journey.

These problems fall into three distinct, but interdependent categories:

1. **PERSONAL** – a problem that arises because the artisanal producer is unable to navigate their regulatory environment effectively and without cost *on their own*. A lack of time, experience and understanding typically underpins the nature of this problem. A problem that is classified as personal reflects the concept that the problem is not necessarily rooted in the system the individual is attempting to enter; but in their ability (given previous experience) to navigate, understand it and/or find the necessary information and assistance to do so (without cost).
2. **OPERATIONAL** – this categorisation reflects problems that arise from the complexity of the system itself, in this case the regulatory environment or applied legislative framework.¹⁶
3. **STRATEGIC/INNOVATIVE** – a problem that falls within this category specifically reflects a problem that is likely to be unique to an artisanal producer. This may include problems that arise where the nature of the products/process/ingredient creates a problem that is beyond the scope of the original intention and operational capacity of the system.

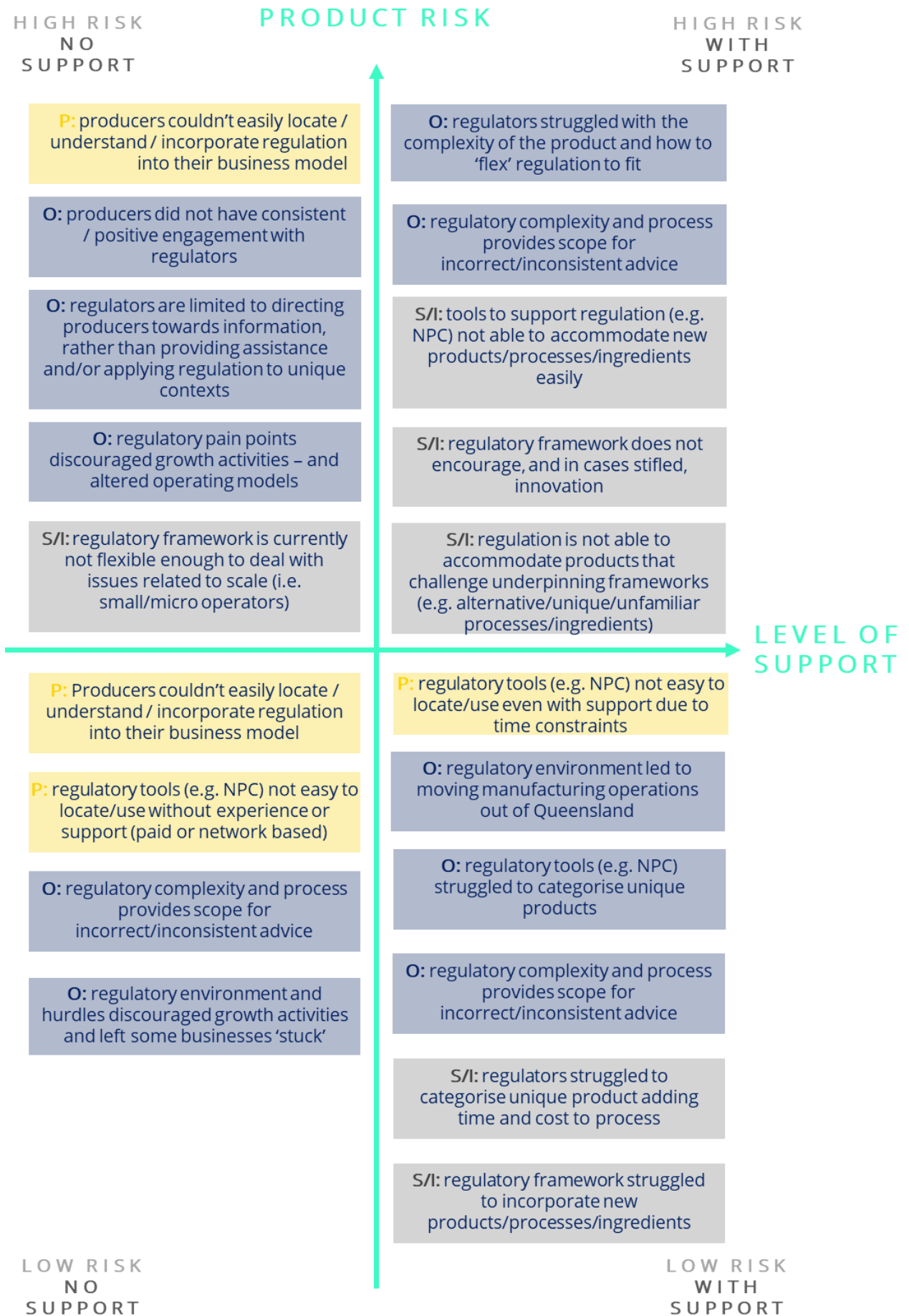
A categorised summary by problem type, across the scope of the hurdles and pain points uncovered in the journey maps and survey results, are presented in Figure 5.2.

The categorised framing of problems facing artisanal producers, and small business owners more generally in Queensland, highlights key insights into what barriers and limits to growth the sector faces:

- High- and low-risk products and producers both experienced problems across the *Personal*, *Operational* and *Strategic/Innovative* categories. The complexity of the system, and therefore the systematic complexity producers and small businesses are facing, means no one issue or factor is causing the barriers and limitations to business operations.
- Producers without support (both high- and low-risk) reported problems that are more likely to be *Personal* or *Operational* in nature. This reflects the important role of minimising information gaps (or one-sided information), networks and experience to help navigate the regulatory environment in a way that ensures business sustainability and growth. Notably, where support is lacking, producers are more likely to signal that their experience was quite personally difficult and unenjoyable – reflecting in hindsight on whether the cost of operating, truly outweighs the personal toll and time taken on meeting regulatory obligations.
- Producers with support (both high- and low-risk) reported problems that typically are *Operational* or *Strategic/innovative* in nature. Where support has enabled some producers to move beyond the 'Personal' issues with navigating regulation, they are then faced with barriers to operational growth/change and business or product innovation. Where these issues are fundamental to the regulatory environment and frameworks, regardless of level of support or risk, producers and small business owners are experiencing these pain points.
- Where producers have engaged professional services and support to navigate and comply with regulation – which was not uncommon – the regulatory cost burden outweighs the expensive (relatively) cost imposition of the engaged professional advice and support. In effect, this is a doubling of cost onto producers and small businesses – as they often become frustrated with the level of time, effort and expense with the regulatory process before seeking professional help. Where paid professional consultants and experts are helping producers and small business navigate the regulatory framework, the private market has recognised and filled a 'gap' where there is a market failure.
- Where producers and operators have chosen to change their business model or location of operations due to an inability to *reasonably* navigate the regulatory environment and compliance requirements, the regulatory cost burden – whether it is time, effort or expense – exceeds the benefits businesses gain from doing business in Queensland (or from their original area of operation in one LGA to another (both an inter- and intra-state issue)).

¹⁶ Where the regulatory environment refers to the entire system, including the hierarchy of responsibility, capability of regulators and their interactions with stakeholders. While the regulatory framework refers to the regulation itself as a vehicle.

Figure 5.2 Summary of artisanal producers' regulatory pain points and hurdles



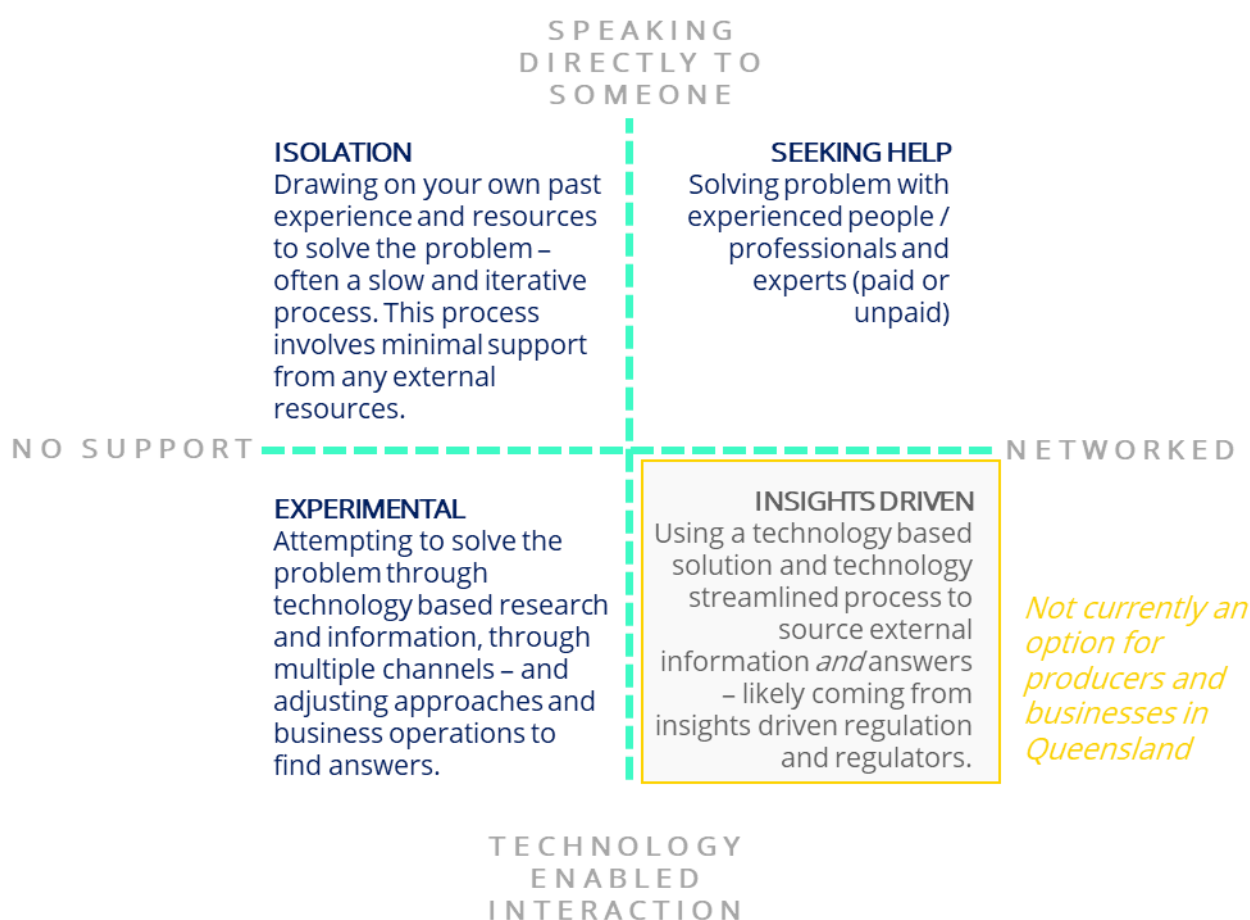
5.3 Analysing solutions for producers

To navigate these problems, producer engagement revealed a variety of workarounds employed to ensure they were able to continue to meet their compliance obligations and operate their businesses. Solutions included outsourcing, leveraging existing networks, sourcing new networks or identifying unique one-off workarounds.

Irrespective of problem type (*Personal, Operation or Strategic/innovative*), the search for a solution was dictated by the degree of complexity of the problem, as well as the types of resources available to them. Figure 5.3 presents the four key ways producers looked for regulatory solutions as they navigated the regulatory environment,¹⁷:

- The vertical axis represents the level of interaction in the search for a solution (*No Support or Networked*),
- The horizontal axis indicates the nature of the information source (*Speaking directly to someone or Technology enabled interaction*).

Figure 5.3 How producers and small business solved their regulatory problems



Source: Deloitte Access Economics. Note: Framework logic adapted from Lazer and Bernstein, 2012.

Applying this to artisanal producers; **problem solving in isolation, without support**, occurs when they rely on previous experience or direct feedback from repeating steps in their journey – this process is costly and burdensome. This reliance is likely for lack of an alternative, either by choice or due to insufficient or unclear information. Producers who sit on the left side of Figure 5.3 likely have a regulatory burden they struggle to manage and may have developed workarounds – potentially stifling their business aspirations and broader contribution to regional economies.

¹⁷ (Lazer & Bernstein, 2012)

While **solving regulatory problems by utilising networks** involves producers reaching out to regulators or experienced parties – including paid professionals – to navigate their regulatory journey. Those utilising networks in this way typically have the experience, means and a regulatory burden that is too large to manage on their own – i.e. they were forced to seek (paid or unpaid) assistance or faced having to no longer operate, or change their operations without a regulatory resolution. Those operating in the top-right corner of Figure 5.3 are typically able to find workarounds to suit their business and regulatory needs, but still face pain points that are difficult to overcome.

At present, accessing insights driven and streamlined regulatory information – both tailored information and answers – through technology-based platforms and solutions is not common practice or available at a state-wide level in relation to regulation that impacts artisanal producers – and small business more broadly. In Queensland, the bottom-right corner of Figure 5.3 is currently not an option for producers to solve regulatory problems.

Insights driven regulation

Increasingly, regulatory environments and frameworks for businesses are being modified and set-up to operate in response to the bottom-right corner (Figure 5.3); that is, insights driven regulators and regulation – helping producers both find information and answers, while imposing a minimal regulatory cost and burden.

Regulators are on the front lines of nearly every controversy resulting from a new technology – either needing to ‘get out of the way’ or provide solutions when incidents occur. Data breaches, clashes between taxis and ridesharing services, and new business models that defy the status quo, all pose real challenges to regulators. In a fast-moving and increasingly complex world, regulators are finding it harder to balance the need to protect citizens and maintain fair markets, with the need to avoid impeding innovation and economic growth. There are five key trends that are driving the tug-of-war between protection and innovation¹⁸ – which insights driven regulation and regulators are designed to overcome:

- **The exponential pace of technological change.** New technologies that used to have two-year cycle times now can become obsolete in six months, and the pace of change is not slowing.
- **The emergence of new business models.** Disrupting traditional economic transactions.
- **Shrinking barriers to entry for suppliers and buyers.** Technology has reduced barriers to entry for many aspiring entrepreneurs. Online retail portals let people sell goods without expensive physical retail spaces.
- **The “ignore until large” phenomenon.** The arguments between startup companies and the established industries they are competing with are ultimately landing at the doors of regulators. The fact that disagreements often escalate illustrates what can be called the “ignore until large” phenomenon, which is an issue for both regulatory organisations and startups.
- **The rise of business ecosystems.** Business ecosystems are dynamic and co-evolving communities of various actors who create and capture new value through competition and collaboration. These tightly integrated networks of organisations are a change from the siloed and self-contained past firms.

Where artisanal producers and the food-economic ecosystem is increasingly occupying territory across these five key trends, there is a need to consider insights driven regulation, and regulators, to ensure the continued success of the sector – and its increasing contribution to the Queensland economy.

¹⁸ (Shah, Brody, & Olson, 2015)

Queensland is showing early signs of an insights driven shift

The Queensland Building and Construction Commission (QBCC) is responsible for providing information, advice and executing a range of regulatory actions to ensure compliance with proper standards across Queensland's building and construction sector. The Queensland Government recently introduced a raft of new measures through the Queensland Building Plan to ensure the long-term sustainability of the state's \$45 billion construction sector and increased the QBCC's regulatory powers for investigation and coercion as part of this reform.

Administering the new legislation requires the QBCC to collect and intelligently use a broader range of data sources to proactively identify and managing sectoral risk. Recent audit findings highlighted that the QBCC's existing data infrastructure, analytics and governance capabilities required significant maturing to meet the requirements of the Building Plan.

In 2018, the QBCC began an enterprise-wide transformation to become an Insights Driven Regulator (IDR) that places data at the heart of every decision – enhancing regulatory outcomes through automating and augmenting decisions with insights.

Source: QBCC Strategic Plan 2018-2022; Annual Report 2017-18

5.4 Key findings on review of regulation in Queensland's artisanal producer sector

Artisanal producers create innovative products that may add extra value and push the boundaries of traditional food processing methods – which heightens the complexity, and sometimes cost, of each phase of the regulatory journey.

Often, producers, regulators and the regulatory framework are not well equipped to respond to the challenges that artisanal products pose – and the pace at which business models, processes and consumers change.

High- and low-risk producers are facing regulatory barriers across the regulatory journey. Some barriers are unique to artisanal producers – but majority relate to simply being a small or micro-business.

PRODUCERS

- The **complexity of the system**, and the systematic complexity producers and small businesses face, means no one issue or factor is causing the barriers and limitations to business operations. The regulatory system, as it is currently prescribed in relation to food safety and small/micro producers, can be **inflexible to the sector's needs**. Specifically, the inflexibility typically relates to operational scale, production processes, risk categorisation, and consistency of regulatory advice and interpretation across different enforcement judications (typically LGAs). This is likely **imposing unnecessary costs on producers, consumers and the regulators**.
- **Producers without support** (both high- and low-risk) reported relating to **information gaps (or one-sided information) and a lack of networks** and experience to help navigate the regulatory environment. Where support is lacking, producers signal their experience is personally difficult – reflecting on whether the cost of operating outweighs the personal toll on meeting regulatory obligations.
- **Producers with support** (both high- and low-risk) reported problems that relate to **barriers to operational growth/change and business or product innovation**. These issues are fundamental to the regulatory environment and frameworks, regardless of level of support or risk.
- **Producers are engaging professional services** and support to navigate and comply with regulation – signalling **the regulatory cost burden outweighs the expensive (relatively) cost imposition of the engaged professional advice and support**. This is causing a doubling of cost onto producers and small businesses – where paid experts are helping producers and small business navigate regulation, there is a market failure. This is a barrier to business growth and sustainability in the long-term, despite facilitating business activities in the short-term.
- Some producers and operators have chosen **not to pursue strategic growth activities and change their business model or location of operations**, due to an inability to *reasonably* navigate the regulatory environment and compliance requirements, signalling the **regulatory cost burden exceeds the benefits businesses gain from doing business in Queensland** (or from their original area of operation in one LGA to another (both an inter- and intra-state issue)).

- **Insights driven regulation and regulators**, in relation to food safety and the food-economic ecosystem, **is not currently an option for producers and businesses in Queensland**. This is preventing insights driven problem solving in the artisanal sector – and small business more broadly – from the perspective of producers.
 - **Producers rarely solve problems in *isolation*** – but where they do, they rely on past experiences to inform their operations and it is an iterative and slow process. This process is costly to producers.
 - ***Seeking help through networks (based on direct human-based interactions) is the most common way artisanal producers solve problems***. Producers will typically source the necessary networks; such as hiring professional consultants, reaching out regularly to regulators and developing relationships with other producers or professional networks that have had previous experiences they can draw from. This process is costly to both producers and regulators.
 - ***Experimental problem solving through seeking one-sided information is inefficient***, time consuming and costly for producers. However, for artisanal producers with complex products, the process of trial and error is often the only solution available where they do not have access to support networks to assist them.

REGULATORS

In response to problems artisanal producers have, regulators (at the local and state level) are expending resources to respond to problems with information that is both explicit and assumed:

- **Explicit information** is typically prescribed by the regulatory framework in the form of legislative requirements, written rules, guidelines and charges.
- **Assumed information** is not prescribed the formal framework or legislation but is open to interpretation and often based on the combined personal and professional experience of a regulatory practitioner.

For regulators providing information and undertaking their regulatory function in relation to **explicit** information, this process is relatively straightforward and typically does not impose an unreasonable regulatory burden or cost (to both producers and the regulator).

Where the application of information is **assumed**, this is more likely to be costly and represent a regulatory burden, requiring both the producer and the regulator to understand the background of the problem, each other and be able to speak a similar ‘regulatory’ language. This can also result in inconsistent, or inaccurate, application of the regulation, exposing both regulators, producers and consumers to poor outcomes and unnecessary cost impositions.

For regulators, providing information that is both explicit and tacit in nature is what drives inefficiency.

Where the food safety and the food-economic ecosystem is increasingly beginning to operate on assumed information – due to both the framework and nature of the regulation being unable to keep up with trends in the sector – regulators are:

- Frequently engaging in direct producer-to-regulator problem-solving that is often iterative, time consuming and can produce inconsistent advice that often has a time limit – as business models and production processes evolve.
- Undertaking *experimental* problem solving to assist artisanal producers where they are able; this process can shift the role of the regulator in food safety from assessing and ensuring the minimisation of risk to consumers against the framework; to one where they are helping producers navigate the complexity of the system.

Regulatory reform



The current regulatory cycle often takes **5 to 20 years**, whereas startup growth can outpace regulation in a matter of months, prompting the need for reform.

Source: Deloitte (2015)

Case Study – the future of food

Emerging food technologies are changing both the type of food products offered to consumers and the process by which these products are made. Where technology drastically changes the production process, the result is often seen as an entirely new product altogether. When this occurs, particularly in high risk food industries such as meat or dairy, the strict regulatory framework that operates is often not flexible enough to capture these entirely new products and processes. As a result, food regulations must be continuously updated or developed to ensure any new products or processes fall within their jurisdiction and therefore, they are highly reactionary to technology developments.

Cellular agriculture and 'lab-grown' meat: The emergence of 'cellular agriculture', poses a major challenge for food regulators, as the technology has developed an entirely new process of food production that is drastically different to traditional forms of agriculture. Lab-grown meat is one example, whereby a single tissue cell is harvested from a live animal and grown in a cell culture to produce meat. This new form of production is gaining attention worldwide, as scientists, food producers and consumers are searching for more sustainable and ethical forms of meat production. Several startups across the USA, Europe, Israel and Australia are trying to establish a commercially viable production of lab-grown meat that is scalable, environmentally sustainable, affordable and safe for consumers. While no commercial product has been released to the market yet, it is believed that the USA will be the first to do so next year which has prompted food regulators to consider the challenges that this new product presents.

Source: Stephens, N., Di Silvio, L., Dunsford, I., Ellis, M., Glencross, A., & Sexton, A. (2018); U.S. Food & Drug Administration, (2018, July 12); McCarthy, M, (2019, August 1)

6 Recommendations

6.1 Pathways to a sustainable and growing artisanal food producer sector in Queensland

The following recommendations are based on a consolidated view of the key areas where the BRT, the Department of Employment, Small Business and Training (DESBT), and key food safety regulators can work collectively across the immediate, short-to-medium and long-term to implement reforms that will support a sustainable and growing artisanal food sector in Queensland.

These findings and recommendations, while specific to the artisanal food sector, have a broader relevance and applicability to small and micro businesses across Queensland.

The recommendations are structured to address the following key focus areas:

- Regulatory reform specific to the food and non-alcoholic beverage industry
- Address the findings related to regulatory challenges faced by small or micro-businesses generally
- The future of regulation, the regulator and a path toward insights driven regulation to ensure a responsive regulatory environment that can address changes, accommodate innovation in the market and allow Queensland businesses to keep up with change

Summary of key findings from Chapter 5 and recommendations from Chapter 6:

1. **Finding:** From producer consultation and case studies (limited to 12 producers in Queensland), it was found that artisanal producers consistently find it difficult to overcome the complex food safety regulatory system. A consistent pain point for producers was inconsistent advice, guidance and variation in the regulatory systems' application across different local jurisdictions and regulatory levels (i.e. between different local government areas, and different layers of regulation between the state and local governments).

Related recommendation:

- The Queensland Government should action the findings from the QAO 'Managing consumer food safety in Queensland' Report ('the QAO Report'). This will ensure that the implementation of a state-wide, risk-based, regulatory regime that drives consistency and reduces the regulatory burden reflects the needs of small and micro-businesses.

2. **Finding:** Producer consultation established that regardless of the product type, complexity level or uniqueness, the ability to access experienced support and networks of other producers was key to overcoming regulatory barriers.

Related recommendation:

- To support producers without access to networks or who are new to producing, the Queensland Government should develop specific regulatory guidance, centralised contact points and/or formalised networks for artisanal producers to access at no charge. The regulatory guidance and contact points are required to improve the capacity for producers to reasonably navigate through the regulatory environment in the absence of regulatory reform. The regulatory guidance should be designed alongside food safety regulators for compliance.

3. **Finding:** Of the producers consulted with, primary producers presented the highest food safety risk (by definition) and had the most difficulty navigating regulatory hurdles due to their businesses' size, product type and inability to meet regulatory requirements for their scale without it being cost prohibitive. Other producers with less risky products and processes (by definition) had relatively less barriers.

Related recommendation:

- In the short-term, the Queensland Government should develop risk-based guidance for Queensland artisanal producers. This artisanal producer risk-based guidance would be an interim measure until the regulatory framework is designed to accommodate business size and risk, by design.
- In the medium-to-long-term, the Queensland Government could consider a review of the Food Act 2006 and related legislation to introduce flexibility and a true risk-based approach. A review would need to consider how to impose a state-wide, true risk-based framework which can flexibly accommodate different levels of risk, while supporting small operators to go to market with less unnecessary barriers due to the size of their operations.

KEY FINDING: From producer consultation and case studies (limited to 12 producers in Queensland), it was found that artisanal producers consistently find it difficult to overcome the complex food regulatory system. A consistent pain point for producers was inconsistent advice, guidance and variation in the regulatory systems' application across different local jurisdictions and regulatory levels (i.e. between different local government areas, and different layers of regulation between the state and local governments).

6. Recommendation:

The Queensland Government should action the findings from the QAO 'Managing consumer food safety in Queensland' Report ('the QAO Report'). This will ensure that the implementation of a state-wide, risk-based, regulatory regime that drives consistency and reduces the regulatory burden reflects the needs of small and micro-businesses.

The QAO Report highlighted structural regulatory issues such as different risk-based assessment schemes across local councils which result in inconsistency and varying degrees of institutional knowledge. Specifically, the primary recommendations that align with the findings of this review and which the Department should play a role in implementation include:

Legislation, governance and frameworks

QAO Recommendation 1:

- Making the definition of licensable food businesses clearer and aligning it more to food safety risks.
- Establishing competency standards and availability requirements for food safety supervisors.

QAO Recommendation 2:

- In consultation with the Department of Local Government, Racing and Multicultural Affairs, implement a consistent statewide risk-based framework and standards for classifying and inspecting food businesses and for making enforcement decisions.

Monitoring, data and reporting

QAO Recommendation 5:

Rectifies data collection and reporting issues, including providing local governments with better access to update the statewide mobile food business register.¹⁹

Training

QAO Recommendation 7:

- Identify training requirements for authorised people to promote consistent regulatory outcomes. The requirements should include skills in gathering evidence, managing a prosecution event, and conducting a check audit.

Consistency in risk assessment

Deloitte Access Economics' review highlighted the inconsistency in assessment of risk across local councils in Queensland. This lack of clarity in the regulatory approach across the different levels of government creates significant challenges for under-resourced artisanal producers (and micro or small businesses).

The pursuit of a state-wide risk-based framework for assessment that not only considers the way producers are engaging with the regulatory landscape but also the size of their operations, would significantly reduce the regulatory burden of the artisanal producer.

This will not only be beneficial to artisanal producers (with and without support), but also more generally to small and micro-businesses that are subject to similar barriers and costs. The integration of these findings should also aim to build capability and drive consistency across local governments.

¹⁹ Mobile food licences are a unique 'workaround' that many food businesses pursue as the associated compliance obligations and regulatory scrutiny are significantly lower. A mobile food business is licensed in its 'home' council but can operate anywhere in the state. Inspections and enforcement of mobile food vendors operating outside their council boundaries rely on the existence of an up-to-date statewide mobile food register. Queensland Health manages the register, which has not been updated since February 2017. Deloitte Access Economics notes that this aspect of the regulatory framework was an area of concern and frustration that was expressed throughout multiple case study and industry-based consultations.

KEY FINDING: Underlying every journey is the impact and contribution of strong networks and shared experience. The review has established, regardless of the product type, complexity level or uniqueness; a key differentiator between the experiences of artisanal producers was the way in which they were able to draw on support networks to navigate their journey.

7. Recommendation:

To support producers without access to networks, the Queensland Government should develop specific regulatory guidance for Queensland artisanal producers.

To minimise the regulatory burden of the (small-scale) artisan producer, the Queensland Government, with guidance from the BRT (and other relevant agencies), should consider the use of the findings of this report as a guide to develop a tailored and dedicated artisanal producer point of reference to assist producers to navigate regulation.

This may include:

- The development of specific guidance materials/a website targeted towards micro and small producers to assist them to navigate the complexities of the regulatory landscape.

8. Recommendation:

The Queensland Government should play a stronger coordinating role and develop a centralised contact point for artisanal producers. Acting to ensure the quality of the Government-to-Business (G2B) experience (across all levels of government) will support the education and knowledge sharing needs of the artisanal production sector.

In particular, Queensland Government should:

- **For Business** - Ensure the delivery of the Digital Food Safety Hub in the immediate-to-short term, such that it can act as a central location for artisanal producers to *access* tailored regulatory guidance, advice and assistance. The Digital Food Safety Hub could also be leveraged to provide artisanal producers with access to formal (key contacts) and informal (such as the Food and Agribusiness Network) networks.
- **For business** - consider an expansion of the Queensland Government's 'go local' and 'Made in Queensland' campaign to specifically target artisan producers through events, networking, campaign materials.
- **For Government** - Reduce the complexity of the system (for government and business alike) through the development of *tailored educational guidance that assist local councils* to support artisanal producers to seek out networks, peer learning opportunities and facilitate mentoring relationships. The development of this guidance could occur through programs such as the proposed Small Business Friendly Councils (SBFCs).

A burden shared, is a burden halved – value of networks to the artisanal producer

Accessing and leveraging personal experiences or that of their networks, an ability to hire specialist knowledge or draw on local communities and networks; all directly affect the quality (and pace) of their regulatory journey.

The absence or presence of a knowledgeable network (or the ability to purchase one) differentiated distinctly between positive and negative experiences. Wrap around support targeted towards the regulatory needs of artisanal producers will encourage the development of networks and relationships that can be utilised to navigate the complex regulatory environment

KEY FINDING: Of the producers consulted with, primary producers presented the highest food safety risk (by definition) and had the most difficulty navigating regulatory hurdles due to their businesses' size, product type and inability to meet regulatory requirements for their scale without it being cost prohibitive. Other producers with less risky products and processes (by definition) had relatively less barriers.

9. Recommendation:

The Queensland Government should develop specific primary producer risk-based guidance for Queensland artisanal producers. This artisanal producer risk-based guidance would be an interim measure until the regulatory framework is designed to accommodate business size and risk, by design.

Producers are being incentivised to 'workaround' the system when presented with regulatory hurdles and pain points. Artisanal producers operating in primary production need specific, additional assistance, to make complex regulation easier to navigate/understand from the perspective of small producers with complex risk and compliance requirements.

To minimise the regulatory burden of the (small-scale) primary producer, the Queensland Government, with guidance from the BRT (and other relevant agencies such as Safe Food Queensland), should consider the use of the findings of this report as a guide to develop a tailored and dedicated primary producer point of reference to assist producers to navigate regulation. This may include:

- The development of specific guidance materials/a website targeted towards micro and small primary producers to assist them to navigate the complexities of the regulatory landscape.
- The presence of a specifically trained contact for artisanal producers across Queensland that can provide producers with appropriate local contacts that can provide them with place-based guidance and support.

10. Recommendation:

In the medium-to-long term, the Queensland Government should consider how the *Food Regulation 2016* and the *Food Production (Safety) Act 2014* could be reviewed in the context of the QAO and this review's findings to ensure any amendments address regulatory complexity and barriers for artisanal producers and micro businesses.

Where Queensland has adopted a multi-agency approach to managing food safety along the food supply chain, any legislative and/or policy review to introduce flexibility and a risk-based approach for smaller artisan producers would be required across the key responsible agencies.

Any review, would need to specifically address how a state-wide, scaled (to business size) and risk-based (based on product type) framework can be implemented flexibly to accommodate and mitigate different levels of risk, while supporting small operators through less barriers and regulatory hurdles.

Given the fast-paced nature of the food and artisanal production sector – and shifting consumer preferences and quickly developing access to new markets – any review should ensure the legislation is 'fit for purpose' in this context to support artisanal producers to grow, while maintaining the necessary risk standards.

The following section presents a general view to longer-term policy considerations – as opposed to regulatory review recommendations.

GENERAL FINDING: The structure of the current regulatory environment limits the use of insights driven regulation (and regulators), meaning the system does not readily have the capacity to address the regulatory challenges presented by innovation in the food-economic ecosystem in Queensland into the future.

4. Consideration:

Consider how the findings of this report could be used to support regulators in the food economic-ecosystem to rethink (and potentially redesign) the existing regulator-producer outreach and regulatory touchpoints.

At its heart, this report considers the regulatory environment of the artisanal producers of today; however, it can also provide a case study of how food safety regulators are navigating innovation (albeit on a small scale) in their sector.

In an era of rapid change, it is important for regulators, and regulatory systems, to identify every possible food safety (or general business) risk to consumers and markets – and navigate ways to mitigate this risk in existing, often rigid, frameworks. This can be a difficult, if not impossible task for regulators.

The findings of this report not only highlight ways in which the regulatory environment is not able to cope with the current requirements of the industry; but the findings also demonstrate the ways in which the system is not prepared to meet the future challenges of the industry.

Disruptive forms of technological change often cross traditional industry boundaries. As products and services evolve, they can shift from one regulatory category to another. To prepare the regulator and the regulatory environment for change and innovation; the regulator needs to ensure there is capacity in the system to make space for innovation – and support businesses to grow in line with this.

Regulators can rethink methods of producer-regulator outreach and regulatory touchpoints (across the stepped regulatory journey) to reduce the regulatory burden. This rethinking can inform the evolution of *explicit and transparent rules and guidance* (if appropriate) in relation to food safety and the food-economic ecosystem – and ultimately small business regulation in the long-term.

5. Consideration:

The Queensland Government could engage relevant agencies to explore pathways and/or initiatives designed to deliver insights driven regulation and regulators. This approach should enable regulators to employ innovative approaches to problem-solving – business enablers – that will help regulators to reduce the amount of effort needed to maintain or improve outcomes. The aim is to lessen regulators' operational and delivery burden so they can speed up their processes and improve their effectiveness – improving not only the G2B experience for small and micro-business operating in the food and non-alcoholic beverage industry, but small business more broadly.

The Queensland Government utilise the findings of this report as a case study to undertake a detailed technical study and assessment into how and where the current transfer of explicit and tacit information (in this sector) is inefficient. For example, where explicit information is delivered in a tacit manner (unnecessarily); as well as where tacit information can be delivered as explicit information in an insight driven regulatory framework – considering areas such as the future of the food ecosystem in Queensland, global markets for export and interstate and global food system competitors.

In the short-to-medium term, the output of such an assessment could be used to scope and design an insights-driven operating model supported by delivery of a long-term roadmap and strategy to become a more proactive food safety regulator that relies on intelligence, data and insights – considering the recommendations of the QAO Report.

This could consider utilising alternative technology-based engagement mechanisms across the regulatory touchpoints – such as (for example) a Queensland Government Food Safety Chatbot that could gather basic data from business permit applications and respond in real-time to queries and recommend which permits or licences would be required. The same solution could also be used to improve the customer experience through natural language processing and conversational dialogue to answer food safety related questions from Queensland Health and/or Safe Food Queensland website visitors.

6. Consideration:

The Queensland Government could consider how the findings of the review could be used to assist the food economic-ecosystem prepare for disruptive change.

The Queensland Government should consider its role and contribution to the future of the food safety regulatory environment as it prepares to deal with emerging challenges and innovations in foodtech and the food economic ecosystem generally.

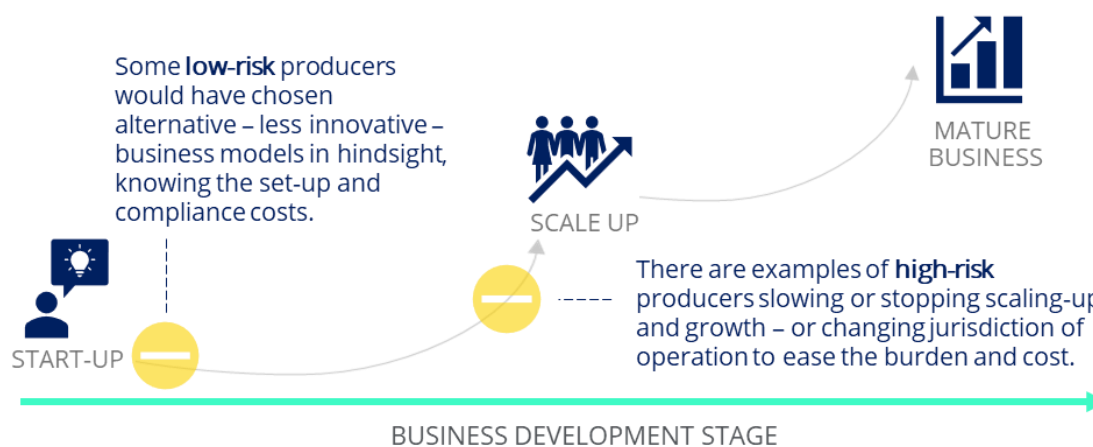
In the medium-long term, Government could play a role in assisting food safety regulators to prepare for innovations that will disrupt the regulatory environment. This may involve assisting with the identification of an innovative foodtech business that is struggling to operate under the current regulatory framework as part of a regulatory sandbox exercise for food safety regulation.

Making room for innovation

In line with previous BRT recommendations, as small businesses (including artisanal producers) experiment with more innovative business models; which can complicate the categorisation of certain goods and services into existing markets and regulatory arrangements, there will be a greater need for Queensland regulators to consider sandboxes as a viable approach to small business regulation.

For example, state and local governments could consider easing small business regulatory requirements for licencing and permits for a given grace period in approved circumstances in order to trial new business models/product innovations without the need for administrative burden. This will reduce barriers to entry to new producers and enhance innovation.

This will assist artisanal producers to continue to innovate regardless of their growth aspirations. Temporarily removing regulatory barriers to encourage innovation and growth, while remaining in Queensland is illustrated below.



References

- Australia New Zealand Food Authority. (n.d.). *Food Safety: The priority classification system for food businesses*. Canberra: Australia New Zealand Food Authority.
- Australian Government. (2019). *Support for businesses in Australia*. Retrieved from business.gov.au
- Better Regulation Taskforce. (2018). *Regulatory review project*. Department of Employment, Small Business and Training. Queensland Government. Retrieved from <https://desbt.qld.gov.au/small-business/advisory-groups/taskforce>
- Brisbane City Council. (2019, July). *Information for existing food licensees*. Retrieved from Brisbane City Council: <https://www.brisbane.qld.gov.au/laws-and-permits/laws-and-permits-for-businesses/food-business-licences/information-for-existing-food-licensees>
- Brisbane City Council. (2019, September). *Roadmap for Fixed and Mobile Food Businesses*. Retrieved from Food Business Licence Process: <https://www.brisbane.qld.gov.au/laws-and-permits/laws-and-permits-for-businesses/food-business-licences/starting-a-new-food-business/home-based-food-business>
- Brisbane City Council. (n.d.). *Footpath dining*. Retrieved from Brisbane City Council - Food business licences: <https://www.brisbane.qld.gov.au/laws-and-permits/laws-and-permits-for-businesses/food-business-licences/footpath-dining>
- Brisbane City Council. (n.d.). *Laws and permits for businesses*. Retrieved from Brisbane City Council - Laws and permits for businesses: <https://www.brisbane.qld.gov.au/laws-and-permits/laws-and-permits-for-businesses>
- business.gov.au. (2019). *Register for taxes*. Retrieved from business.gov.au, Starting a business guide: <https://www.business.gov.au/Registrations/Register-for-taxes>
- Deloitte Insights. (2018). *The regulator's new toolkit*. Deloitte Touche Tohmatsu Limited.
- Department of Industry, Innovation and Science. (n.d.). *Guide to the sale of pre-packaged goods*. Retrieved from Department of Industry, Innovation and Science: <https://www.industry.gov.au/data-and-publications/guide-to-the-sale-of-pre-packaged-goods/labelling-requirements>
- Food Act 2006. (2016).
- Food Standards Australia New Zealand. (2015, August). *Standard 3.2.1 - Food Safety programs*. Retrieved from Food Standards Australia New Zealand - Food safety standards information: <https://www.foodstandards.gov.au/industry/safetystandards/programs/Pages/default.aspx>
- Food Standards Australia New Zealand. (2017). *Truth in labelling, weights and measures and legibility*. Retrieved from Food Standards Australia New Zealand: <https://www.foodstandards.gov.au/consumer/labelling/truth/Pages/default.aspx>
- Food Standards Australia New Zealand. (2018). *Food recalls*. Retrieved from Food Standards Australia New Zealand: <https://www.foodstandards.gov.au/industry/foodrecalls/Pages/default.aspx>
- Food Standards Australia New Zealand. (2019). *Food Standards Code*. Retrieved from <https://www.foodstandards.gov.au/Pages/default.aspx>
- Food Standards Australia New Zealand. (n.d.). *Food packaging*. Retrieved from Food Standards Australia New Zealand - Food Safety: <https://www.foodstandards.gov.au/foodsafety/standards/Pages/Foodpackaging.aspx>
- Food Standards Australia New Zealand. (n.d.). *Starting and changing a food business*. Retrieved from Food Standards Australia New Zealand - Food Safety - Standards: <https://www.foodstandards.gov.au/foodsafety/standards/Pages/food-business.aspx>

- Food Standards Australia New Zealand. (n.d.). *The priority classification system for food businesses*. Retrieved from Food Standards Australia New Zealand: <https://www.foodstandards.gov.au/publications/Pages/thepriorityclassific352.aspx>
- Lazer, D. L., & Bernstein, E. S. (2012). Problem Solving and Search in Networks. In P. M. Todd, & T. Robbins, *Cognitive Search: Evolution, Algorithms, and the Brain* (pp. 261-273). Cambridge, MA: MIT Press.
- OneMusic. (2019). *Dining Licence*. Retrieved from Dining - OneMusic Australia: <https://onemusic.com.au/media/Information-Sheets/Dining.pdf>
- Productivity Commission. (2006). *Rethinking Regulation*. Australian Government. Retrieved from <https://www.pc.gov.au/research/supporting/regulation-taskforce/report/regulation-taskforce2.pdf>
- Productivity Commission. (2011). *Identifying and Evaluation Regulation Reforms*. Australian Government. Retrieved from <https://www.pc.gov.au/inquiries/completed/regulation-reforms/report/regulation-reforms.pdf>
- Queensland Audit Office. (Report 17: 2018-19). *Managing consumer food safety in Queensland*. Queensland Government.
- Queensland Government. (2019). *Small businesses in Queensland*. Retrieved from Business Queensland: <https://www.business.qld.gov.au/starting-business/advice-support/support/small-business/small-businesses-qld>
- Queensland Health. (2015, October). *Developing a food safety program*. Retrieved from Queensland Health - Food Safety Programs: <https://www.health.qld.gov.au/public-health/industry-environment/food-safety/programs/developing>
- Queensland Health. (n.d.). *Food recalls*. Retrieved from Food safety requirements: <https://www.health.qld.gov.au/public-health/industry-environment/food-safety/requirements/recalls>
- Queensland Health. (n.d.). *Queensland Health - Home-based food businesses*. Retrieved from Queensland Health - Food business licensing - information for businesses: <https://www.publications.qld.gov.au/dataset/food-business-licensing-information-for-businesses>
- Sadler, R., Clark, M., & Gilliland, J. (2013). An economic comparative analysis of farmers' market in Michigan and Ontario. *Journal of Agriculture, Food Systems, and Community Development*, 3(3), 61-81. doi:<http://dx.doi.org/10.5304/jafscd.2013.033.009>
- Safe Food Production Queensland . (2019). *Safe Food Queensland - Accreditation*. Retrieved from Safe Food Queensland : <https://www.safefood.qld.gov.au/food-business/accreditation/>
- Shah, S., Brody, R., & Olson, N. (2015). *Deloitte University Press*. Retrieved from The regulator of tomorrow: Rulemaking and enforcement in an era of exponential change: https://www2.deloitte.com/content/dam/Deloitte/tr/Documents/public-sector/Regulator-of-tomorrow_vFINAL.pdf
- Unnevehr, L., & Jensen, H. (1999). The Economic Implications of Using HACCP as a Food Safety Regulatory Standard. Retrieved from https://lib.dr.iastate.edu/cgi/viewcontent.cgi?article=1252&context=card_workingpapers

Appendix A Regulatory journey: on paper

The following section provides greater detail of the steps undertaken by the producer “on paper”.

STEP 1: RESEARCH

During the research phase, artisanal producers are exploring their regulatory environment, seeking to understand how and where their (potential) business is likely to fit in the food economic ecosystem. Typically, during this phase, producers are in discovery mode; forming an understanding of the regulation itself, their likely compliance requirements and how they will be able to set-up up their business ready for operation.

For an artisanal food and non-alcoholic beverage producer, regulation will primarily fall into two categories:

1. Food safety regulation
2. General business operations

STEP 1 GOAL – UNDERSTAND THE REGULATIONS THAT APPLY TO THEIR BUSINESS TYPE AND STRUCTURE

By the time producers have completed this step; they have formed a clear understanding of the types of regulation that they will need to comply with, where they can locate it and how it will impact their operations in future.

Understanding food safety regulation

As shown in Figure 2.1, artisanal producers’ have access to food safety regulation across different levels of government:

- Federal (the Code)
- State (Food Act 2006 and Food Production (Safety) Act 2000, Food Regulation 2016, Food Production (Safety) Regulation 2014)
- Local Government (as relevant to each producer).

During this phase; producers should form an idea the relative level of risk of their product, as this will determine the overarching regulation with which they will need to comply with. The level of risk will primarily depend on the type of food and the distribution channels associated with their products.

The *Food Act 2006*, requires non-primary licensable food businesses to hold a food licence approved by the local council. Primary food producers are required to obtain an accreditation granted under the *Food Production (Safety) Act 2000*, under the provision of Safe Food Production Queensland.

Therefore, in general, a food business needs to understand whether they are licensable, and whether they are a primary producer. Primary producers include those that produce, process and transport food of the following categories: meat products, dairy products, egg products, seafood and horticulture.²⁰ These food businesses are considered high-risk as they involve the handling of potentially hazardous food or other food that reasonably pose a risk to public health or safety.²¹

Primary producers are required by the Act to comply with primary production and process standards, therefore are required to contact Safety Food Production Queensland to learn more about the appropriate accreditation process.

²⁰ (Safe Food Production Queensland , 2019)

²¹ (Food Act 2006, 2016)

Primary producers are required by the Act to comply with primary production and process standards, therefore are required to contact Safety Food Production Queensland to learn more about the appropriate accreditation process.

If an artisanal producer needs a licence but is not working with primary products, the *Food Act 2006* suggests local council to be their first point of contact for further information on food business licence application. While producers have access to information about food safety regulation at all levels of government; the local councils primarily administer parts of the Act relating to licenced food businesses:²²

- Licencing food businesses
- Accrediting food safety programs
- Enforcing certain offence provisions
- Enforcing the food safety standards.

For most artisanal producers, the first source of information is their local council. Each council has its own risk-based framework to support the effective application of the legislation.

Non-licensable businesses are required to notify their local councils on the actions of the business and the impact on local government services prior to commencing operations.

Businesses that might own or keep live animals will also have to be registered as a biosecurity entity. This process is under the provision of the Department of Agriculture and Fisheries (Queensland). Registrations last for three years, and any changes to species or numbers of animals need to be updated with the Department.

Understanding business registration

The first formal step to start a business is to register for a business name and an Australian Business Number (ABN), which can be done simultaneously on the Australian Business website. These requirements are under the provision of A New Tax System Act (1999). The business will also have to register for relevant tax obligations depends on the business type and structure:²³

- If the business is a partnership, company or trust, business owner will need to also register for a new Tax File Number (TFN)
- If the business has employees, they will have to register for PAYG withholding
- If the business is expected to have a turnover of \$75,000 or more, they will have to register for GST.

Business registration is free and can be completed online or with the assistance of the appropriate authority, such as the local council, Australian Tax Office or counters serviced by Business Queensland.

Key resources accessed at Step 1

- The Australian Business Licence and Information Service (ABLIS) website. This website provides businesses with regulations that may be applicable to them, with respect to their proposed operating location as well.
- "Starting a Business Guide" on the business.gov.au website. This website is an online government resource for the Australian business community that captures all areas across the stages of planning, starting, running and exiting a business.
- The Australian Taxation Office website and services are available for all business taxation enquiries such as ABN, payroll tax or insurances.
- Depending on the type of business, enquires can be made to local government on regulations related to the community such as zoning, operating hours, noise restrictions and applicable operating permits. The leads on applicable requirements are available on ABLIS.
- A general understanding of the local regulation environment is also available on the Local Government Toolbox website. This website is an initiative of the South East Queensland Councils Forum to support local communities on residential, business and local government information. The list of regional councils currently subscribed to the Toolbox is available online.
- Specialist (private sector) consultants are also available to advise on business structure, legal advice, or food product development.

²² (Queensland Audit Office, Report 17: 2018-19)

²³ (Australian Government, 2019)

STEP 2: ESTABLISH

After developing an understanding of their regulatory environment, including which licences and accreditations are appropriate for their respective operations, producers are ready to set up their business for operation.

In this step, an artisanal producer will demonstrate that they are eligible for a food business licence or accreditation (product-risk dependent) by submitting all required documents, detailing their ability to develop a food safety program or food management plan (if and where required). During this step, producers will prepare their employees, their premises and food operations in accordance with the Code.

Once the relevant applications have been submitted; producers are be subject to a compliance audit conducted by an Environmental Health Officer (EHO) from their local government or a nominated food auditor recognised by Safe Food Production Queensland, contingent on their type of registration.

STEP 2 – OBTAIN FOOD BUSINESS LICENCE OR ACCREDITATION

By the time producers have completed this step; they understand the risks of their business and have fulfilled their relevant requirements to obtain a food business licence or accreditation.

Food business licence requirements

In order to obtain a food licence, a new food business will need to demonstrate to the relevant Queensland local government authority that:²⁴

- The applicant is a suitable person to hold a licence
- The operating premise is suitable for the processing and handling purposes of the food business
- The food business can develop an accreditable food safety program, if required. If the food business involves on-site catering or off-site catering, processes or serves food to vulnerable persons or operates as part of a private hospital, a food safety program will be required.

Types of food licences may vary, depending on the main location at which the food business will be operating and the frequency of which the food business may operate. The main types of food business licences are:

- A **fixed premises food business licence**, which is applicable to a café, restaurant, bakery, manufacturers and other food businesses operating out of a fixed location.
- A **mobile food vehicle licence**, which is applicable to food trucks, ice cream vans and other mobile food businesses. A mobile vehicle food business only requires licensing from one local council area to operate in any local government in Queensland.
- A **temporary food business licence**, which is applicable to market stalls and stalls at fetes. A temporary business operating in more than one local government area is required to hold a food business licence with each of the local council they intend to operate in.

Food accreditation requirements

Due to the higher risk involved with their products, primary food producers will require a Food Safety Accreditation instead of a food business licence. Businesses that handle or process primary produce such as meat, dairy, eggs, seafood or horticulture will be required to have an accreditation with Safe Food Production Queensland. As part of obtaining this accreditation, businesses will need to complete a food safety program (FSP) and potentially a management statement (MS).

In contrast to an FSP, a MS is a more concise way of documenting how a business intends to operate and what activities they intend to undertake.²⁵ This document is more suitable for activities that carry a “lower” potential risk, such as the production and transportation of meat, seafood or temperature-controlled storage of such products. “Higher” risk activities which require the full coverage of a food safety program would be more complex processing activities such as cooling, drying, cooling meat and seafood, or pasteurisation of dairy products. However, both an FSP and a MS should detail how and when monitoring will occur, evaluation of performance and traceability information.

²⁴ (Queensland Health, 2015)

²⁵ (Safe Food Production Queensland , 2019)

The main schemes identified by Safe Food Production Queensland are: Meat and Meat Products Scheme, Egg Scheme, Seafood Scheme, Horticulture Scheme, and Dairy Scheme. There are more categories under each product scheme, which outline the activities a producer might undertake for their products. If the food business undertakes multiple activities, they may have to apply for more than one accreditation. An Accreditation must be issued before business can legally supply or sell their products in Queensland.

Suitability of premises

All food businesses will be required to provide documents to ensure that the operating premises are suitable and safe for food processing or handling purposes. These might include site plans, floor plans, sectional elevation drawings, hydraulic plans and ventilation drawings.

Some local councils, namely Brisbane City Council and Gold Coast City Council, may require these documents as part of their Food Business Design Plan. A Food Business Design Plan is a separate document that outlines the design of the food business premise, which is required to be submitted as the first stage of the food business licence application process to council. This step is not required if the applicant is taking over an existing food business.

Inspection

After the food business application is assessed and reviewed, the food business will then need to arrange for the final on-site inspection and audit with their local council in order to obtain their food licence.²⁶

Once approved, future routine inspections might be required from the local council. Routine food inspections can also be conducted by food auditors nominated by the food businesses, given they are from the Queensland Health register of approved auditors.

Food supervisor

To obtain a food business licence, businesses will also be required to nominate a food supervisor, who is responsible for overseeing the overall food safety standards and practices of the businesses. A food supervisor needs to be nominated within 30 days of the food business licence issue date. Once their food licence is approved, the business can commence operation.

Eat Safe Programmes

Some local councils such as Brisbane, Gold Coast and Logan may offer food businesses the option to receive a rating through Eat Safe programmes. Council will conduct audits and all food businesses must also complete an annual self-audit.²⁷ Business owners with high safety ratings (greater than three stars) benefit from less frequent audits and savings in renewal fees which generate savings over time and incentivises good behaviour.

Food safety program

A food safety program is required for food businesses that involves on-site or off-site catering or is providing potentially hazardous food to vulnerable persons (such as patients in hospitals, or as part of the operations of a private hospital). Food safety programs are also required for businesses applying for food accreditations with Safe Food Production Queensland. Queensland Health suggest that a well-developed food safety program should be able to:²⁸

- Identify where food hazards are likely to occur, how each hazard can be controlled and the means of control
- Provide the systematic means of control
- Provide appropriate corrective action
- Provide the appropriate records keeping for the food business, including action taken in compliance with the program, and
- Meet other regulation specific requirements for types of products.

Mobile food businesses generally do not require food safety programs, unless they are willing to apply for one for catering or working with primary products.

²⁶ (Brisbane City Council, 2019)

²⁷ (Brisbane City Council, 2019)

²⁸ (Queensland Health, 2015)

Other permits

Outside of the state and federal regulations, food businesses may need to obtain other food-related business permits applicable to the services they wish to provide, usually with the local council. For example, a food vendor in Brisbane City may want to obtain footpath dining permits to set up dining tables on a public footpath.²⁹ A dining music copyright licence will be required from OneMusic Australia if the food business wish to play background music in the premise or the retailing venue.³⁰ If they are selling out of a vehicle, in Queensland, permits are required for stationary vehicle/stall and roadside vending, as well as permit for commercial vehicle parking.³¹ Other permits for operating hours and neighbour disturbance may also be applicable to the new food business, which might require further approval from both the local and state authority.

STEP 3: COMPLIANCE & OPERATION

Once licenced and operational, artisanal producers are required uphold their food safety compliance obligations. These include ongoing maintenance of licences and regulatory obligations that accompany the sale and distribution of food and beverage products.

STEP 3 GOAL – UPHOLD FOOD SAFETY COMPLIANCE

By the time producers have completed this step; they have renewed their food business licence or accreditation (if required).

Compliance

The renewal of a food business licence or food accreditation is required at the beginning of each year for operating food businesses. Renewal requirements include passing routine compliance audits and paying the applicable renewal fees.

There are more compliance requirements for food businesses that require a food safety program, the nature of their product is riskier and there are more control points to be documented. This can lead to a more complicated compliance audit process required during routine inspections, and thus would incur higher auditing fees (as they are charged a consultation fee at an hourly rate). This applies to both inspections conducted by local councils and Safe Food Production Queensland.

Safe Food Production Queensland has developed new auditing tools recognising the dynamic commercial and consumer environment of the food industry, namely the Central information Management System (CIMS) and Compliance Assessment System (CAS). CIMS is a system that analyses data supplied by the industry, to help monitoring performance of businesses against a 'food safety baseline' that represents a consistent food production system. CAS is an electronic platform incorporating technology for assessing food safety compliance, by allowing accreditation holders to showcase the practices used within the business to support food safety. Utilising these tools can help artisanal producers share knowledge of best practice among the industry and demonstrate their compliance capabilities with greater flexibility.

Fees

Fees vary across local councils. A key contributor to fees is the scale of the business. Size of the site that is being assessed as well as the scale of operations will contribute to the renewal fee. High fees charged by local council or Safe Food Queensland will depend on product type (i.e. degree of complexity), product range, scope of operations (manufacture and retail).

Sales and operation

The distribution of products at venues other than onsite consumption, must comply with product labelling and packaging requirements as outlined by the Code. Labels need to provide accurate information, from ingredients of the inputs, potential allergen, expiration date and nutritional information. Additionally, packaged contents are required to be measured using the Average Quantity System (AQS), under the provisions of the National Measurement Act 1960 and National Trade Measurement Regulations 2009.³²

²⁹ (Brisbane City Council)

³⁰ (OneMusic, 2019)

³¹ (Brisbane City Council)

³² (Department of Industry, Innovation and Science)

Labelling and other information requirements

Food must be labelled with a name or description that indicates the true nature of the food and include any additional words required by the Code.³³ Food products must also have a 'lot' identification, identifying the premises where the food was prepared or packed and the lot that the food product is part of. For food recall and contact purposes, food labels must include the name and business address of the supplier of the food. Labels must also bear warning and advisory statements and declarations as prescribed in the Code, where necessary.

A food label is required to present a statement of ingredients. The ingredient list identifies each item by the common name, a name that describes the true nature of the ingredient or a generic name specified in the Code. All ingredients must be listed in descending order of ingoing weight.

Generally, all packaged food with a shelf life of two years or less must show a date mark, except for individual portions of ice cream or ice confection. The manufacturer or packer must consider whether they want to include a 'Use By' or 'Best Before' dates and provides instructions for customers with respect to use and storage to ensure the product life.

A food business can voluntarily include nutrition, health and related claims on their labels and advertising, however these claims must comply with the regulations outlined in the Code. Health claims can only be made base on lists of pre-approved food health relationships provided in the Code. Nutrition claims will need to meet certain criteria set out in the Standard.

Consider in this step: Nutrition information panel

Generally, all packaged food labels must include a nutrition information panel (NIP). The percentage of daily intake may also be included in the NIP, however these must be calculated using associated values listed in Standard 1.2.8. FSANZ has an online Nutrition Panel Calculator (NPC) to help food manufacturers calculate average nutrient content of their food products and prepare a NIP.

Source: Food Standards Australia New Zealand (2017)

Additional labelling requirements

In addition to the Code, all representations of food are subject to fair trading laws and food laws in Australia and New Zealand, prohibiting false, misleading or deceptive representations.³⁴ The Competition and Consumer Act 2010 prohibits businesses from making false or misleading claims about the quality or origin of the food. Food businesses must also label according to the requirements of the Country of Origin Food Labelling Information Standard 2016 authorised by the Australian Consumer Law.

The country of origin labelling requirements will vary depending on:

- Whether the food is a priority or non-priority food,
- Whether the food is grown, produced, made or packaged in Australia or another country.

Food packaging requirements

Under the Standard, food businesses must:³⁵

- Only use packaging material that is fit for its intended purpose
- Only use material that is not likely to cause contamination
- Ensure there is no likelihood that the food may become contaminated in the packaging process.

Food businesses must be aware of chemicals that may leach from food packaging in certain conditions, as well as the risks associated with choosing the incorrect packaging or package incorrectly. Further requirements on packaging can be found in Chapter 3 of the Food Standards Code.

³³ (Food Standards Australia New Zealand, 2017)

³⁴ (Department of Industry, Innovation and Science)

³⁵ (Food Standards Australia New Zealand)

International standards

While guidelines on these requirements are available through ACCC Country of Origin Food Labelling publication, there is room for interpretation between the guidelines, which may make the labelling and packaging processes difficult for producers. Producers also must consider exporting requirements for labelling, as different target markets might require different standards. This also encourages producers to achieve compliance with more internationally recognised standards, as their business grows.

Food recall

If the business includes wholesale food manufacturing, a food recall system is required.³⁶ In order to execute food recall in a timely manner, it is important for artisanal producers to comply with all labelling and packaging regulations, in addition to the critical control methods outlined in their food safety program. Food businesses are also responsible for ensuring that the public is notified of a recall.³⁷

General financial and management commitments

While operating, businesses are also required to be compliant with financial regulations that oversee business operations. This might entail finding the appropriate award rates for the employees, setting up the right superannuation contribution, or making sure their financials are clear and tractable.

Business activities, payments and invoicing must comply with standards outlined by the Australian Taxation Office, under the provisions of A New Tax System Act 1999. If the business has employees, all operational activities must comply with Work Health and Safety Act 2011, Fair Work Act 2009, and Anti-Discrimination Act 1991. Once the business reaches a turnover of \$75,000 or more, it needs to register to be GST compliant.

STEP 4: CHANGING AND EXPANDING

Change and growth in operations (such as product improvements that entail adaptations to ingredients, process or technique) are natural aspects of the business lifecycle. New ways to add value or innovate existing products, development of new products and test new processes will typically require a business to review their compliance requirements. This will likely result in alterations in food safety managements plans to ensure the business continues to uphold their regulatory obligations.

As a food business grows, either in size, techniques or experiences, it is natural for the business to explore new approaches to expand its revenue generating capacity. This might encompass finding new distribution channels,

Changing and expanding might also require businesses to be certified and recognised on new and different standards. For example, moving out of the classic distribution channel through market stalls and weekend markets, a food business might want to distribute their products through new retailing channels, such as the local market or boutique shops. This might change the nature of their business from just a food processing business to a food manufacturing business, which requires the business to consider packaging and labelling regulations under provisions of the Standards outlined in the Code.

STEP 4 GOAL – REVIEW BUSINESS PROCESSES AND DETERMINE NEW REGULATORY REQUIREMENTS

By the time producers have completed this step; they would have reviewed recent changes to their business and be meeting their new regulatory requirements.

Compliance requirements

Given the nature of the artisanal sector, where producers continuously seek to find new ways to improve and add value to their products, changes in the food products and food processes of established food businesses are inevitable.

Whenever there is a need to change a part of a production chain, whether it is a change to processes, ingredients, machinery or location, the Standards suggest food businesses to notify the allocated compliance authorities immediately.³⁸

³⁶ (Food Standards Australia New Zealand, 2018)

³⁷ (Queensland Health)

³⁸ (Food Standards Australia New Zealand)

While operational, it is the responsibility of artisanal producers to ensure their food safety program up-to-date and aligned to their business model, operations and products.

The Standards indicate that any major changes will require approval from either Safe Food or the local council, such as changes to:³⁹

- **Process:** this may include making additions to existing production processes designed to improve the product, or changes in existing processes.
- **Equipment:** inclusion of new equipment in a businesses operations or changes to existing equipment.
- **Activities:** moving from just retailing to manufacturing and packaging or receiving and outsourcing new ingredients from a new supplier.
- **Critical control points:** changes in cleaning process, storage or other critical points.

Consider in this step: Hazard Assessment and Critical Control Points (HACCP)

HACCP is a nationally and internationally recognised system which informs part of a food business' quality assurance system. HACCP is widely recognised in the food industry as an effective approach to establishing good production, sanitation, and manufacturing practices that produce safe foods. The system can be applied to control any stage of the production process and is designed to provide enough feedback to direct corrective activities, therefore is seen as more cost-effective than testing a product and then destroying or reworking it. The system formed the basis for the identification and control of hazards outlined in the Standards for designs of Food Safety Program. As such, food safety programs complying with the Standards should also comply with the core safety principles outlined in HACCP.

While food businesses can get accredited for meeting the Standards in their Food Safety Program by local authority or Safe Food Production Queensland, these entities cannot authorise or accredit businesses with HACCP certification. Currently, food businesses can engage suitably qualified food safety auditors to get HACCP certified, using standards interpretations privately developed by these certifying regulatory bodies.

Source: Food Standards Australia New Zealand, (2007)

STEP 5: EXIT

A food business might exit from the current business structure, either through growing out of its current scale, re-purpose its operating processes, or cease its current operations.

The owner of the food business licence or the food accreditation must submit a licence or permit surrender application to inform the appropriate authority about their decision of shutting down or if a new operator is taking over. The holder of the licence will not receive any refunds for paid renewals.

Transitioning into a bigger size requires new tax compliances from businesses. Bigger operational space might require reassessment of their food safety program, as well as any other relevant accreditation requirements.

In exiting the industry, businesses will have to make sure that they meet all of their superannuation requirements, as well as removing consolidating any outstanding debts or leftover responsibilities they might have with their employees and supply chain. Business can also choose to halt their operating activities, instead of dissolving, in hope of holding for future endeavours.

³⁹ (Safe Food Production Queensland , 2019)

Appendix B Regulatory journey: in practice

High-risk producers with support and networks

Primary production is high-risk and includes meat products, egg products, seafood, horticulture and dairy products. Primary producers must comply with more rigorous and complex food safety regulation due to the associated higher public health risk that can accompany their products.

It is the responsibility of the producer to ensure their products meet the high food safety and quality standards that ensure confidence in the food supply chain. This includes developing a clear understanding of the intrinsic properties and processing requirements of the primary product; such that food safety hazards (microbiological, chemical and physical) are avoided.

Depicted in the Figure B.1 journey map is the lived experience of a high-risk artisanal producer with access to support and networks to navigate their regulatory journey.

Highlighted below are key hurdles, workarounds and pain points of the producer that was identified during the consultation process.

It is important to note that where a **HURDLE** is a challenge that producers can work around, a **PAIN POINT** is a source of difficulty that did not necessarily have a clear solution/workaround.

REGULATORY JOURNEY BREAKDOWN

STEP 1, STEP 2 and STEP 3

HURDLE – The producer had a high-risk, complex and innovative product that challenged regulators and local council throughout the 1) Research, 2) Establish and 3) Operation and Compliance steps. The higher the risk of the product, the more complex the associated regulation and compliance requirements.

1) Research: when researching about their unique product, producers drew on sources of information (including networks, jurisdictional comparisons and academia) outside of Queensland to develop a clear understanding of their product and its food safety requirements.

2) Establish: to navigate their Accreditation process, producers engage frequently with Safe Food Queensland representatives, local council and other regulatory touch points to ensure their business will achieve Accreditation. The frequency of engagement and mutual learning that was required to navigate the Accreditation process of the product was so significant that an additional callout in Figure B.1 (Accreditation Audit).

3) Operation and Compliance: primary products are subject to more frequent audits to ensure compliance. Producers are generally understanding of this requirement and do not have a problem with the process; however, the inconsistency in advice and transparency was cited as an area of difficulty for primary producers throughout their operations.

While producers often reflected they did not have a problem with their engagement with regulators, they did note as the role of the regulatory was not to provide advice; they did not know where to go to receive support. To receive additional support, producers often reach out to external sources (such as food laboratories and food specialists) to ensure they are meeting the complex regulatory requirements. This is a costly process and is not applicable/appropriate for all artisan producers.

Workaround - The producer (and employees) was required to engage frequently with regulators to achieve their business goals and desired set-up. As the producer had prior business experience, they made several strategic decisions when they commenced operations that would assist in navigating their regulatory environment –

- **Finance** – the producer ensured that they had secured enough finance that would enable them to cover the necessary compliance costs (as well as any unforeseen compliance costs)
- **Food safety employee** – additional finance also ensured that the producer was able to hire an employee with previous food safety, production and distribution experience and could navigate the regulatory environment
- **Additional research** – the producer decided to undertake additional research and education to ensure they understood the complexities of their product. This included product-specific engagement with CSIRO and food scientists.

STEP 4: CHANGING AND GROWING

HURDLE - The producer found the labelling and packaging requirements for their product to be particularly challenging due to its complexity. The product did not easily fit within the existing guidelines/information provided on government website (including the Nutritional Panel Calculator).

Workaround - to navigate this challenge, the producer engaged specialists in a food laboratory to assess the nutritional information and shelf life of their product.

PAIN POINT! Throughout the course of their operations, the producer wished to undertake recipe improvement and product development (new products) activities.

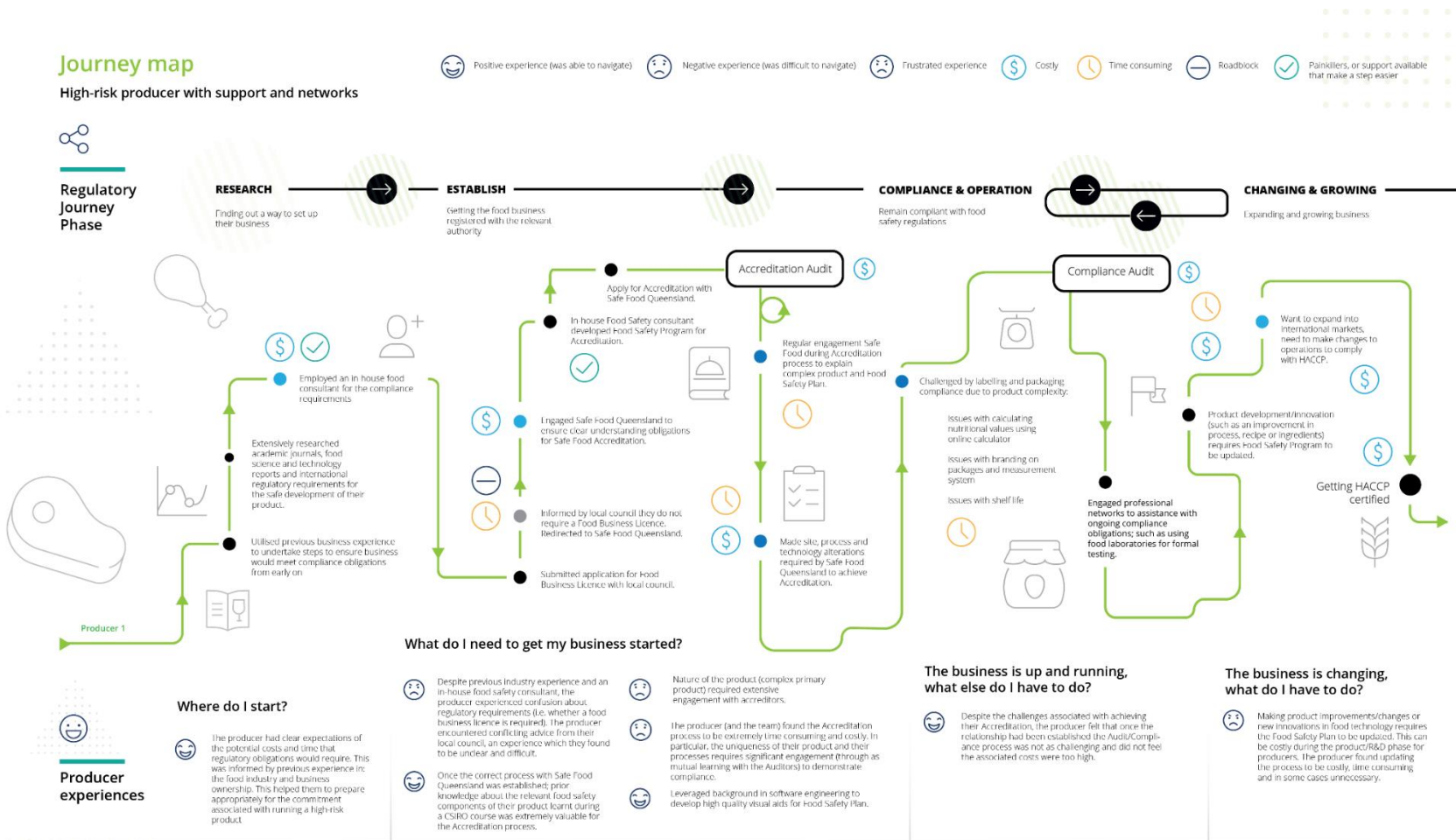
The current regulatory framework requires changes in scope to be recorded in the Food Safety Program and approved by the relevant authority.

Artisanal producers regularly improve their products, ingredients and processes; this is the characteristic of bespoke and niche market players. In this circumstance, from the perspective of a business wishing to undertake R&D activities, the regulatory environment was restrictive and presented a barrier/disincentive to innovate in their business.

While important for food safety, this can be discouraging for product innovation and R&D.

Note - As an internationally recognised standard, HACCP is typically required by large-scale retail outlets and international markets. Producers looking to expand their distribution will often seek to align directly with HACCP requirements. HACCP accreditation is costly, as it is separate to existing regulatory frameworks.

Figure B.1 High-risk producer with support and networks



High-risk producers without support and networks

Presented in the Figure B.2 journey map is a summary of the regulatory experiences of two high-risk producers that *were not able* to draw on previous food industry experience or have access to networks to navigate their regulatory journey. The key pain points highlighted below reflect the way in which the burden of finding, interpreting and comprehending information impacts on an artisanal producer.

REGULATORY JOURNEY BREAKDOWN

STEP 1: RESEARCH

HURDLE 1 - Finding and interpreting the appropriate regulation for their operations and their scale was particularly challenging for these high-risk producers. Significant time and effort was dedicated to research and interpretation of the regulation, a process that caused producers' found disheartening and caused significant distress.

Producers found that navigating the different administrative channels (e.g. local council, Safe Food Queensland, FSANZ) to determine what is required for high-risk products to be unclear and difficult.

Without assistance, the large volumes of information across multiple sources and administrative bodies is challenging. Primary production regulation is generally written from a large-scale production perspective, that does not accommodate small/micro operations easily.

Workaround – To navigate this challenge, one producer spent extensive hours researching, often contacting any regulatory channel available to them for assistance to understand the regulation.

Producers' found the most help came from employees at their local council, however, as they were not involved in the Safe Food Queensland Accreditation process, they did not always have available to them the knowledge and resources that the producers' required.

Both producers reflected that if they had known the extent of effort (particularly time) that they would contribute during those early phases, they would never have embarked on their artisanal production journey or would have chosen an alternative product.

STEP 2: ESTABLISH

Paint Point Both producers expressed that the existing regulatory environment does not take the scale of operations into consideration. As artisanal producers, the scale of production is generally small and highly labour intensive (compared to large scale producers). However, as the source of the product is equivalent regardless of scale, both large- and small-scale producers must undertake the same degree of food safety compliance and testing.

For small/micro businesses and their operators (that are engaged in every aspect of their operations) time spent comprehending and complying with regulation directly detracts from the time available for other aspects of their business.

In practice, when compared to a large-scale primary producer, the relativity of costs is significantly higher for a small/micro business when conducting compliance operations (such as activities associated with tracing) dictated by the regulation.

Both producers reflected negative experiences, that relate to operational scale. One producer was directed to purchase an expensive piece of machinery that was not appropriate/applicable to the scale of their operations. Producers also cite that while compliance and food safety is of utmost priority to them, the compliance burden as a sole operator is incredibly challenging and places a high direct cost on their operations throughout every phase (Research, Establish, Compliance and Operation) of their journey.

STEP 3: COMPLIANCE & OPERATION

The current regulatory framework empowers local councils to design, enforce and monitor their licencing arrangements. This means that there are jurisdictional difference in costs, assessment and monitoring by local councils (in particular at local markets).

HURDLE - One producer found the licencing process for different councils (in order to be able to sell at different farmers' markets) frustrating.

Workaround – The producer limited the number of local markets and food festivals that they chose to attend to reduce cost and the need to amend their operations to different markets.

Additionally, producers reflected that some local councils would be reluctant to provide clarification unless pushed for reference to specific regulations, or that the same local council could have variation in its own administration and interpretation.

Producers also reflected that compliance and operation is an area where an issue of scale is a factor. At the State level, registration and accreditation fees are uniform regardless of operator size. While at the local council level, while some jurisdictions provide a discount for small business, this is not always common practice.

PAINT POINT! Despite having undertaken previous product specific training in France and New Zealand, as well as hiring a food safety consultant to assist with writing their Food Safety Plan; the producer did not have a positive experience during the Operation and Compliance phase. After a lengthy compliance audit (where the producer pays by the hour), the producer expressed distress and confusion with the unsuccessful outcome.

The producer felt the process lacked transparency, particularly a lack of communication during and after the audit process. The producer did not have available to them an extensive industry support network (largely due to the uniqueness of their product and process) on which many other producers have relied upon to navigate such issues.

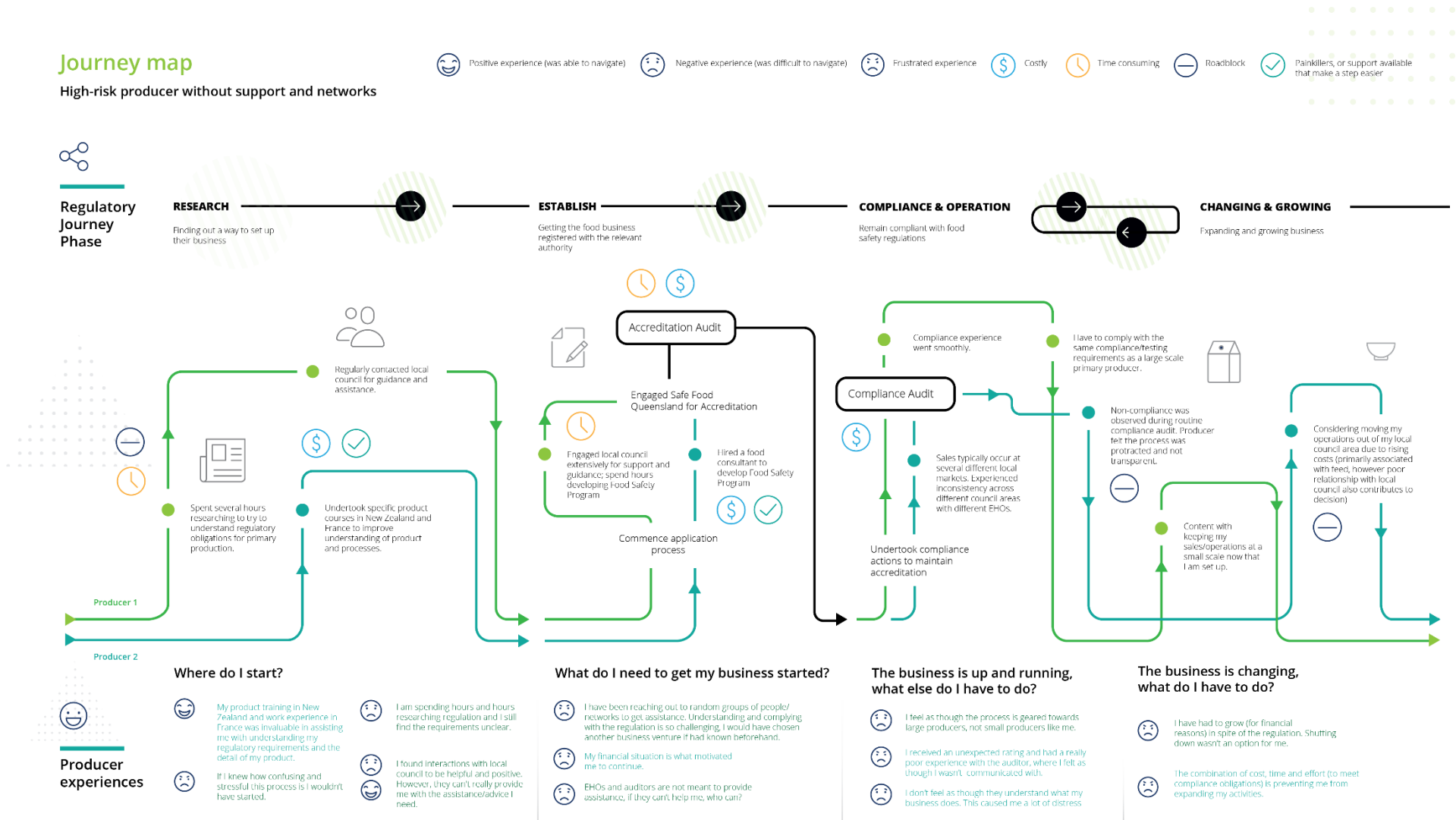
As a result, the producer bears strong negative associations towards the general regulatory environment and does not feel as though regulators fairly balance their obligations with the challenges that small business owners face. Noting, the producer acknowledged and welcomed regulation – but flexibility, transparency and scaled approaches to the application of regulatory processes.

STEP 4: CHANGING AND GROWING

Expanding production and sales of high-risk products is accompanied with additional regulatory requirements (such as shelf life testing, packaging and labelling). While necessary, they can be difficult to navigate and costly to undertake. This has discouraged dairy producers from pursuing additional growth paths in the short-medium term.

PAIN POINT! The regulatory experience of both producers has significantly discouraged them from undertaking steps to grow their operations – and has raised questions as to whether they continue to operate in their current location. This highlights the regulatory burden potentially outweighs the cost of doing business in the status quo.

Figure B.2 High-risk producer without support and networks



Low-risk producers with support and networks

The Figure B.3 Low-risk producer with support and networks journey map depicts the experiences of low-risk artisanal producers with access to support and networks. The *key hurdles* and the *workarounds* of these producers are outlined below.

REGULATORY JOURNEY BREAKDOWN

STEP 1: RESEARCH and STEP 2: ESTABLISH

HURDLE – Understanding and interpreting the definitions and categorisations food and non-alcoholic beverage licencing to accurately categorise their unique product/process/ingredient and thereby determine their compliance obligations. For example:

- A non-alcoholic beer, currently categorised as a non-alcoholic beverage, does not easily fit into existing regulatory definitions/frameworks as it uses brewing processes (that are similar to alcoholic processes).
- Owning an operating a site that not only produces and manufactures their products, but also houses an on-site café is challenging as there are multiple levels of risk and different licencing and applications processes to navigate.
- Artisanal producers of a product that is unfamiliar to local councils/not well defined in the existing regulatory framework (such as a unique hand-harvested cold-fusion honey that is non-treated) makes identifying the specific compliance obligations more challenging.

Workaround – Each producer approached their problems very differently, drawing on different aspects of their networks available to them to solve their unique regulatory challenges.

- Some producers relied heavily on their previous knowledge and experience in the food industry; this led them to clearly define how they envisioned growing the business and what regulatory requirements they needed to comply with.
- One producer made the decision to outsource their manufacturing operations to a factory in New South Wales. The producer maintains the use of Queensland ingredients and food business licence for the purpose sales and distribution in Queensland.
- Other producers engaged strongly in their industry networks to identify ‘industry hacks’ and to learn from more experienced producers. This included identifying which licences they needed to apply for, the requirements for their premises and operations as well as some industry ‘do’s and don’ts’. They engaged a commercial kitchen to assist with manufacturing their product, despite the limited amount of processing required, this additional step ensure they comfortably met their food safety requirements.

STEP 3: COMPLIANCE & OPERATION

HURDLE - Inconsistency with local council interactions. Low-risk producers highlighted that local council EHOs often struggle to deal with the uniqueness of their artisanal products and processes; and that there can be variation between audits/audit outcomes at the same council.

Workaround – Regular communication and engagement with local council was required to ensure the processes/products/ingredients were clearly understood.

STEP 4: CHANGING AND GROWING

HURDLE 1 - Low-risk producers encountered challenges with the regulatory requirements associated with labelling and packaging. One producer struggled to categorise their unique product within the existing regulatory framework. This is because they produce non-alcoholic beer that use typical beer making methods; the available guidance on compliance obligations has been unclear.

HURDLE 2 - Preparing products for international export

Workaround 1 – Engagement with local council and expert advice assisted producers to navigate this challenge. To improve the accuracy of their food labelling, one producer engaged a food safety consultant and testing at a food laboratory.

Workaround 2 – Some producers knew that they would eventually choose to export their products to targeted markets. This meant they invested early in getting their HACCP certification and are now focusing on ensuring their products meet specific country requirements. Another producer is focusing on getting their internationally recognised industry certification so that they products meet the highest possible quality and standards.

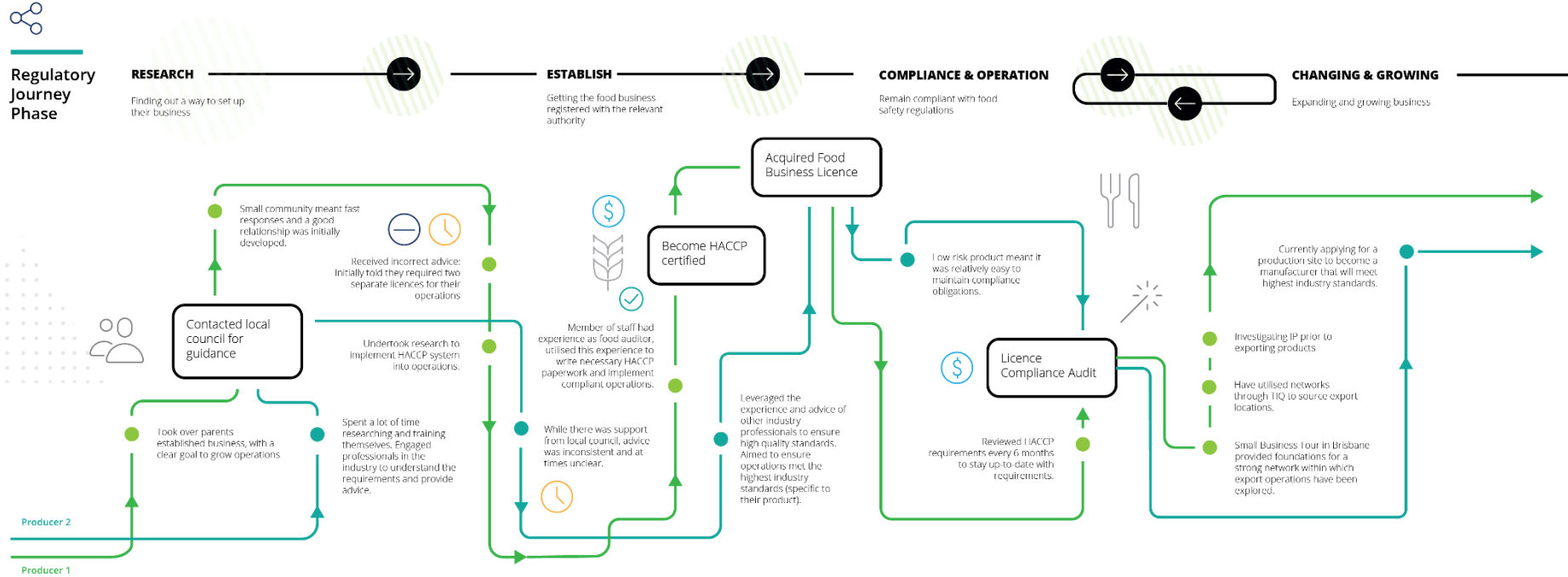
How artisanal producers navigate regulation

Figure B.3 Low-risk producer with support and networks

Journey map

Low-risk producer with support and networks

- Positive experience (was able to navigate)
- Negative experience (was difficult to navigate)
- Frustrated experience
- Costly
- Time consuming
- Roadblock
- Painkillers, or support available that make a step easier



Where do I start?

- Decided to pursue a food business model after working on the restoration of the local area. Tried to engage councils on which licence to get since their product involves minimal cooking procedures.
- Found the advice they received were subjective to the people they contacted. They found the process to be frustrating in the beginning given the inconsistency.
- Previous experiences with the food industry and government regulations helped preparing them to set clear expectations on the cost and time required for the process.
- (Remark) that local council did not have the right personnel to understand the industry or the production process such as modern beekeeping procedure.

What do I need to get my business started?

- Informed by their experiences in the food and hospitality industry, they understand the difficulty and importance of meeting labelling requirements, including meeting HACCP requirements. They decided to hire a food consultant for the process.
- Experience varies with the person running the audit. Remark) that there is a lot of confusion working with the local council

The business is up and running, what else do I have to do?

- Remark) that the process was not too confusing and manageable using the online tools. Did recognise the issue with changes in country of origin claims, however the simplicity of their products simplifies the process.
- The producer found the testing unclimbic and suggested that other producers might not meet the requirements on their final products.
- HACCP compliance is burdensome, however it is perceived as a key enabler for growth for this business.

The business is changing, what do I have to do?

- By using their background knowledge on the market and standards, they built the process to be HACCP certified and saved time and money at this stage.

Producer experiences

Low-risk producers without support and networks

The Figure B.4 journey map presents the regulatory experiences of two low-risk producers that *were not able* to draw on previous food industry experience or readily have access to networks to navigate their regulatory journey.

Much like high-risk producers, low-risk producers without key support networks face significant challenges during the Research and Establish phases. The way they engage with the regulation, including the way they source the appropriate guidelines and interpreting the differences between definitions leads to significant time and effort being poured into the very early phases of their operations.

Even as low-risk producers, on the process of setting up their food business, the survey suggested that *"...finding the right advice in setting up the business [was] daunting, extremely time consuming and complicated."*

REGULATORY JOURNEY BREAKDOWN

STEP 1: RESEARCH

HURDLE - Navigating available information to ensure the right requirements are being met is challenging. One producer was unaware of the licencing obligations when they first commenced their operations.

Workaround – Producers learnt about licencing and compliance requirements by engaging other producers at local markets, reaching out to chefs with experience in commercial kitchens and contacting local council. For one producer support network of a successful kitchen collective that they were operating out of was able to guide them through their application and compliance activities. While for another producer, the owner of the commercial kitchen guided them through developing food safety programs and their application and compliance activities.

STEP 4: CHANGING AND GROWING

HURDLE 1 - By this phase, some low-risk producers have managed to build networks through the course of their operations that assist them with regulatory compliance as their operations change and grow. Regardless of their networks however, both producers have experienced growth that has led to them requiring labelling and packaging requirements.

HURDLE 2 - This process can be information intensive, with information required on several aspects of the product, including, shelf life, identification of ingredients, bar code requirements, health claims and country of origin claims. While there are online guides and tools available to simplify the process, both low-risk producers in this case remarked that the tools were not user friendly and inconsistent. The outcome, however, has been different for each producer; while one was able to develop a workaround (through leveraging their collective kitchen network), the other producer does not feel ready to take on this step and decided not to pursue this step – leaving them without a workaround.

Workaround 1 – Learning from other producers by reaching out to understand how they navigated the process. Another producer is still navigating the process of labelling and packaging at the point of consultation. They remarked that their approach would also be to engage other producers with similar experience to overcome this hurdle.

HURDLE 3 – As producers grow, demand can force them to adjust their operating models to cope; as well as encounter new sales and distribution channels that have unique requirements. These changes can occur at any scale; however, they usually trigger a change in the way producers are operating and impact compliance obligations.

Workaround 3 – While the producer was content with their shared kitchen operations, they quickly outgrew this arrangement and decided to move their operations back to their home by investing in the construction of a commercial kitchen. Although challenging, the producer leveraged the advice of builders and people with experiences in meeting food safety compliance, as well as learning about food supervising requirements themselves. The producer felt they were navigating conflicting and non-responsive advice from council throughout the process.

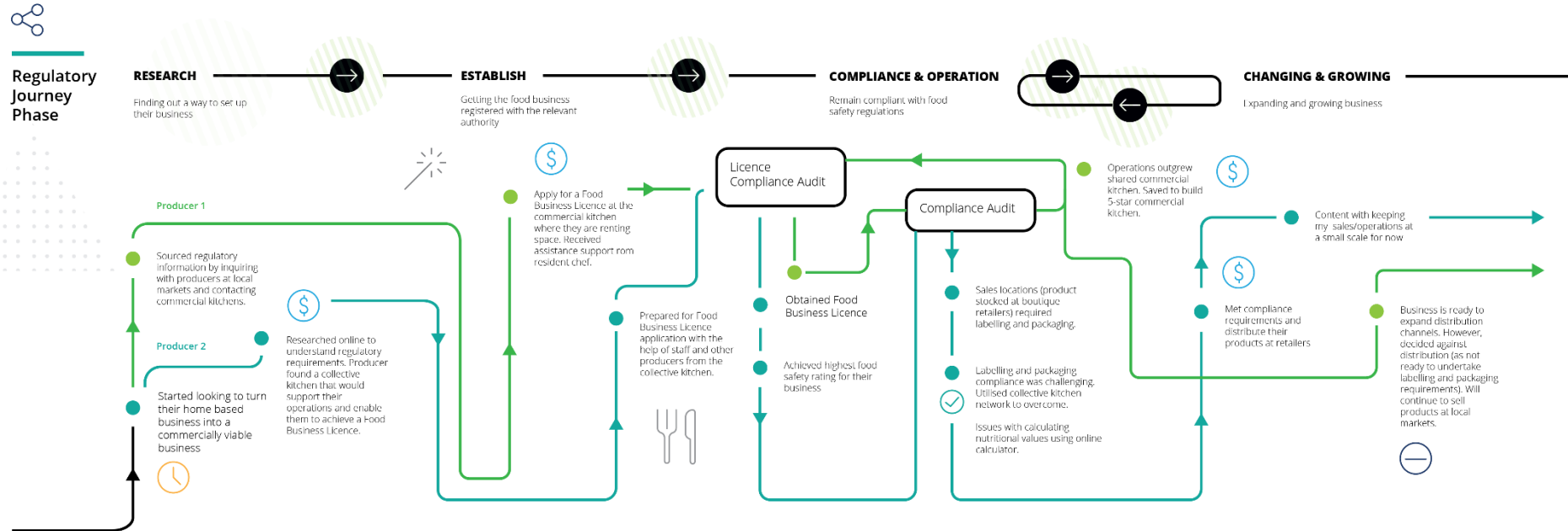
Note – It is common for large-scale retailers to require manufacturers to meet higher international standards such as HACCP, whose criteria can be difficult for smaller scale producers to meet both in effort and cost. Currently, both producers are facing time and comprehension constraints in meeting these scaling requirements.

Figure B.4 Low-risk producer without support and networks

Journey map

Low-risk producer without support and networks

- Positive experience (was able to navigate)
- Negative experience (was difficult to navigate)
- Frustrated experience
- Costly
- Time consuming
- Roadblock
- Painkillers, or support available that make a step easier



Where do I start?	What do I need to get my business started?	The business is up and running, what else do I have to do?	The business is changing, what do I have to do?
<p>Producer experiences</p> <ul style="list-style-type: none"> Contacted commercial kitchens in local area to request space to operate. Eventually found a commercial kitchen with an experienced chef willing to rent space and provide assistance and guidance. Leveraged newfound network at the communal kitchen to navigate licensing application process. 	<ul style="list-style-type: none"> While the commercial kitchen offers support on getting a food supervisor and applying for a Food Business Licence, it is costly to rent out on a daily basis By utilising network support, they managed to meet the regulation compliance with relative ease. Happy with their high food safety rating since that means lower annual licences fees and fewer safety audits in the future. 	<ul style="list-style-type: none"> Met compliance requirements with ease given their simple products and high food safety rating. Felt well supported by networks. I have been able to build a network of support that I did not initially have. This has helped me to ensure I am meeting my regulatory obligations and can distribute my products at boutique shops and a range of retailers By utilising network support, the producer managed to meet the regulation compliance to distribute their products at boutique shops and a range of retailers 	<ul style="list-style-type: none"> Outgrew shared commercial space, so saved to invest in building five star commercial kitchen. While it required both time and capital investment, it allows them to operate freely without relying on the commercial kitchen Met compliance requirements with ease given their simple products and high food safety rating. Felt well supported by networks. I will likely spend a lot of time trying to meet labelling and packaging requirements in the near future. I am pleased with my current size since growing will require a combination of cost, time and effort to meet regulatory obligations

Appendix C Consultation summary

C.1. Consultation and case study summaries

As part of this review, Deloitte Access Economics engaged artisanal producers of food and non-alcoholic beverages in Queensland to discuss the practical ways in which they are interacting with regulations. In this process, consultations were held with eight artisanal producers recommended by the Queensland Governments' Better Regulation Taskforce. This section summaries the main findings reflected by the eight artisanal producers in their regulatory journeys.

C.1.1. Confectionary company

Confectionary company started as a micro-business that was making fudge at a commercial kitchen on a weekly basis. After investing in an industry grade kitchen, they achieved 5-star rating from Brisbane Eat Safe Program and are now manufacturing out of their home-based business, distributing via food delivery services and local markets.

On the regulation journey:

They started as a home-based business and went to sell their products at farmers' market, unaware of regulation restrictions. After investigating with local contacts and Brisbane Council, they were still unsure of their own categorisation and starting points. They were advised to go through a commercial kitchen, so they searched around for one that could incorporate their machinery. The commercial kitchen they eventually found helped them to obtain food business. However, working out of a commercial kitchen was costly, so they decided to build their own home-based kitchen instead.

On interactions with local council:

They asked the local council about building a commercial kitchen at home and was overwhelmed by the information and the treatment from the council. Confectionary company felt that there was no clear support for their product and relied on their network to do the right thing. They achieved a 5-star rating in the Eat Safe Program, and now is facing minimal contacts from the local council outside of paying renewal fees. However, there is currently no easy way to keep up with regulation and compliance updates.

On growing and next steps:

Their next steps involve meeting more rigorous compliance in labelling and packaging their products for a wider range of distribution. Their current issue would be finding nutritional values, bar code requirements and ingredients claims on packaging.

C.1.2. Nut-based company

Nut-based company is a micro-business based of the communal kitchen of Wandering Cooks in West End. Main product is granola, which is baked and packaged at Wandering Cooks, and their main distributing channel is through retailing at various stores.

On the regulation journey:

Nut-based company started by obtaining a food licence through Wandering Cooks. Given the low risk nature of their product, Nut-based company found the application and auditing process to be fairly straight forward. They applied with the local council and did not have to develop a Food Management Plan. Most of their research was done online with the Brisbane City Council website and through contacts with council and Wandering Cooks. They acquired 5-star rating in the Eat Safe Program, thus given a discount on renewal costs and face very few audits over the years.

On labelling and packaging:

They utilised support from Wandering Cooks on the topic, and did find the process time consuming. They managed to provide nutritional information panel using the online tools, but struggled with barcodes and contacted council for assistance. NPC however was inconsistent at times, so they conducted online research to support their label making process.

For country of origin claims, they found this to be simple process, but may be attributable to the simple nature of their products.

On interactions with the local council:

They found the costs to be manageable and did not face much scrutiny from the council.

On growing and next steps:

Currently happy with their size of production. Concerned that growing might involve lots of time consuming and costly commitments in meeting additional requirements such as GST and employing people.

C.1.3. Preserves company

Started by taking over a previous existing cottage business in 2015, they grew their business to both producing jams and preserves while also incorporating a fully licenced café. They are currently looking into exporting their products extensively.

On the regulation journey:

With their experience in the food industry and meeting government regulations, they bought the previous food business and became their own food supervisor. They decided to rebuilt food management plans to meet future growing needs. They are confident with navigating the process.

On interactions with local council:

Since it was a small community, they felt that contact was direct, and they normally receive immediate responses. However, outcomes were subjective on the people they were dealing with. They were given inconsistent advice before, which required to obtain two separate licences for their café and their larder. Since they are aiming to meet HACCP in the end, they chose to engage food consultant to help developing a food business that meets these requirements instead.

They remarked that the costs were relevant and understandable. However, they are not sure if they are currently up to date with local regulations. They are however keeping up HACCP requirements which they check every 6 months, especially with labelling requirements.

On growing and next steps:

Currently more concerned with the practicality aspect of growing, given the limitation in water and electricity supply in the region. Other concerns included meeting international labelling requirements, which can be different across country and might be tricky to navigate. They are comfortable with business related regulation, such as Fairwork or GST, as they have engaged accountants and employment specialists for assistance.

C.1.4. Honey-based company

Honey-based company produces honey from free range bees which are given domain over the rainforests of the Sunshine Coast Hinterlands. Sustainability is a significant aspect of their business model, and their brand philosophy is focused on the bees and their working environment.

On the regulation journey:

There were initial difficulties in meeting the regulatory requirements, with labelling compliances and the classification of their honey product being two standout issues. These issues were overcome due to one of the owners having a marketing background which helped for product research, as well as through reaching out to other experienced bee keepers. The other owner has experiences in quality assurance, which helps with developing the management plan. There was support from council sources, though none had the technical knowledge on beekeeping to assist with inspection process.

On labelling and packaging:

Labelling of products was not difficult with their backgrounds and they were able to get their honey recognised as an Australian product. What Honey-based company did find difficult, however, was shelf life testing, a process which does not have clear guidelines. They have engaged food consultants on the issue but did not find a definitive answer that suits their product.

On interactions with the local council:

Honey-based company was largely required to lead the conversation with council in order to figure out their requirements and responsibilities. At the time of interview, Honey-based company was still uncertain

whether or not they were a food manufacturing business. They generally found fees to be reasonable, though assistance through food consultants and auditors led them to question whether these professionals were qualified.

On growing and next steps:

Honey-based company is looking to meet the industry standards and requirements for exporting their product, namely B-Qual certification that is closely related to HACCP. They are obtaining permits from the local council to build their own manufacturing site, moving away from their current commercial kitchen. One of their main concerns is the costly process of redoing things to meet requirements, which they hope can be avoided with more testing and constantly checking with authority.

C.1.5. Non-alcoholic beverage company

Non-alcoholic beverage company is a proudly Aboriginal owned, non-alcoholic craft beer producer currently operating out of the Gold Coast and outsourcing manufacturing to breweries in New South Wales. They aim to provide quality non-alcoholic alternatives to individuals who currently have no good alternatives.

On their Journey

Non-alcoholic beverage company products are currently sold alongside soft drinks and other non-alcoholic beverages. They began by operating within a local brewery, however, they now contract breweries in NSW due to technical requirements and contamination controls not being met by Queensland breweries. They source from local produce and are aiming to hold a monopoly over their food trails, food picking, and supply chain processes.

On the regulation journey:

One of the reasons Non-alcoholic beverage company chose to produce a non-alcoholic process was because of the reduced regulation compared with alcoholic processes. This was conceived by combining their previous experience in another food business in their researching step. Some of their key regulatory challenges have included ensuring their packaging matches the requirements for exports, as well as requirements around recycling. They experienced difficulty in acquiring government advisory assistance within their particular industry, however bridged this information gap through the hiring of consultants. Their consultants have been involved heavily in their business, particularly with regards to shelf life and the certified ingredients, fertilisers, and chemical inputs within their supply chain.

On growing and next steps:

Non-alcoholic beverage company is in the process of investigating the protection of their IP, something which they suspect may be expensive given that the formulas and nature of their products have changed through time. For other regulatory aspects such as product recall, they have chosen to go through consultants to ensure they are meeting requirements.

C.1.6. Dairy-based company 1

Dairy-based company 1 is a multi-generation dairy farm that has sought in recent years (due to financial hardship and drought conditions) to diversify their income stream. They have homestay operations and a creamery as well as doing school tours of the farm.

On the regulation journey:

They felt that paperwork put a lot of pressure on newcomers to the industry, as they had difficulties finding the right information on obligations and specific information that explains them. They remarked that it was easier to ask for the information from others in the industry than to find the details online.

They reflected that doing the “right thing” can be time-consuming, especially for a time poor small business. There also does not seem to be any consideration for scales within the regulations, which prevented them from getting appropriate licences to sell farm eggs before.

On accreditation:

There was no support or template to assist developing a food management plan, as well as there is no consideration for scale. Paper work is also a huge burden on their business, which hundreds of hours spent on completing the plans to meet regulatory compliance. Preparation took them 12 months before the point of operation.

On interactions with enforcement authority (local and state government):

Inconsistent experience, as people can be encouraging and supportive but also the level of support, they provide does not meet their needs at times (such as answering specific questions on developing Food Safety Program).

On growing and next steps:

Managed to meet regulations due to the need to grow business given their financial pressure but might have chosen another product if more informed about the regulations beforehand. Currently distributing their products on the farm, farmer markets and a few outlets.

C.1.7. Dairy-based company 2

Dairy-based company 2 specialises in matured French styled goat cheese and have won several awards for their produce. Their business was established in 2016 having been five years in the making, and they sell their products at a range of markets across New South Wales and Queensland.

On the regulation journey:

Dairy-based company 2 found their experience with Food Safety Queensland to be expensive and time consuming. These costs came primarily through registration, as well as through check-ups. Due to being under a high-risk classification because Dairy-based company 2 is a cheese producer, FSQ check-ups have been common. These check-ups have both direct and indirect costs due to halted production and lost productivity respectively. Dairy-based company 2 generally found the risk assessment process to be stressful and unclear, with no explanation given alongside their final outcome.

Further costs came through the need to regularly test products (the quantity of which does not scale with production) and testing of primary products at their source.

On interactions with the local council:

Dairy-based company 2 found that each council area they sold at had a different cost and process for gaining temporary market stall access. There were also issues where they were required to have multiple licences in the same day to produce in different areas within the same council area.

On growing and next steps:

Ultimately, these regulations have led to Dairy-based company 2 expending significant amounts of time, money and effort on meeting government requirements. These are resources which would otherwise have been invested into the business itself, thereby limiting growth potential. The business is expecting to move to Townsville for the purpose of sourcing cheaper feed.

C.1.8. Meat-based company

Meat-based company produces hand-crafted jerky using advanced cooking methods and technology from their base in Bowen Hills. They primarily sell to a range of boutique and gourmet stores as well as some bars and are looking to expand outside of Queensland.

On the regulation journey:

Meat-based company found that there was a significant amount of grey area within regulation, with officials struggling to provide a clear policy framework to follow, especially given the nature of their product. This has led them to be anxious about the check-up process by regulators. Previous experiences in another food business led them to employ a food consultant at an early stage to help out with designing food safety plan and ensuring the facility meets their production requirements. Once they had designed their facilities, they were able to get better consultation from officials, however they still had to make changes after building their facilities which is a costly process. It took six months for their facilities to meet policy requirements.

On interactions with the local council:

Meat-based company found it difficult to find the correct points of contact, and ultimately only got their floor plan approved by the council through its personal networks which helped to push through the bureaucracy. However, this became redundant in the end since they required an accreditation from Safe Food Production Queensland for their product instead of a food business licence. They commented further that difficulties in knowing which regulations were relevant had led to significant problems for other businesses.

On labelling and packaging:

This proved a cumbersome process. Meat-based company found difficulties around product measurements, effortful assessments which require all claims and statements to be verified, and special requirements for food safe packaging. Additionally, the process of producing a nutritional panel was complicated, with there being a plethora of information to sift through, much of which was not relevant to their specific business. They engaged food labs to help with shelf life testing and nutritional information panel, which they remarked to be expensive and might not be applicable for all artisanal producers. One of the owners also has experiences in marketing which helped them push through the labelling and branding process. One of the final hurdles was complying with changes in regulation changes for Country of Origin claims. This process was unclear to them, as they wanted to be certified as Product of Australia. They navigated through it using legal advices provided through their network.

On changing and growing:

Any changes to Meat-based company production needs to go through a validation process, leading the business to find R&D and adaption to be stifled by regulation. In some cases, suggestions from regulators were to utilise outdated systems of food production, indicating the regulatory process to be somewhat maladaptive. They are looking for new ingredients to produce their jerky with, though they are aware that this may conflict with current regulations.

They have also managed to meet HACCP requirements, which was costly process, but beneficial since it is normally required by high profile retailers and international markets.

C.2. Survey summary

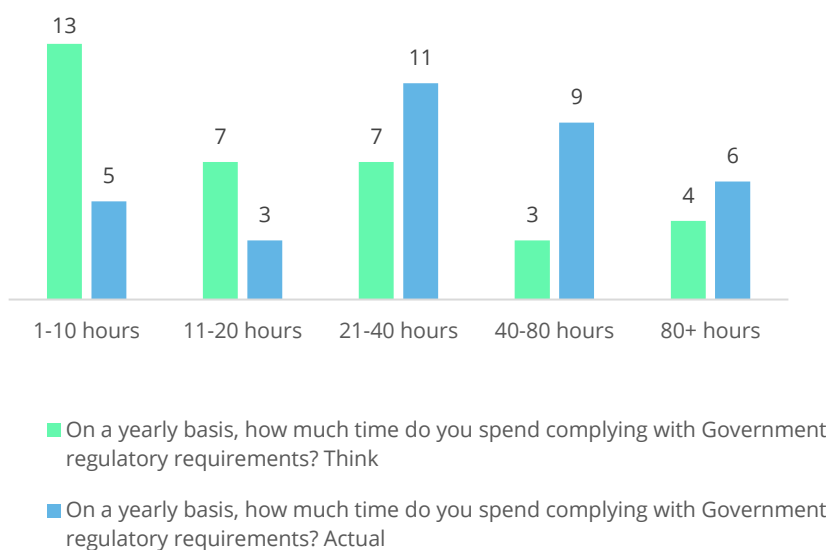
The Better Taskforce Regulation Queensland is investigating the compliance journey, systematic issues and critical points experienced by the artisanal food and beverage producers in Queensland. As part of the investigation, Deloitte Access Economics has designed a survey to gain insights into the producers' lived experiences in their regulatory journey. The survey received 34 responses, from producers of more than 10 different product types from different regions across Queensland.

Main findings of the survey include:

Producers are spending more time to meet compliance requirements than expected

While 17 out of 30 respondents wanted to spend less than 20 hours per year to meet regulatory requirements, only 7 used less than 20 hours in reality. 23 out of 30 spent more than 20 hours on a yearly basis, with 5 spent more than 80 hours on this issue.

Chart C.1 Time spent on meeting compliance requirements



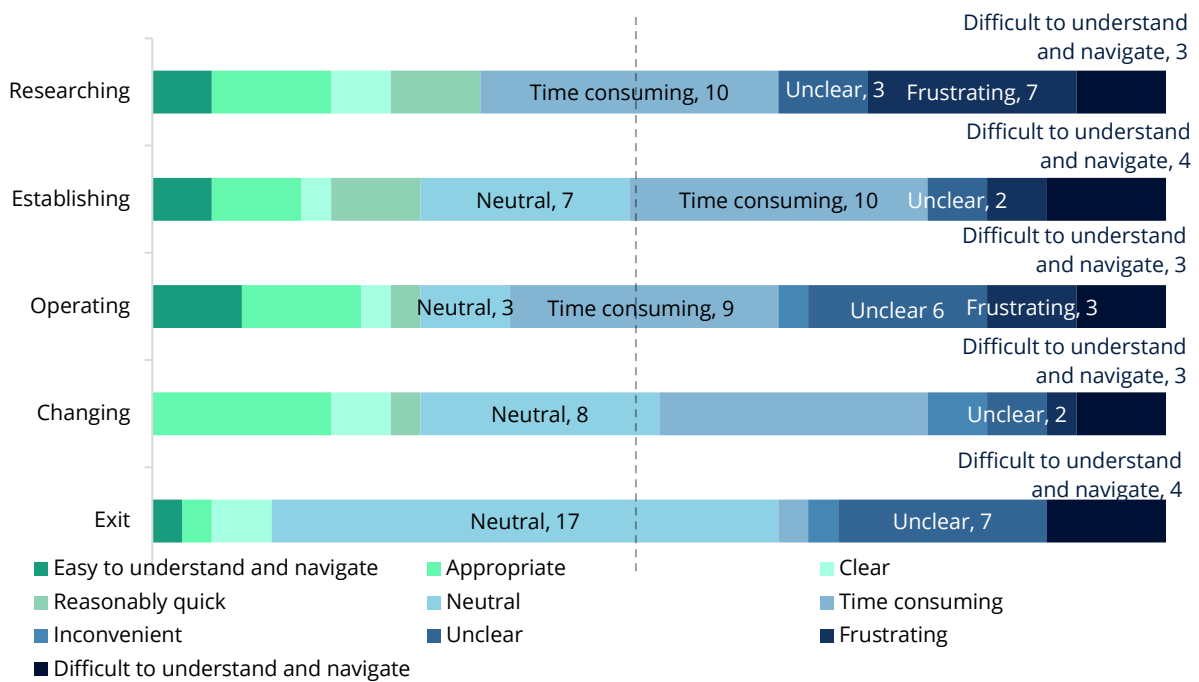
Researching and Operating are the two most difficult steps in their journey.

23 out of 30 respondents used a negative phrase to describe their experience with the Researching step, with Time Consuming being the most common phrase, followed by Frustrating.

Similarly, for the Operating step, Time consuming is the most common answer for the step, followed by Unclear.

While there are fewer negative responses for the Establishing step, respondents reflected that this phase is as time consuming as Researching, as supported by 10 out of 34 respondents.

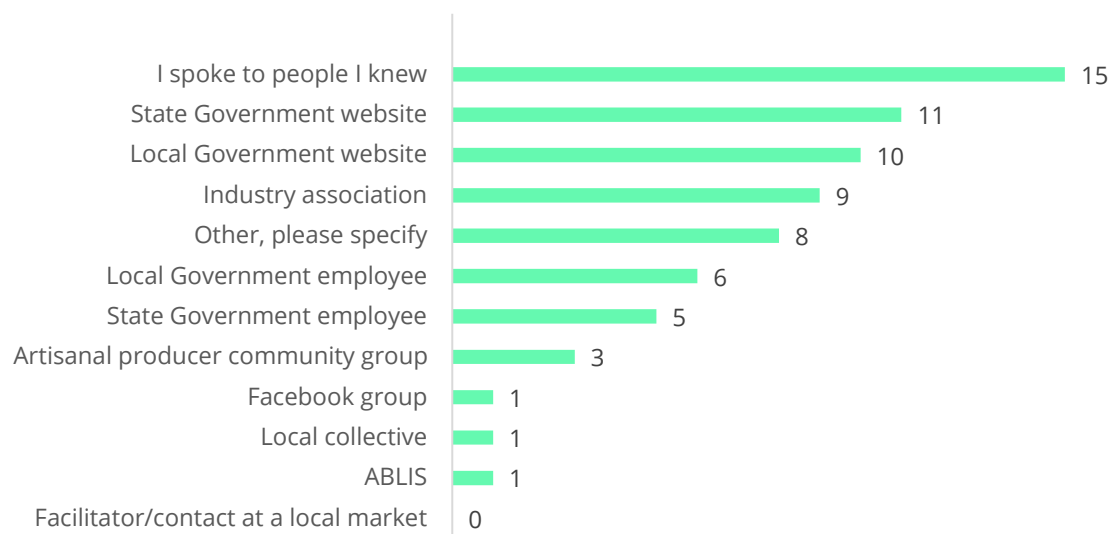
Chart C.2 Producers' experience on the journey



Most producers asked people they knew about regulatory information

The survey suggested that 15 out of 34 respondents talked to people they knew about regulatory issues when they were looking into starting their business. Local and State Government websites are also common point of contact, follows by industry association.

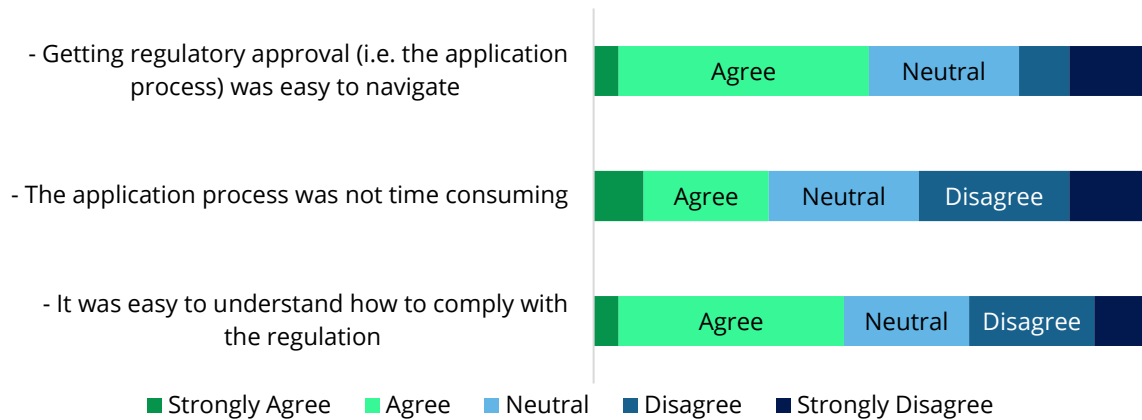
Chart C.3 How producers find information about regulatory requirements



The regulatory experiences are different for producers depending on their levels of risk

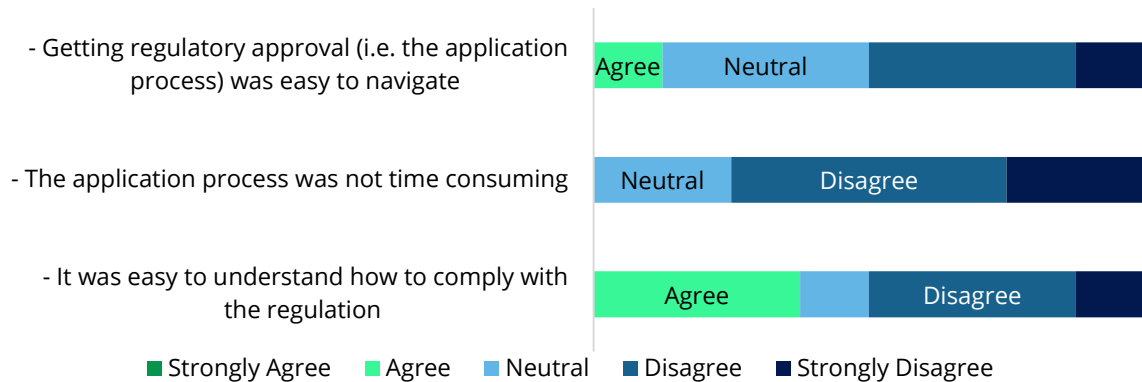
When categorise the responses by producers' type, it can be seen that low risk producers have more positive experiences in understanding and applying for their food business registration. More than half of all low risk producers indicated that they agree that "It was easy to understand how to comply with the regulation".

Chart C.4 Low risk producers' reflections on their regulatory journey



In contrast, more than half of the responses from high risk producers on the getting regulatory approval and understanding compliance were negative, with all high risk producers think the application process was either neutral or time consuming.

Chart C.5 High risk producers' reflections on their regulatory journey



Appendix D Survey results

The Better Taskforce Regulation Queensland is investigating the compliance journey, systematic issues and critical points experienced by the artisanal food and beverage producers in Queensland. As part of the investigation, Deloitte Access Economics has designed a survey to gain insights into the producers' lived experiences in their regulatory journey. The survey received 34 responses, from producers of more than 10 different product types from different regions across Queensland.

D.1. Classification of producers:

In order to gain a better understanding of the survey responses, Deloitte Access Economics classified the surveyed artisanal producers according to their level of risk. The classification of risk utilised in the report was constructed by combining the recommendations from the information paper by ANZFA⁴⁰ and definitions of risks described by Safe Food Production Queensland⁴¹. Accordingly, the classifications of risk are:

- **High risk producers:** these are producers that provide food products that may contain microorganisms and may support formation of toxin or growth of pathogenic microorganisms. Examples of such producers may be those that provide meat-based products, dairy-based products and cheese, seafood-based products.
- **Medium risk producers:** there are producers that provide food products that is may either contain micro-organisms or support the growth of pathogenic micro-organisms but not both. Examples of such producers could be those that provide horticulture products, vegetable-based products, milk-based confectionary or those provide catering services or food for vulnerable populations.
- **Low risk producers:** these are producers who provide food that is unlikely to contain pathogenic microorganisms and will not normally support their growth. Examples of such products could be grains and cereals, honey, beverages and preserves.

Using the above classifications, the producers in the survey have been categorised as follows:

Products	Risk level	Count	% of Total respondents
Meat-based product/s	High	4	12%
Non-alcoholic beverages	Low	4	12%
Confectionary/chocolate/s	Low	4	12%
Cheese/dairy-based products	High	4	12%
Honey and honey-based products	Low	3	9%
Condiment/s/sauces	Low	3	9%
Vegetable-based product/s	Medium	3	9%
Preserves	Low	2	6%
Baked goods	Low	2	6%
Other, please specify	Low	2	6%
Nut-based product/s	Low	1	3%
Herbs and spices	Medium	1	3%
Fruit-based product/s	Low	1	3%

⁴⁰ (Australia New Zealand Food Authority)

⁴¹ (Safe Food Production Queensland , 2019)

The above classifications were also used to determine the risk level of the producers we engaged in the consultation process.

Artisanal Producer	Product Type	Risk Level	Support
Nut-based company	Nut-based product/s	Low	No
Honey-based company	Honey and honey-based products	Low	Yes
Preservers company	Preserves	Low	Yes
Dairy-based company 2	Cheese/dairy-based products	High	No
Meat-based company	Meat-based product/s	High	Yes
Confectionary company	Confectionary/chocolate/s	Low	No
Non-alcoholic beverage company	Non-alcoholic beverages	Low	Yes
Dairy-based company 1	Cheese/dairy-based products	High	No

Full survey questions and responses:

1.1 Tell us about your business

The following questions provide an overview of your businesses' current operations including the size, location and activities and product type.

Question 1.1.2: Where do you produce the goods you sell?

Based out of a collective	1
Commercial/leased premises	20
Home-based business	8
Farm based commercial premises	4
Own factory	1

Question 1.1.3: Please select the type of product that you primarily sell:

Nut-based product/s	1
Honey and honey-based products	3
Condiment/s/sauces	3
Meat-based product/s	4
Preserves	2
Non-alcoholic beverages	4
Confectionary/chocolate/s	4
Vegetable-based product/s	3
Baked goods	2
Other, please specify	2
Fruit-based product/s	1
Cheese/dairy-based products	4
Herbs and spices	1

Question 1.1.4: Please select the top two places where you sell your products:

Online	15
Local deli	5
Farmers market	12
Country stalls	2
City market	6
Supermarket	10
Commercial vehicle/food truck	1

Other	15
-------	----

Question 1.1.5: How long has your business been in operation?

2 to 5 years	16
5 to 10 years	7
Less than 2 years	4
10 to 20 years	4
More than 20 years	3

Question 1.1.6: Please choose the number of full time equivalent (FTE) employees at your business:

Non-employing (i.e. having no employees)	9
1-4 employees	16
5-19 employees	6
20-199 employees	1
Non-paid help (e.g. family and/or friends)	2

Question 1.1.7: Please choose the turnover range of your operations in FY18-19:

Zero to less than \$50k	7
\$50k to less than \$200k	11
\$200k to less than \$2m	14
\$2m to less than \$5m	1
\$5m to less than \$10m	1

1.2 Tell us about your regulatory journey:

Question 1.2.1: How did you find the regulatory information for you needed to start your business? Please select the top two information channels:

ABLIS	1
I spoke to people I knew	15
State Government website	11
Local Government website	10
State Government employee	5
Local Government employee	6
Industry association	9
Facilitator/contact at a local market	0
Local collective	1

How artisanal producers navigate regulation

Artisanal producer community group	3
Facebook group	1
Other, please specify	8

Question 1.2.2: For each statement, please choose which of the following statement best reflects your experience with regulation generally (i.e. across all levels of Government and regulation type)

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
- Researching the regulatory information to start my business was easy	1	7	10	12	4
- The regulation I found was easy to understand	1	10	9	9	5
- Getting regulatory approval (i.e. the application process) was easy to navigate	1	12	10	6	5
- The application process was not time consuming	2	5	10	11	6
- It was easy to understand how to comply with the regulation	1	13	7	9	4
- It is easy to maintain/update my obligations under the regulation	1	15	12	4	2
- If I have/needed to close my business I would know how to find the information I would need to meet my compliance obligations	2	9	11	7	5

Question 1.2.3: Please select which of the following best reflects your experience throughout your regulatory journey:

Please note regulatory requirements in this context do not include payroll tax, human resources or industrial relations obligations.

	1-10 hours	11-20 hours	21-40 hours	40-80 hours	80+ hours
How long would you estimate you spend complying with Government (Federal, State and Council) regulatory requirements (e.g. filling out forms, applying for permits, reporting business activity, complying with safety standard, etc.) on a yearly basis?	13	7	7	3	4
What do you think is a reasonable/appropriate amount of time (on a yearly basis)?	5	3	11	9	6

Question 1.2.4: Please select which of the following best reflects your experience throughout your regulatory journey:

	Easy to understand	Easy to navigate	Appropriate	Clear	Reasonably quick	Neutral	Time consuming	Inconvenient	Unclear	Frustrating	Difficult to understand	Difficult to navigate
Research	1	1	4	2	3	0	10	0	3	7	2	1
Application	1	1	3	1	3	7	10	0	2	2	0	4
Compliance	2	1	4	1	1	3	9	1	6	3	2	1
Operations	0	0	6	2	1	8	9	2	2	1	1	2
Exit	1	0	1	2	0	17	1	1	7	0	3	1

Question 1.2.5: The following questions seek to understand the relationship between regulation and growth in the artisanal food and beverage industry. For each statement, please select which response best reflects your experience:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
I found researching the regulatory requirements easy and would not discourage me from pursuing additional ways to grow my business (e.g. selling my products in a new area/outlet)	1	9	11	6	7
Regulatory application processes (e.g. licensing applications) stop me from finding new ways to grow my business (e.g. going to markets in different locations)	3	10	8	12	1
There is overlap in the regulatory requirements for my business	6	13	10	4	1
Regulatory requirements have prevented me from undertaking new profitable activities for my business	3	17	6	6	2

Question 1.2.6: For each statement please choose the response that best reflects your regulatory experience with each level of Government

	Very easy	Easy	Neutral	Difficult	Very difficult
My experience with Local Government regulation has been	2	10	10	10	2
My experience with State Government regulation has been	2	6	17	6	3
My experience with Federal Government regulation has been	1	2	22	6	3

Limitation of our work

General use restriction

This report is prepared solely for the use of the Department of Employment, Small Business and Training (QLD). This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of undertaking a regulatory review for regulation relating to artisanal producers in Queensland. You should not refer to or use our name or the advice for any other purpose.



Deloitte Access Economics Pty Ltd
Level 23, 123 Eagle St
Brisbane QLD 4000

Deloitte Access Economics is Australia's pre-eminent economics advisory practice and a member of Deloitte's global economics group. For more information, please visit our website: www.deloitte.com/au/deloitte-access-economics

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 286,000 people make an impact that matters at www.deloitte.com.

Deloitte Asia Pacific

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities provide services in Australia, Brunei Darussalam, Cambodia, East Timor, Federated States of Micronesia, Guam, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Palau, Papua New Guinea, Singapore, Thailand, The Marshall Islands, The Northern Mariana Islands, The People's Republic of China (incl. Hong Kong SAR and Macau SAR), The Philippines and Vietnam, in each of which operations are conducted by separate and independent legal entities.

Deloitte Australia

In Australia, the Deloitte Network member is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 8000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at <https://www2.deloitte.com/au/en.html>.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network.