



**Australian Government**  
**Productivity Commission**

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**PRODUCTIVITY COMMISSION**

**INQUIRY INTO REGULATION OF AUSTRALIAN AGRICULTURE**

**MR P LINDWALL, Presiding Commissioner**  
**MR K BAXTER, Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

**AT ADINA HOTEL, SYDNEY**  
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**MR LINDWALL:** Well, everyone, I think we might get a start. I've got a few words that I have to say at the beginning of all of these types of inquiries then we'll go through our list with the various people who are registered and later on there's a chance for people who are not registered,  
5 if they wish to say something, to do so.

So good morning and welcome to the public hearings for the Productivity Commission Inquiry of agricultural inquiry. I'm Paul Lindwall, the presiding Commissioner on the inquiry and my fellow  
10 Commissioner here is Ken Baxter. The inquiry started with a reference from the Australian Government late last year and covers the regulations that have a material impact on the competitiveness and productivity of Australian agriculture. It has examined regulations at all levels of government, commonwealth, state, territory and local.

15 We released an issues paper in December last year and have talked to a range of organisations, individuals and others, with an interest in the issues. We then released a draft report on 21 July, just after the election, and have received over 100 submissions and more than 1,000 personal  
20 responses and views since the release of the issues paper. We are grateful to all of the organisations and individuals who have taken the time to meet with us, prepare submissions and appear at these hearings.

The purpose of these hearings is to provide an opportunity for  
25 interested people to provide comment and feedback on the draft report. Today is the fourth hearing for the inquiry. This week we've had hearings in Perth, Melbourne and Wagga and we continue with hearings in Canberra next Monday, Brisbane on Wednesday and Townsville on Thursday. Formal submissions to the draft report are invited, preferably  
30 by the end of this month.

We'll then be working towards completing a final report to be provided to the government, the Australian government, on 15 November. Everyone who has contributed to the inquiry or expressed interest in it  
35 will automatically be advised of the final release by the government, which is up to 25 parliamentary sitting days after completing.

We like to conduct all hearings in a reasonably informal manner, but I remind participants that a full transcript is being taken. For this reason,  
40 comments from the floor cannot be taken but at the end of the day's proceedings, as I alluded to earlier, I'll provide an opportunity, for anyone who wishes to do so, to make a brief presentation.

You are not required to take an oath, but are required, under the Productivity Commission Act, to be truthful in you remarks. You're  
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welcome to comment on any issues raised in other submissions or by other people at hearings. The transcript will be available on the website as well, following the hearings. Submissions are also available on our website. For any media representatives attending today some general rules apply and please see one of our staff for a handout which explains the rules.

To comply with the requirements of the Commonwealth Health and Safety legislation, you are advised that in the unlikely event of an emergency requiring the evacuation of this building you should follow the exit signs to the nearest stairwell, lifts are not to be used. Please follow the instructions of floor wardens at all times. If you believe you would be unable to walk down the stairs it is important that you advise the wardens who will make alternative arrangements for you.

I invite participants to make opening remarks, preferably about five minutes or so. Keeping the opening remarks brief will allow us opportunity to discuss matters in greater detail. Now, I think our first witness is Nicola Beynon, from World Animal Protection. So please come forward. Just say your name and organisation and tell us a bit about the organisation and about what you want to say to us today.

**MS BEYNON:** My name is Nicola Beynon, I'm from World Animal Protection. We've been protecting animals around the world for approximately 50 years and we've been doing that in approximately 50 countries, working with governments and local communities and businesses. Our vision is for a world where animals live free from suffering and we believe that good animal welfare is fundamental to a better world for both animals and for communities and for the farming sector and for a sustainable global economy.

We really welcome the Commission opening up a national discussion about animal welfare and its national frameworks and we do welcome your recommendation for an independent national body for animal welfare.

As is captured in your report the treatment of animals is gaining increasing public attention and we are seeing a shift in consumer expectations. Market share for higher welfare products is growing and investors are starting to take more of an interest in the risk that animal welfare poses to businesses.

While this is happening in the private sector, the government is currently failing to support industry with the regulatory and policy frameworks that are needed to keep up with these trends. We'd like to see

Australia ahead of the curve on animal welfare and to do that the government needs to have frameworks in place to support industry and state and territory regulators to progress animal welfare.

5           Australia can't market itself as a global leader in animal welfare while we still have cruel practices allowed on the farm and without decent frameworks for dialogue to debate those practices. Without national frameworks the government is foregoing an opportunity for Australia to position itself as a leader in animal welfare. All too often the government and industry ends up on the back foot with repeated scandals. This approach might be good for *Four Corners* but it's not good for animals or industry. So it's not surprising then that the Prime Minister received a letter late last year that was signed by a wide range of stakeholders, industry included, calling for national frameworks for animal welfare to be reinstated.

10           World Animal Protection recommends that the model for this national body be an independent statutory body, an independent office of animal welfare. It could address the following things that are wrong with the current situation. The current situation is fragmented and piecemeal and an independent office of animal welfare would provide coordination and leadership and facilitate harmonisation of standards.

20           There's currently a lack of long-term planning for progressive improvements and an IOAW would have a national strategy for animal welfare and would be properly resourced and funded and achieve it. Too often decision making is reactive and an IOAW would allow the government and industry to be proactive in tackling animal welfare. Standard setting is slow and it's always in the process of catching up with community expectations. So in having a clear work plan for standard setting the office can keep pace with community expectations.

25           Currently industry and state governments dominate the decision making over standards so this office would be charged with finding balance and ensuring that community values and ethics are properly considered. We really welcome the Commission's recognition of this.

30           All too often the regulation of animal welfare suffers from an inherent conflict of interest in agricultural departments and it needs greater independence, so an independent office would remove conflict and provide that independence and help restore confidence. In short, we would like an independent office to be a centre of excellence for animal welfare.

5 You've asked, in the draft report, for views on governance  
arrangements. World Animal Protection thinks there should be a suitably  
qualified CEO and a chair and a small staff of animal welfare policy and  
legal experts and also experts in stakeholder and public engagement. It  
would have an advisory committee and we agree there needs to be strong  
representation from the field of ethics and also independent science. The  
office's advisory and standard setting committee should comprise state,  
territory and federal governments, industry groups from the different  
animal production and use groups and animal protection organisations  
10 representing the animal production and use industries.

15 Currently there's often the situation there there's several industry  
members, state and territory governments, promoting industry interests  
and only one or two stakeholders representing the community and animal  
interests and it's not a good balance, currently. It should have animal  
welfare academics and legal experts, representation from consumer  
interest groups and those independent experts, scientists, with technical  
knowledge, independent of industry. We also support the Commission's  
suggestion for experts in assessing the ethical dilemmas that come up with  
20 this policy field.

25 The office would need to report to a minister and to solve the  
conflicts of interest we think that the Attorney-General would be a good  
candidate. If such an office was to remain in the Department of  
Agriculture or either way, the office would need enabling legislation that  
would protect its independence. It would need to be able to report straight  
to the parliament and have the responsible minister publicly respond to its  
reports.

30 You've asked if it should be advisory or have a regulatory function.  
Our view is that it should be advisory in relation to standard setting but it  
should decide on the advice that it gives and its advice should be  
published unfiltered. It's advisory, in the sense that each jurisdiction will  
still need to adopt and incorporate those standards into their own laws.

35 For animal welfare matters that the Commonwealth is responsible  
for, international trade, then we recommend that the independent office  
has a regulatory function too. You only had to watch the sledge  
hammering of Australian cattle in Vietnam and to see the repeated  
regulatory failures in the live animal export trade to realise the need for  
40 greater independence in the regulatory oversight of that industry. At a  
very minimum the office should have the ability to investigate, report and  
recommend with its reports tabled into parliament for ministerial  
response.

45

5 You've asked for advice on measuring community expectations. So on that, I just wanted to share with you polling that World Animal Protection undertook in March of this year, it was Galaxy Polling, and it found that 72 per cent of Australians believe farm animals could be treated better in Australia and it was pretty evenly split between urban and rural Australians. So in regional areas 70 per cent and in city residents 73 per cent.

10 Seventy-five per cent of Australians believe there should be a national body focused on improving animal welfare and 84 per cent believe that it is the federal government that should set goals for animal welfare and have a plan to meet them. 94 per cent consider some kind of farming practice that's currently allowed unacceptable. We're obviously not saying that decision making for animal welfare should be poll driven, but the independent office must ensure that consultation is accessible and designed to engage the wider public.

20 Having strong representation from consumer groups and animal welfare advocacy groups will help as a channel for community views. We think that's the crucial factor, to grow community confidence in how the government handles animal welfare, there needs to be much stronger input and dialogue with the community and advocates in standard setting and independence from industry, in that standard setting and in the regulation. So an independent office will help the government and industry build that confidence and to grow that trust and create a better future for animals. That's the statement.

30 **MR LINDWALL:** Thank you very much, Nicola. I can see where you're talking about here because, as you know, independence can be manifested in different ways. There are government departments which have parts of them without any statutory independence that are called separate and then, of course, there are agencies, such as, say, the Productivity Commission or Human Rights Commission which have their own Act. So you're quite clear you'd prefer the latter, obviously?

35 **MS BEYNON:** That would be our preferred model, yes.

40 **MR LINDWALL:** In those types of arrangements, generally speaking, they have statutory officers who are appointed for a fixed term, say 5 years, and they can only be removed for certain criminal activities, for example. That's the type of protection you'd like for the independence. Now, what about the selection of those individuals for the various roles, and you could, in the statute you could say that this one person has to have veterinary skills, another person has to have an ethics background, or something like that. Would you involve as, say, in the Australian

Competition and Consumer Commission where the Commissioners for that have to be given a vote from the state governments as well as the federal government, is that the type of thing you think would be reasonable?

5

**MS BEYNON:** We haven't thought that far into it, but I certainly think that the qualifications for the CEO and the chair would benefit from being prescribed in the enabling legislation. You do need to ensure that those appointments are supported by - - -

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**MR LINDWALL:** Qualified individuals that are credible, yes.

**MS BEYNON:** Yes, and also that they're not political appointments or seen to be political appointments. So there might be benefit in having state and territory government input into their appointments but I'm not sure about votes and right to veto. I haven't through that far into it.

15

**MR LINDWALL:** That's all right. If you wanted to comment on that later on you'd be most welcome to. As you say, you're happy for it to be advisory in respect of the state government responsibilities but regulatory in respect of the commonwealth?

20

**MS BEYNON:** I think there's greater need for independence in the regulation of the commonwealth responsibilities for animal welfare, as there is in the states and territories. So we would advocate for independent offices at the state and territory level as well and to have that separation between agriculture departments and regulation.

25

**MR LINDWALL:** In terms of changing community values, then the organisation would clearly have a responsibility for informing the public about what are real animal welfare good practices and bad practices and soliciting the views as well, in a validated way. But in your experience do you think that the examples of bad animal welfare, and let's forget about the exports at this stage, we can come back to those, are they due to financial pressures by farmers? For example, the overstocking of poor pastoral land and then there's a drought and the animal is starving and so forth is often because of, in my view anyway, are due to financial pressures on that particular farmer and those that are running a good farm, who are financially viable, will tend, on average, to treat their livestock better. Would that be a fair assessment?

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**MS BEYNON:** I think certainly financial pressures play a role in how farms are governed and then the animal welfare that they provide for, yes.



5 **MR LINDWALL:** Some farmers who have relied on very traditional practices, their parents and their grandparents have followed the same practice, they've often done that, so this body could also, obviously, communicate better practices, which might actually help them financially as well?

10 **MS BEYNON:** Yes. I mean often when we talk about animal welfare it can be complementary to productivity and profitability and that's the goal that you want to be aiming for where you're getting those win/win situations. But it's important to have the robust regulations to protect animals from cruelty when the economics and animal welfare and ethics aren't lining up so well and currently it's animal welfare and the ethical side of things that all too often loses out.

15 **MR LINDWALL:** I've got some more questions, but I should let Ken ask some.

20 **MR BAXTER:** Can I come to page 5 of your document? A couple of things, just some further elaboration. One, in paragraph 4 there's reference to law suits going back and forth, what's the number and nature of the law suits that are involved over animal welfare?

**MS BEYNON:** Is it in our submission?

25 **MR BAXTER:** World Animal Protection.

**UNIDENTIFIED SPEAKER:** Could it be the Senate submission?

30 **MR BAXTER:** Yes, it was the 2015 submission.

**MS BEYNON:** Pardon me, yes, you've been given our Senate submission as background.

35 **MR BAXTER:** My apologies for not being more specific.

**MS BEYNON:** That's okay.

40 **MR BAXTER:** But there's a reference in that document to law suits going back and forth.

**MS BEYNON:** Remembering back to that submission, would it be referring to the free range egg situation and the - - -

45 **MR BAXTER:** Well, that's why I'm not clear. It says, "Reduced risk by being proactive instead of reactive." It then talks about leading regulators

to underestimate risks and then talks about this business of law suits. One of the reasons I raise it is that I understand there are probably two classes of law suits, one by the commonwealth for breach by an animal or a livestock exporter breaching the conditions of commonwealth laws under the arrangements of export of live animals and that would be handled, presumably, by commonwealth inspectors.

The second tier would be in the states where the police, as I understand it, have responsibility for compliance at the moment, but in many cases it's the RSPCA who actually is the compliance authority or the compliance organisation. In terms of large-scale rural operations my assessment is that the RSPCA resources are extraordinarily stretched and are mainly involved with local, urban enforcement.

What's your view about the enforcement side of any regulation? I mean we've talked earlier this morning about the advisory committee and its independence but then getting down to the reality of it, how do you view that - what's the relationship between the advisory committee and the enforcers, to use a phrase? And how do you see that working through the system?

**MS BEYNON:** The enforcement of animal welfare legislation in all jurisdictions is not currently effective because it is poorly resourced and not sufficiently priorities, so you need to have much better compliance regimes. We would see the office playing a role in review of enforcement practices, by state and territory jurisdictions.

Whether it would do that of its own initiative or whether it would be something that would be requested needs consideration but it could review on poor enforcement compliance and make recommendations for improvements or changes to legislation and so on. But, as I said before, we would also support the establishment of similar offices at the state and territory level to perform that function as well, in which case there'd be less need for the national office to do it.

**MR BAXTER:** We've heard, in evidence, when we were in some of the regional centres, that people who would be concerned about welfare of animals is often only picked up when sheep or cattle come into cattle yards or stockyards for sale, public sales. We've heard that police will often only be belatedly informed about unfortunate practices. Then when they are informed the evidence is either gone or it's been impossible to take on enforcement. It seems to me that there's a lot of sense in having an independent authority which sets out the principles, but that's not a great deal of use if there isn't an effective regime underneath it for actual assessment of when it takes place and the enforcement of any principles

that are established by the independent authority. What's your views about how that might be done?

5 **MS BEYNON:** We would agree with you that it's all very well setting standards but if you don't have the compliance regime to then implement them you're only doing half the job. We think there could be a role for independent offices undertaking the regulatory function and having - working with the RSPCA and state governments on that, because of the concern about the regulatory function staying with agricultural departments and the inherent conflicts that come up.  
10

**MR LINDWALL:** My understanding is that World Animal Protection operates in the United Kingdom, is that right?

15 **MS BEYNON:** We do, yes.

**MR LINDWALL:** How is the United Kingdom model of enforcement brought about?

20 **MS BEYNON:** I've lived in Australia for 20 years. I have a British accent but I'm not - - -

**MR LINDWALL:** I wasn't picking on you because you've got a British accent, I've read a fair degree - - -  
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**MS BEYNON:** We could find out for you. I could speak to colleagues, yes.

**MR LINDWALL:** It's good to learn good practices in other countries. Ken and I saw the practices in New Zealand, which you're probably going to comment on.  
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**MR BAXTER:** Well, I was just going to lead onto, as Paul has just indicated we spent some time in New Zealand a week or so ago and the New Zealand government has established what appears to be a fairly effective both in principle regime with an independent authority, which seems to have the support of government policy makers and, interestingly enough, the industry sectors.  
35

40 **MS BEYNON:** Yes, it does.

**MR BAXTER:** It seems to be effective in setting principles. It seems to be effective in securing assessment of malpractice or unfortunate practices and while we didn't go into the enforcement side in great detail, it does seem that its enforcement measures are far better than we've got here.  
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5 I mean, one of the complaints of here is that somebody can be driving along the roadside, see a mob of sheep that have clearly been maltreated, they get to town, they report it to the local policeman who usually knows the person who owns the sheep, so therefore has a degree of reluctance about going out and issuing a notice to comply. But even leaving that on the side, that by the time the enforcement officer gets there they evidence has disappeared or the capacity to prosecute has disappeared. What's your view about how that should be handled?

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**MS BEYNON:** Again it's to take it into an independent office and to have people who are more independent from either perpetrators - that's a good principle. I mean that's what we're seeking.

15

**MR LINDWALL:** There was also reference, in the 2015 document, to the funding arrangements and one of the things I would be interested in or we'd be interested in getting hold of is knowing that World Animal Protection does operate in the United Kingdom and operates very effectively, is who provides the funding, what the volume of the funding is and who funds the actual prosecutions.

20

**MS BEYNON:** We can find that out for you and speak to our colleagues in the UK.

25

**MR LINDWALL:** Yes, that would be appreciated.

**MS BEYNON:** Yes. If you had interest in other countries we might be able to help as well.

30

**MR LINDWALL:** Yes. Well, we're particularly interested in countries which (a) have similar livestock practices to ours, have similar legal jurisdictions to ours and similar general community feelings about this issue. Have you got any sense or feeling about the degree of funding that might be actually required to make sure that - I mean the funding of the body itself that we're talking about is relatively small. But in terms of enforcing the legislation, beyond the current arrangements where the RSCPA effectively uses its funds to undertake the enforcement arrangements, what's your view about how that should be done?

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**MS BEYNON:** It does depend on the remit and the responsibilities that you give the office, how much it would cost to run it. So if it had that regulatory responsibility obviously it'd be more significant costs. We were interested to actually as the Greens, who have legislation for an independent office, because they have the benefit of costings from

government to see of they've costed the different models, but we, ourselves, haven't had the capacity to do it.

5 **MR LINDWALL:** I was going to ask, on the export side, have you got any ideas on - well, clearly some people think we shouldn't export at all, live animals, which is a perfectly reasonable view, but given the constraints that we do export live animals are there ways - and ESCAS has apparently improved practices from what they were, but can you think of things that might improve it further?

10

**MS BEYNON:** Our organisation is of the view that live animal exports shouldn't be permitted, we think it's just breaching animal welfare rule 101, you should slaughter an animal as close to the point of production as possible, and live exports violate that and they put animals through extremely strenuous journeys with an uncertain slaughter at the end of that process so we don't support it.

15

ESCAS has brought about some improvements, but we've seen repeatedly and all too often that ESCAS is also failing and it's not being enforced properly. It's the nature of the industry because ESCAS is trying to have reach over facilities overseas where jurisdiction becomes quite tenuous. Now we know that the government is putting funding into industry developing its own assurance scheme, and I read your comments in the draft report which talks about if you have an industry assurance scheme it needs to enjoy public confidence.

20

25

In the case of live exports, there's no way that it has public confidence in industry's ability to comply with ESCAS, never mind its own self-regulatory assurance scheme. We support industry assurance schemes and we work with many companies to develop them but we do not support governments using assurance schemes to retreat themselves from their own regulatory responsibilities so we don't support the assurance scheme that's being developed for the live animal export industry.

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**MR BAXTER:** Again I'm turning back to the 2015 document, and on page 5 of that, at the bottom, there's a reference to, "The degree of influence and control exerted by industry funded research and development corporations on this area" what's the evidence that that's happening?

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**MS BEYNON:** That's quoted from a research paper. Not so much the RDC but there are - I'm aware of two comparisons that were done between independent research that was undertaken by an independent body in the EU on sow stalls which came to the conclusion that sow stalls

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were not humane and should be phased out. Then similar research done in Australia where the parameters of the research were just looking at biological indicators and came to a different conclusion.

5           The same thing has happened also in looking at battery cages. That's the thing with science is it depends how you support hypothesis you set up to test and what parameters you put. So you can ask a different question, both answers will be scientific but it depends on the question that you've asked, which is why we were very heartened to see the  
10           recognition of the need for independent science and also the ethical component to sit alongside science based decision making.

**MR LINDWALL:** I think we need to finish now. Nicola, thank you very much for appearing, we appreciate what you've said today.

15

**MS BEYNON:** Thank you for having us.

**MR BAXTER:** If you wouldn't mind just getting responses to those extra ones. Very quickly with your forbearance, following on that last  
20           question and item 5 again, I'd be interested to see any examples of where you believe there's been undue influence exercised by the RDCs on research.

**MS BEYNON:** Yes, we can look into that further, yes.

25

**MR LINDWALL:** Now it's time for Cotton Australia. I think we've got Felicity Muller and the New South Wales Irrigators Council, Stefanie Schulte, is that correct?

**MS MULLER:** Close enough, yes.

30

**MR LINDWALL:** Again, if you wouldn't mind saying your names and organisations and then giving a brief presentation about what you would like to say.

35

**MS MULLER:** My name is Felicity Muller, I'm from Cotton Australia.

**MS SCHULTE:** I'm Stefanie Schulte from the New South Wales Irrigators Council.

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**MS MULLER:** So, firstly, I'd like to thank the Productivity Commission for providing us with the opportunity to appear at this hearing and present our views on the impacts of regulation of agriculture to our growers. We are a strong supporter of the public consultation process and would be

more than happy to provide any further information to the Commission during the finalisation processes of the report.

5 So Cotton Australia is a key representative body for Australia's cotton growing industry. The cotton industry is a small but integral part of the Australian economy, worth over \$1.25 billion in export earnings in the 2014-15 season and employing roughly 10,000 people. I'll now ask Stefanie to present on initial recommendations made by the Productivity Commission regarding water regulation.

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**MS SCHULTE:** Thank you, Felicity, and thank you Commissioners for giving us the opportunity to present here today, together with one of our member organisations, Cotton Australia.

15

The New South Wales Irrigators Council was formed in 1983 to represent the rights and interests of irrigators and the irrigation industry. We have 25 member organisations, Cotton Australia, as I said, is one of them but we also have members of Valley Water Users Associations, Food and Fibre Producers, irrigation corporations and commodity groups, including rice, dairy and horticultural industries.

20

As a peak irrigation sector body in New South Wales we will focus our comments on only those issues pertinent to irrigation and water resource management and, as such, our responses are exclusively to chapter 4 of the draft report. However, we appear here today with one of our member organisations to stress the importance of referring to all our member organisations submissions about irrigation and agricultural industry specific regulatory burdens which constrain the industry.

25

30

As for the New South Wales Irrigators Council, we have concerns about the multitude of recent inquiries and reviews relating to water management in New South Wales and the Murray Darling Basin. We urge the Commission to coordinate with state and federal departments about developing coherent policies that collectively minimise the regulatory burden on irrigated agriculture and support the ongoing profitability and competitiveness of the industry.

35

We note that the Productivity Commission has endorsed the recommendation made by the inter-agency working group on Commonwealth water information provision. The council equally supports the removal of regulatory duplication and overlap but thinks more work can be done to reduce regulatory red and green tape. One example would be here, a root and branch review of the functions and responsibility of the Murray Darling Basin Authority.

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5 In addition, we stress that our general endorsement of the inter-agency working group findings should not be seen as being equivalent to an endorsement of regulatory streamlining and centralisation of water policies and functions. The council is of the view that those departments and agencies that are best place to undertake the regulatory function around water policy and management should be those who also undertake it.

10 As such, the New South Wales government, in our case, has long had carriage of water resource management in New South Wales and New South Wales irrigators have confidence in the management processes and frameworks, even though we do have some reservations in some aspects, but we are broadly supportive of those processes and functions remaining with the state agencies.

15 Following on from these comments, New South Wales Irrigators Council is also concerned about the current level and possible expansion of regulatory burden imposed by federal government agencies and departments, through federal water legislation, including the Water Act 2007 and the Murray Darling Basin Plan 2012. A case here is the reason  
20 ACCC draft advice on the review of water charge rules, which we believe would significantly increase the regulatory burden on the irrigation industry, if implemented.

25 Finally, New South Wales Irrigators Council is also concerned about the large number of general reviews of Australian water markets. Over the last 12 to 18 months we've had the Bureau of Meteorology, the Murray Darling Basin Authority, DPI Water, ABARES, the ACCC and the National Water Commission all undertaking broad scale reviews of  
30 Australian water markets.

35 It appears to the council that these general reviews are conducted for the purpose of introducing further regulation and water resource management and not progress already identified concerns by previous reviews and stakeholder feedbacks regarding unnecessary burden. Two issues that have been raised continuously is the under value trade between the Murray and the Murrumbidgee as well as a very recent case about a lack of information provision in the Lachlan Valley.

40 The New South Wales Irrigators Council believe that Australian Water markets are continuously evolving and rapidly maturing and that this time there is no need to introduce additional regulatory burden on irrigators, water traders or water brokers. So we thank the Productivity Commission again for the opportunity and I will pass back on to Felicity.  
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5 **MS MULLER:** So we've kept our discussion focused on overarching approaches to regulation and responses and approaches that might be taken, the land use regulation chapter, regulation of technology of ag vet chemicals, biosecurity, transport and labour regulation. Obviously we'll go into more detail during our response to the draft report, but we'll just present a few key areas of interest today.

10 So overall we were very encouraged to see the Productivity Commission's acknowledgement of the cumulative regulatory burden which is borne by agriculture. A message which we have repeatedly heard from our members. I guess to highlight the issue, when we approach our growers and say, as a broad question, "Do you have issues with the volume of regulation?" The universal answer will be, "Yes." However, if you take a similarly broad-brush question and say, "What is the issue?" It's not a straightforward answer that you get. I think that that is what is behind the cumulative factor, unpacking what the actual issue is, or the issue is, in isolation, perhaps misrepresents what is actually the problem. It's the impact of regulation, in totality, which is the burden for our growers.

20 So as acknowledged by the Commission, regulation has its benefits and we would certainly support that. A regulatory framework ensures that Australia has been protected, in relation to biosecurity threats and that we have chemicals that are safely used and operated by our growers. However, as I guess in all areas of business, there is room for improvement and our growers recognise that we need to be achieving productivity gains in order to remain competitive on the world scale. The same can be said of the regulatory system in which we operate.

30 Regulations need to shift with the changes in the environment in which agriculture operates. There is rapid technology development in the area of energy and shifts need to occur in the national electricity market to allow our growers to capture the benefits of these technology developments. Robotic advances, mobile and internet services are set to change agricultural productivity and the way in which agriculture operates in Australia. The cotton industry is hopeful of working in a regulatory framework, I'll reference the telecommunications universal service obligation here - - -

40 **MR LINDWALL:** That's my next inquiry.

45 **MS MULLER:** - - - which encourages and supports this productivity growth. We would like to see the Productivity Commission consider how it might best work with industry to investigate possibilities of self-regulation.

5 So I guess the complexity of regulations was a clear driver in  
establishing the Cotton My BMP program, you might be aware of that  
program. The My BMP program covers 11 modules, including issues  
such as biosecurity, HR and WH&S and soil and water management.  
10 Across the modules there are hundreds of elements requiring growers'  
attention however, the My BMP program provides a single point of  
contact for growers, ensuring that they can be confident they have met  
their regulatory obligations once they have addressed all aspects of that  
My BMP program.

15 Successful self-regulation is characterised by a consideration of all  
aspects of products and services, including all relevant social,  
environmental and economic costs. Our industry has proven that it  
operates to best practice through the impressive results that it has achieved  
to date. A 92 per cent reduction in insecticide use, 40 per cent increases in  
water productivity and achieving yields more than three times the world  
average and more than double our nearest competitor, the USA.

20 Our industry has undertaken a concerted effort to ensure that we  
consider all elements of the cotton life cycle. In recognition of the need to  
consider social, environmental and economic costs our industry has  
adopted a framework of sustainability reporting, the first of which was  
publicly published in November 2014, however there's been a lot more of  
25 a process behind that. We have recently developed our ongoing  
sustainability targets through stakeholder consultation and that will  
continue to drive ongoing best practice across the industry.

30 The cotton industry has also partnered with the Better Cotton  
Initiative, which provides an avenue for our commodity to be globally  
recognised as a sustainable product and channel for information exchange  
with the global pool of cotton growers to improve grower practices  
internationally.

35 Given our performance and the initiatives that our industry continues  
to progress, we believe that regulators should consider the benefits of  
working with our industry to deliver on compliance outcomes. To achieve  
successful self-regulation we recognise that there are processes that need  
to be navigated, however we believe that through transparency of  
40 reporting and independent audit the objectives of compliance can be  
achieved with our industry.

Cognisant of the challenges introduced through self-regulation  
Cotton Australia would certainly be supportive of a time bound

memorandum of understanding to trial and test our industry's ability to deliver on the necessary reporting requirements.

5 Just moving on to our next approach, I'd also like to address the overarching issues of whether agriculture should effectively receive special treatment in regard to regulation and we certainly don't support ourselves as a sector being treated differently, per se. However, we would encourage the Commission to develop recommendations that promote a broader approach to regulation by state and federal government agencies.

10 So some solutions that we've potentially proposed include establishing timeframes for delivery of advice by government departments to avoid unnecessary delays where local, state and federal decisions are required. Where clear overlap of regulation occurs, particularly in the case of heavy vehicle movement, in terms of issuing permits and licences, specific action is taken to streamline these processes.

20 There is a need to develop strong relationships with industry bodies who are often the first point of contact, or key information dissemination bodies for growers, and can assist in navigation of regulatory obligations and regulatory design. Improving accessibility of information available on websites. So forms that are used to collect information for applications and regulatory compliance purposes need greater clarity, provided by government departments, to assist growers in meeting their regulatory obligations.

25 As highlighted in the Productivity Commission's own draft report, there is currently a lack of clarity around visa application and visa supporting forms. We saw the example that that took four hours, in comparison to one and a half hours to complete the form. So clearly there's an issue with navigating that website and the information that is required and I think that that is something that can be easily rectified.

30 There were suggestions brought forward by the Productivity Commission regarding the use of science to inform regulation and we would certainly like to hear from the Commission some further information regarding this concept. As an organisation we are firmly supportive of science being used as a mechanism to inform the level of risk exposure.

40 Just moving on to some of the actual topic areas, I guess, in relation to land regulation, we were very disappointed in the recommendations delivered by the Productivity Commission which, I think, failed to recognise the underlying issues that have resulted in the right of veto discussion. We were particularly concerned that the Productivity

Commission made suggestions to transfer all land rights to the Crown to enable resources exploration. While as an industry body and as an organisation, Cotton Australia does not oppose resource exploration, we certainly believe that landholders should have fair and a balanced approach in negotiation and compensation arrangements. So we would be happy to engage in discussions with the Productivity Commission around how they may consider reframing this recommendation to account for the current imbalances in discussions and recognises the need for landholders to receive fair compensation for impacts that occur both at the exploration and production phase of development.

Cotton Australia is supportive of all the draft recommendations that have been developed, in relation to access to technologies and Ag and Vet chemicals. We seek to expand these recommendations however, to make sure that there is removal of duplication of requirements between the OGTR, APVMA and FSANZ.

We would like to see the Department of Ag and Water Resources, APVMA, OGTR consult on changes to regulatory requirements and matters of post-registration stewardship of transgenic crops. We would like to see the OGTR improve engagement with those involved in on-farm regulated trials and flowing from the Productivity Commission's recommended removal of the moratoria on GMOs, we'd like to see a coupling of this decision with public communication, education awareness strategies that specifically address community concerns.

Transport has been identified as an issue which would benefit from significant overhaul and we would like to concur with the findings that are being actioned by the Productivity Commission. The concept of the NHVR is sound, however its implementation has not been smooth and, in many cases, it's led to confusion, duplication and significant delays.

Prior to the establishment of the NHVR the role of local government in issuing transport permits was limited. Permits were typically issued from police or state transport departments. However today, if applying for a permit through NHVR, permission must be obtained from all road management. This is a new task for many councils and often they appear unsure of their rights and responsibilities and long delays occur.

A particular example of this occurred where permission to move a cotton picker from southern Queensland to northern New South Wales was delayed for weeks, simply because one council the picker had to travel through had not responded. When challenged, the council's response was that it had 28 days to get an answer back to the grower.

Clearly this is an issue where time is of the essence during picking and delays may lead to quality discounts and a cost impact for growers.

5 To smooth this process Cotton Australia has had no choice but to attempt to negotiate these changes on an individual basis with each council. Even for a relatively geographically confined industry, like cotton, this means negotiating with in excess of 20 local government councils across Queensland, New South Wales and Victoria. So clearly the NHVR needs to be appropriately resourced to take this challenge on.

10 Labour regulation is the last issue that I'll cover for today. We've identified this as a key area of focus because labour was our highest cost of production. A couple of points that we wanted to highlight and just reiterate is that we need to see an update of the consolidated skilled occupations list to reflect the new skilled occupations. This would remove the single biggest barrier to the 457 visa placed on the agriculture sector.

20 Occupations such as leading hand, overseer and assistant manager sits between the currently approved 457 positions of farm worker and cotton farmer, the latter requiring a degree of qualification. This means that potential employees remain ineligible for a 457 visa and place limitations on growers being able to access appropriately skilled labour. There have been and will continue to be significant changes in labour requirements on farms as growers adopt new technologies and seek out candidates that would have not been traditionally sought, I guess.

25 Secondly, while we don't want to see more regulation in place, our industry is comfortable with the level of responsibility allocated to employers and employees following harmonisation of WHS laws. While our growers can feel overwhelmed by the challenge, in workshops that are currently being run by Cotton Australia, there is the view that it is something that can be worked on today, one step at a time. The cotton industry has developed templates which were formulated using information developed by the Ag Health and Safety Unit, which makes it easier for growers to make a start and have the foundations of having something to work with. We recognise that there are challenges in the WHS space but we believe growers have put systems in place to deliver a safe workplace.

40 We would, however, like to advocate that any fines issued, in relation to WHS matters, should be pro-rata, according to business size, as we'd hate to see fines issued that put growers out of business. Thanks again for your time today and welcome any questions.

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**MR LINDWALL:** There's a lot of issues to cover, obviously, and we've got limited time. I might touch on the labour market first, if that's all right with you Ken? I was presiding Commissioner for the immigration inquiry, which is still not yet released, I understand it will be released in  
5 November some time, and we did touch on the 457 issue. Now, 457 not only has a consolidated skills and occupations list but it also has a minimum wage level. Did you want to say anything about that? Are you satisfied with the minimum wage level?

**MS MULLER:** I will have to defer any questions related to labour because it's not my area of expertise. I can only comment on the issues that I've presented today but I'm certainly happy to take any questions on labour on notice.

**MR BAXTER:** While we're on that, it's been put to us, on a couple of occasions, on the 457 visa issue, that cotton growers, along with any others, wheat growers and other agricultural producers, need labour at relatively short notice, imminence of harvest or planting a terrain and so on, that there's a very long list of people, often on the local CES register,  
20 but considerable difficulty in getting them to actually come and work on farms. Several examples were given to us about where, yes, the labour would come out, arranged by the CES, work for two or three days and then decide they didn't like it and pack up and go back again. It would seem to me that the sort of businesses that your people are running need at  
25 least some assurance of short-term constancy of labour supply?

**MS MULLER:** Yes, I would definitely concur with that. There are many programs which are encouraging, I guess, movement of labour to meet some of those needs, and we're certainly always developing  
30 programs to try and meet our needs, in terms of labour needs. So incentives using training as a mechanism, using re-establishment allowances and things like that to try and get people on farm and we don't necessarily also just need seasonality of labour, often there's an issue with actually just getting the labour there and getting that apprenticeship and  
35 farm hand transitioning onto a long-term position. So I think that that has been, at times, an issue for our industry. So in terms of what you are looking for, particular feedback in that particular area, would you like to see some further examples of where that has been an issue, in terms of - - -

**MR BAXTER:** Yes, we would.

**MS MULLER:** So I can definitely try and get some additional examples because I know that has historically been the feedback that we have received, that there is issue. While there are issues of unemployment

occurring that doesn't necessarily translate to being able to access that labour on farm. I can get some additional examples regarding that.

5 **MR LINDWALL:** Do the cotton farmers use seasonal workers from the Pacific Islands much?

10 **MS MULLER:** So my understanding of that is that there is exceptionally high cost involved in participating in the program and lots of regulation and hoops to jump through in order to even participate in that program. I can reference the NFF submission, they've put down quite a lot of numbers. I think it's \$2000 to even access an application before you're even getting seasonal labour. I think there are just quite a few hoops to jump through even before you get proven labour source on the ground.

15 **MR LINDWALL:** Because the scheme is modelled on New Zealand and in New Zealand it's highly effective and by all accounts the seasonal workers are highly productive because they come in each year and they get better at the job each year, obviously.

20 **MS MULLER:** Yes. I think that it has the potential to work here, but obviously there's demonstrated reasons that there's something inherently wrong in that program that it hasn't been taken up because I would suggest wherever there is something that works our growers jump on board that.

25  
30 If they could have a labour source that every time at picking, when that seasonal labour is required, they're able to get return labour source, so they're not having to retrain, so that those workers are familiar with the biosecurity protocols, so that they're familiar with the WHS systems in place on that farm so that they have - these are often small operations so that they have ongoing established relationships.

35 I'd say that they'd definitely be wanting to participate in that but the fact that they're not doing that suggests that there are large problems with that program and I would suggest perhaps the application process is a barrier, the number of forms and applications that have to be put in before you even access that program. I would suggest that maybe that's some of the issue and I think NFF has taken the time to spell out some of those issues. I believe it's been spelt out a number of times in a number of  
40 inquiries, some potential solutions there.

**MR LINDWALL:** We'll move away from labour, I think.

45 **MR BAXTER:** I was going to tackle water.

**MR LINDWALL:** Water's a good one. All right, water. By the way we should say I noticed you mentioned the National Water Commission, Stefanie, the PC's taken on that responsibility.

5 **MS SCHULTE:** I do realise that and I did realise it when I read the draft report, on a number of issues.

10 **MR BAXTER:** We met with the rice growers and Sun Rice in Wagga yesterday and we also met with a number of the water users, both broad acre and intensive farming in Mildura. I raised the issue of principle, is the Irrigators Council - has it got any views about whether the market should be kept wide open and basically access to water be provided to the person who's prepared to pay the highest price? In other words, the highest value use, as a principle? Then we get down to some questions on  
15 water.

**MS SCHULTE:** As I said before, we would, as a council overall, support a free market in terms of trade. Given the water access licences are held by various different entities, including agricultural producers but also the  
20 Commonwealth government and other industries, we don't support a restriction of trade by various entities.

**MR BAXTER:** Does the value of the licences held, variously, by individuals and by institutions, be it the Snowy or the Commonwealth, do those licences vary in value or do they have a nominated price attached to them for gicalitre or megalitre or whatever it is?  
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**MS SCHULTE:** The price of a water licence, at least in New South Wales, I can only speak for New South Wales, the value of a water access licence in New South Wales varies according to the class of licence which is then attached to the yield that licence effectively derives. So if you have a high security entitlement versus a general security entitlement the value is higher and it depends on the locality of that licence as well. Where licences are potentially more scarce to obtain, the price is higher.  
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The most active market would be the southern connected system, where trade is possible between the valleys. That would be something more in the Murray, the Murrumbidgee and the lower Darling and also in northern Victoria and it sometimes depends on the seasonality or in the  
40 midst of their historic drought, the millennium drought, we had prices for permanent entitlement, so water access licences, increase significantly over that time period.

**MR BAXTER:** Let me test an example. If I was a rice grower in Griffith, decided I wasn't going to grow rice for that year and I had a mate  
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in Burren Junction who was going to grow cotton, can I sell that water entitlement to my colleague or my friend in Burren Junction, at the best price I can get or is it a regulatory based price transfer? I'm talking specifically within New South Wales at the moment.

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**MS SCHULTE:** If it's a permanent transfer of the actual licence, then it has to go through a register and has to be notified by state agencies. If it's a trade of a temporary lease or a yearly allocation, that doesn't necessarily need to be registered. But in terms of, because it's all linked, to if it's a regulated system or an unregulated system it has to be notified to the individual agencies that is responsible for that.

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So in terms of a regulated water source, it has to be regulated with Water New South Wales and if it's with an unregulated system or a grant water system, it was DPI Water, so the New South Wales government agency here. This function has recently been transferred over to Water New South Wales as well, at the beginning of this year.

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**MR BAXTER:** Who fixes the prices of that licence?

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**MS SCHULTE:** It's not an exchange, in terms of, it's not like the ASX so it's not a centrally allocated price. Individuals have the opportunities to go through brokers, individuals have the opportunity to privately sell or to also go through exchanges, so within the Irrigation Corporations. The price then varies.

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**MR BAXTER:** So the price varies according to the market.

**MS SCHULTE:** The price varies accordingly and there is also - what we see very often is on the register zero trade transfers, which effectively very often relates to individuals who have multiple licences and transferring for their own operation by transferring water from one of their licences to one of the other licences to then be able to extract it for the operation from a different source.

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**MR LINDWALL:** Water, of course, will be very, more interesting when we go into the National Water Commission work that we need to do. Could I touch on the technology, in terms of cotton? You've cited some good examples of large reductions in 92 per cent use of insecticide and 43 per cent increase in water productivity, is that right?

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**MS SCHULTE:** Forty, yes.

**MR LINDWALL:** What are the key drivers of those?

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5 **MS MULLER:** I would say that our reductions in insecticide use have been driven by the integration of insecticidal traits in our GM varieties. So we have, 99 per cent of our crop is GM crop, but it's also related to adoption of IPM practices, to integrated pest management practices, by our industry.

10 So in relation to management of those issues, we've worked really strongly as an industry bringing in the GM providers' industry based organisation scientists to develop risk strategies and management practices which have maintained the efficacy of our varieties. We've seen that in practice because the efficacy of those same gene layering technologies no longer occurs in the US.

15 So we've just maintained that through stewardship but, yes, I would say it's through some excellent breeding technology, incorporation of GM technology, but also incorporation of best operational practices on farm, and maintaining - so the cotton industry in Australia is well-recognised for sharing of information and I'd say that that is fundamental as well, behind our ability to achieve those sort of reductions in insecticide use. But not  
20 only that but seeing the productivity gains that we have observed.

**MR LINDWALL:** So you've got the productivity gains plus the environmental benefits?

25 **MS MULLER:** Yes.

**MR LINDWALL:** You think you can operate your GM crops next to non GM crops of another type of crop, without cross - - -

30 **MS MULLER:** We have strict refuge policies in place which ensure that there isn't those sort of issues.

**MR LINDWALL:** So you minimise those risks.

35 **MR BAXTER:** But you'd have areas on northern New South Wales and Queensland where you'd have, say, 1,000 hectares under crop and maybe two or three kilometres away you then have somebody growing wheat?

40 **MS MULLER:** Yes, I would say that would definitely be the case. But you wouldn't necessarily get - it would depend on the harvest cycles and things like that.

**MR BAXTER:** Sure. Yes, understood.

5 **MS MULLER:** Yes, you would definitely have operations where you have cotton, a GM crop, operating in - a cotton farm is not all over cotton farm, so there might only be 40 per cent, the rest might be grazing or other sort of cropping. Plus you can't do, necessarily, back to back cotton and things like that. Actually on the farm itself then growers might be growing sorghum or whatever else they might be growing and there's been no reported incidences of issues.

10 **MR BAXTER:** The state moratoria on GM technology, is that affecting the growth of the cotton industry in Australia?

15 **MS MULLER:** I would have to defer to our person who works on stewardship. We were certainly supportive of removal of the moratoria and I think that in terms of what has been outlined in our draft report, there are new breeding technologies which potentially are not being able to be taken up. Plus there's issues associated with strain traits, which I think are also of issue and that may be impacted by the moratoria.

20 **MR LINDWALL:** Take that on notice. Finally, from me, unless Ken's got something after me, but with respect to the right of veto and having done the gas markets report for the PC a little while back last year, Australia's property rights for freehold are quite clear that the separation between mineral rights underneath the soil and agriculture on the land above, as opposed to the United States, where the property owner owns both, so I'm not entirely sure, what did you mean by fair and balanced compensation? You're not talking about a royalty for the use or the extract of resources from underneath cotton farms, for example?

25 **MS MULLER:** Sorry, just as background, so this is my particular policy area. So in terms of how delegation of policy lies we have someone else working on water, we have other people working on biosecurity and technology and stewardship, my areas are energy and coal seam gas and mining.

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35 So I have been involved in various different discussions with government processes and I think you might be familiar with the Walker Review, which was done in New South Wales, where basically it was stated that there was - basically landholders come to the table and they're not willing participants in that process and I think that there needs to be a fair understanding of the impost that those negotiations place on their time. I think that they don't necessarily always understand what are the risks and actually what will occur, in terms of any sort of impost on their business. So there needs to be basically fair negotiations brought to that process.

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**MR LINDWALL:** Have you seen the Productivity Commission Gas Markets Report?

**MS MULLER:** No, I haven't looked at that.

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**MR LINDWALL:** I'd appreciate if perhaps you could have a look at it and say what you think about what we said in that and see if you'd agree or disagree on that.

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**MS MULLER:** Yes. Because I think our policy states that we're definitely not against resources exploration but I think we - I hesitate to always fully disclose various different stories because, as you can appreciate, this is a very contentious space. But even where we have seen growers achieve great outcomes — so they've said, "We've got a well on our place, it works really well for us. We've got great income from that." — going into those negotiation processes it took several years time, and even sitting around the table where they were able to achieve a good outcome and a fair outcome, it was themselves and a valuer versus six legal experts from the gas company.

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**MR LINDWALL:** We did try and address some of those issues in that gas market report, because you're right about that, that certainly is the case.

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**MS MULLER:** So I think even where we are seeing people having great outcomes I think what needs to be recognised is that there is such imbalance going into that debate. I guess that there is a shift in the way mining and gas exploration is happening. There is increasing cross-over with high value land and high value agricultural operations so I guess what we've seen historically is no longer what we're seeing now. So the situation has changed.

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**MR BAXTER:** In terms of matter of principle, does the view still stand that minerals under the ground are right reserved to the Crown?

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**MS MULLER:** I think that we can't contest that. That is a fact. We certainly don't contest that that is the case and I certainly appreciate that, but I think that there needs to be, likewise, the same realisation that, what is above the ground and the impact it has to landholders' operation as a result of any exploration or production phase, needs to be recognised also and needs to be assured that there is balance in that discussion.

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**MR LINDWALL:** Felicity and Stefanie, thank you very much for appearing and I'd appreciate any further comments you'd want to send in response to what we've discussed today.

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5 **MS MULLER:** I'll obviously get back to you on those issues of labour and also just make sure that we cover the actual detailed issues associated with the New South Wales moratoria.

**MR LINDWALL:** Thank you very much. We're due to start at quarter to 11, so that's in 3 minutes' time, so it's enough time to get a quick coffee.

10 **ADJOURNED** [10.43 am]

15 **RESUMED** [10.50 am]

**MR LINDWALL:** We better get started, we've got a few people to hear today. Jessica, if you could just say your name and organisation and give us a bit of what you'd like to say to us today?

20 **MS HARRISON:** My name is Jessica Harrison, I'm a volunteer with GM Crop Watch and thanks for having me here today, I appreciate the opportunity to speak. I also put in a written submission which my talk is partly lifted from.

25 I suppose I'm an example of someone who doesn't want to eat GM and that's what motivates me to volunteer with GM Crop Watch. I don't want to eat it so I want to support farmers who want to actually produce non-GM crops successfully.

30 I live in Gippsland, so I live in a dairying area where there are also companies which specify that the stock must not be fed GM, because of their export requirements. So it's quite an interesting place to live and so again I know quite a few farmers. So I'm not really here to argue about the science of GM, I'm just here to explain some of the problems about segregation of GM and non-GM. The lady from Cotton Australia, you asked her about segregation but, as she said, GM Cotton is 99 per cent of the crop so there's not a problem of keeping non-GM and GM cotton separate, which there is with GM canola.

40 So we formed in 2008, which is when the Victorian GM canola ban was lifted, that's the state-based legislation that's under discussion at the moment. So as GM was released commercially, without much regulation, it was really an agreement between the farmer and the company selling the technology. There are certain areas where the farmers weren't supported

and, of course, this area of contamination and segregation is one contentious area. So I work with farmers and rural communities to monitor and map where the GM crops are grown and to help combat the spread of GM canola by monitoring and testing for GM canola weeds.

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You might ask why be concerned about GM canola spread, because it is a legally grown crop. The thing is, if you want to market non-GM you have a bit of a battle to keep GM weed, for example, from actually affecting your crop, and it's not just one GM weed, as I'll explain. So we decontaminate roadsides which have infestation of GM weeds, for example. Often the weeds are identified at the same time when the farmers are very busy with pre-harvest and then harvest, so that's how people like me can just help them out doing roadside testing or supplying kits.

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The first picture I passed over there is an example of what happened after we identified the first example of GM canola contamination, so that was when a GM crop was growing beside a busy highway, the swaths of canola were picked up and then they were spread along the roadside which could then become a source of GM canola where it wasn't expected and therefore could produce seeds and then lead to a further spread. So in that picture local farmers and I collected up as much of the GM swaths as we could to minimise contamination of that area.

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We supply commercially available test kits and those test kits can give you a yes/no answer about whether a plant is GM or non-GM in under five minutes. Those kits are commercially available in America because farmers need to prove, at the point of sale, that their crop is a non-GM, if they're selling into that market. So that picture there is me testing a canola weed that I found in Lubeck, which is in Victoria, in 2013.

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So the Productivity Commission received a submission by the pro-GM lobbyists, CropLife Australia, and they stated that in seven years of GM canola production there had not been one episode of cross-contamination. At GM Crop we have documented numerous cases of GM contamination.

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Also, in a way, it's increased the stress for farmers, the fact that if their market requires non-GM feed, for example, if a dairy farmer - I got a call from a dairy farmer, he said, "There's a canola plant growing in my yard, I don't know if it's GM or non-GM. My milk buyer specifies I only use non-GM feed." That was seriously concerning him so I was able to post him a test kit so he could check that for himself. So spillages from canola transport are a common cause for GM contamination because the farmers say if a truck can't hold water it can't hold canola seed so we've

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found examples of GM canola weed infestations on the curve of a road near a GM silo, a GM receival silo that is, because it's just spilt out from the truck.

5           That, again, caused concern for a local framer who'd actually gone to the trouble of buying her own header so she'd be able to deal with her own crops and guard against GM contamination. So we were able to remove those weeds so we removed that source of contamination at least. However, when she contacted the Roads Department they said, "Well, 10 because the weeds are herbicide resistant, because they've been, of course, developed to be able to be doused with herbicide, Roundup, the local roads authority had to use a tank mix of stronger herbicides to actually kill off that weed infestation, so that's another aspect to the problem.

15           We've also had human error, as a cause of GM contamination, when, for example, GM canola has been delivered to a non-GM silo. I'll go into why the silos are separate in a minute. So there was a recent case, which was the Labor MLC for Agriculture, Darren West, he had delivered his non-GM canola to a silo and was expecting to receive the premium but 20 accidentally some GM was tipped into his load so that would mean, in the current run of things, that he would only receive a reduced price for that, because it was GM.

25           Tasmanian authorities, of course, are still removing weeds after 57 trial sites were planted in the late 90s. They're doing that through their Agriculture Department and they just go over and do an audit of the weeds every couple of years and document how many weeds are removed. Unfortunately they're still dealing with that problem.

30           In Western Australia the Conservation Society started a citizens science survey in the Albany area, using test kits, and they found that 2 per cent of the fugitive plants, in other words the GM roadside weeds, were GM, despite the crops making up less than 8 per cent of the 2011 harvest. So a disproportionately high number of roadside weeds were 35 GM.

40           We maintain a listing of GM farms to enable, if possible, farmers to have an understanding of who might be growing GM in their neighbourhood because it's only recommended that a farmer growing GM notify their neighbours, it's not mandatory. So we've heard a case of, the only hint a farmer had that someone was growing GM beside them was that some apiarists were setting up and they suddenly decided, "We're off, we're moving" because they didn't want their bees going near the GM because that could affect their marketing.

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So we would like to see state agriculture departments supplying these test kits, just to give peace of mind to any farmers who would like to access them because at the moment we get a few in bulk, they actually don't have a use by date, so we get them in bulk and - - -

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**MR LINDWALL:** How much do they cost, approximately?

**MS HARRISON:** Around \$8 per kit, but you can only buy them in lots of a hundred, so it's not very accessible for the average farmer who's got a lot on their mind. We monitor the rural media for statements by GM farmers, which then enables us to document those. We also log incidents of GM canola contamination, which is in that report that I passed over to your table, that's on our website.

As you can imagine, what I'm leading up to is that the GM crop bans need to stay in place to allow at least the two states that we have now to achieve a value for their products, unhindered by the risks of GM canola contamination.

So the premium, I think your Commission might have already heard about, there's actually a premium for non-GM at the moment, that's been established and in place really since segregation started to happen. It's an important thing, I think, for your Commission to - you've probably heard about it before, but the grain handlers actually imposed segregation, it wasn't actually a regulation that they do that, it was actually driven by their markets and the markets they wished to supply. So in the eastern states we've got Grain Corp and in the west we've got CBH. So their decision was driven, again, by the markets they needed to satisfy. So we have two categories, CSO1, which is non-GM or CSO1-a, which is GM. The two different crops are delivered to designated silos, which is where some of the problems of contamination have come up.

So the capacity of farmers to supply non-GM can be under threat due to these problems in the supply chain and also localised contamination. Of course the premium, as it is, translates into a substantial profit for non-GM growers. It varies, of course, depending on the market, but it's between \$40-60 per tonne, at the moment.

GM canola has also led to unpredictable harvests. I visited a farm in Beulah, in Victoria, who was having trouble getting paid for his crop because the seeds in the pod, which are meant to be harvest in their dried form, similar to a poppy seed, had actually sprouted in the pod and so he was being offered, unfortunately, a discounted rate for his crop, but that's just one of the problems really that can come up with - - -

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**MR BAXTER:** But that would also apply for any sprout of grain of another type so that is a consistent policy. You've got to make sure you harvest before you - - -

5 **MS HARRISON:** Yes. And no one really could pin it down to any identifiable problem, but he contacted us because he happened to be growing a GM crop.

10 So in Tasmania, as I mentioned, these regular audits are taking place to monitor the weeds. But since the draft report was released by the Commission the Tasmanian government has confirmed their support for their current ban, which is in place until 2019. The Primary Industries Minister, Jeremy Rockliff, said, "The state's moratorium remained appropriate and there would be no change to the existing five year agreement." The report acknowledged the importance of cutting red tape, 15 which is a priority that the Tasmanian Liberal government shares in.

20 We've been working hard to ensure farmers can get on with the job of farming from simplifying permits for dam works, specific purpose legislation to make it easier to grow industrial hemp and amendments to the Primary Industries Activities Protection Act. So they're clearly in support but they still felt as if a GM ban was appropriate. They reviewed that decision this year. They said that the GM ban in place at the moment struck the right balance between the needs of today and the possibilities of 25 tomorrow for the agriculture sector.

30 South Australia is another state, as you know, that has a GM ban. I'm sure they'd welcome some interaction with you because they say that they are aware of the potential for marketing canola from a GM state. In 2015 the Agriculture Minister, Leon Bignell, met the head of Glencorp, which owns most of South Australia's grain handling facilities, to discuss the marketing potential of their GM free status.

35 "They recognise that South Australia is the only mainland state where it's illegal to grow GM crops and want to look at how we can brand that difference. It's our biggest bulk commodity and they're treating it exactly the same but they're willing to look at whether they can market the grain in a different way." That's just a quote from an article in *Adelaide Now* news.

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So the South Australian government has also responded to the Commission's recommendation for the lifting of state moratoria and they've confirmed their commitment to the moratorium until at least September 2019, with a government spokesperson saying, "South

Australia's non-GM status provides a point of difference in the global marketplace.”

5 The Agriculture Minister has also commissioned a report, by the University of Adelaide, to investigate the economic benefits of being GM free. This is just a statement again, from the *Stock Journal* last week, so it's not very conclusive, but this is a quote from Minister Bignell, “From what I understand, they, the report compilers, were sceptical at the start about whether there was widespread benefits from the GM ban and they were pleasantly surprised in their investigations into the benefits of South Australia remaining GM free.” So that's something that, no doubt, is a moving story which you'll be able to follow.

15 As you've already been to Western Australia I'll just mention that the GM Free Farmers Group there, in 2015, found GM canola plants growing on the road verges at five sites in the metropolitan area, in some cases more than 100 kilometres from the closest grain farm. So, again, it proves that by whatever means, which we yet haven't been able to document, probably transport the GM seeds are able to spread over a wide area.

25 I mentioned about how I live in a dairy area, we've got two examples of dairying companies which, with an eye to exports, have quite strong GM free feed policies and they are Murray Goulburn, which is in my area, Gippsland, and Bega Cheese Limited in southern New South Wales. They specify that the stock feed supplied to any cows supplying their company must be 95 per cent GM free.

30 Again, I checked before I wrote this and their policy is still in place now and it reads, “Our products are free from any ingredients that have been genetically modified or contain genetically modified organisms. We actively monitor and manage our raw material supplies to assess any implication on the products that we produce. Products supplied by Bega Cheese Limited are therefore, to the best of our knowledge, manufactured, packed and labelled in accordance with Australian and European requirements.” Murray Goulburn has a similar policy. Again, I think the European requirements is the operative message there, which is they have an eye on export.

40 I think that you've heard a bit about GM wheat before, but I'll just mention that even though GM wheat hasn't been commercially approved anywhere, we've just had a recent case of contamination in July this year where 22 unapproved GM wheat plants were found by a farmer in Washington, USA. They were identified as being one of Monsanto's experimental varieties. So for the third time in three years that a

Monsanto experimental GM wheat variety has contaminated a commercial wheat crop.

5 So of course it caused a reaction in the export markets. The South Korean Ministry of Food and Drug Safety said they had asked AFIS to provide details on unapproved wheat and Japan also suspended trade in white wheat, that was on 4 August. So, again, it was a small example of only 22 plants, it still caused a reaction in the global markets. We do have 11 GM wheat trials currently in Australia, in South Australia, Western 10 Australia, Victoria and the ACT. So of course that's our concern that if any unapproved plants were found that it could cause a redaction.

15 In 2013 a report on market rejection of GM wheat was published, called *No appetite for GM wheat*, which you can read online but it just details the results of an investigation into the attitudes towards GM wheat of major wheat buying companies. Survey questionnaires were sent to pasta, noodle flour and biscuit companies in Australia, Indonesia, Italy, Japan and Malaysia and the response was overwhelming. Twenty-five major food companies, including Barilla, Baker's Delight, Coles, 20 Sanitarium and General Mills stated they're not interested in buying GM wheat or else they already have a policy excluding GM ingredients.

25 So just coming down to a conclusion is just that in my experience working with farmers that the right of states and regions to ban GM crops on economic grounds has been important and the right to ban them should stay in legislation. Although it's hard to prevent, GM contamination can be contained with the vigilance of local farmers and the help of volunteer groups, like GM Crop Watch. Of course, the driving force for wanting to market non-GM is the fact that there is a financial advantage in place at 30 present and we see no reason that it will change.

35 Another way of looking at it is that the GM crops are discounted, so some farmers call that a discount whereas other people say it's a premium for non-GM, but the result is the same, this \$40-60 difference per tonne. The segregation policies by the grain handlers were confirmed in 2010.

40 So, yes, we're asking that your Commission recommends that the state moratoria are retained on marketing grounds and that the relevant legislation stays in place. It's relevant to Western Australia because there is an election next year and one of the parties has said that, the ALP has said that they see non-GM as the way forward. So a way of containing the spread is also important for them.

45 Another of your recommendations was that the need for labelling of GM products was not necessary and all I can say, from my observations as

5 someone who avoids eating GM, that the actual demand is increasing and the number of products labelled GM free, non-GM is also increasing, although you might see it as a niche market. There are still companies, such as Goodman Fielder who sell their products in the supermarkets and still label non-GM.

10 A company in Tasmania that I've had a bit to do with, just because they're supporting our GM free shopping list, is Cape Grim Beef. So they're a growing company marketing grass fed beef on the west coast of Tasmania, so their product is guaranteed hormone free, antibiotic free, GMO free, British breed beef only, graded to 4 and 5 star MSA tenderness grades, naturally marbled and flavour and humanely and sustainably grown. So they are the first Australian food brand to be certified by a US company, which is called non-GMO Project and they have thousands of products which are labelled and certified non-GM. So they've seen is as a marketing advantage for them to actually have that certification. So, of course, I personally very much support the GM labelling.

20 **MR LINDWALL:** Thank you. Just a couple of quick questions. Firstly, on the test kit, any test is, of course, risks having false positives and false negatives, how reliable - how does it work?

25 **MS HARRISON:** They guarantee them as 95 per cent accurate. Of course if there's anything that doesn't look conclusive then we'd retest. People have equated it to a pregnancy test, but it's just really - it gives you two bars if it's GM, one bar if it's non-GM. As I said, it's used extensively by farmers in the US and Canada who want to prove they're non-GM product.

30 **MR LINDWALL:** What about an argument, well, the markets are fickle, yes, there's a price premium for non-GM at the moment but, potentially, the GM products could be developed which have substantial health benefits, as well as environmental benefits and let's say it reduces blood pressure and people will be then wanting to pay a premium for GM products, so what would happen then?

40 **MS HARRISON:** Well, I can't really guess, but I could say that with my knowledge of the health conscious people they're much more likely to want to exclude GM than want to go for something which would be an unknown. Really, GM products have been now in production for over 20 years and only the two traits of being able to be doused with herbicide or, in the case of cotton, being able to kill off a certain pest, have actually been commercialised, although there are many promises given by the developers.

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**MR LINDWALL:** Golden rice is apparently one that might be developed. I saw a petition to the United Nations from 111 Nobel Laureates that claimed that - - -

5 **MS HARRISON:** I've seen that too.

**MR LINDWALL:** Isn't it just like any other technology, like we take everyone get's prescription drugs at various times in their lives and they have effects. They've gone through a lot of scientific testing and they  
10 have to prove efficaciousness and cost effectiveness?

**MS HARRISON:** I'm not going to get really into the science argument but certainly I'd be very happy if GM crops had been tested and GM food had been tested to the level that a drug has been tested and that's, unfortunately, in my understanding, not the case. I think that really we  
15 also have to look at the take up of GM canola in New South Wales and Victoria and WA it's, according to industry figures, around 25 per cent of the crop, in New South Wales around 11 per cent and in Victoria 13. So those figures have shown that in the eight years, seven to eight years since  
20 it's been commercially released, there hasn't been a huge adoption. Again, maybe the market has spoken, we don't know. We don't know what's going to happen in the future.

**MR LINDWALL:** But you acknowledge that it's conceivable that a GM product could come out that actually did have health benefits and could  
25 command a premium in price?

**MS HARRISON:** I suppose.

30 **MR LINDWALL:** You might actually eat it then, if you were satisfied.

**MS HARRISON:** Yes. Again, another problem is the labelling issue, the fact that we often are eating it. We probably had some in our biscuit just before so we aren't actually given the choice, the way you are with a drug,  
35 to actually decide, "Okay, I'm going to take this because I think it's got health benefits." It's actually in our food, often without our knowledge.

**MR BAXTER:** A totally different tack. First of all, I've got to say I'm extremely laudatory of the fact that you've got a group of people who are going around making sure you're detecting where these plants are. But  
40 can I just raise - and it seems to me that's an important policy issue because one of the things that's happened is, for example, in Queensland and New South Wales two weeds, one St John's Wort, the other a fireweed, are both banned from production or cultivation because they're  
45 lethal to beef cattle, in particular although, interestingly enough, not lethal

to goats. Yet, a lot of the harvest of hay that's fed out during the winter periods that's important, particularly from Victoria, has frequently been found to contain fireweed and the end result has been that the farmer has believed he's received a load of hay which is pure Lucerne hay and in the middle of it, or in it is a pile of fireweed or St John's Wort and suddenly he's losing 15 to 20 per cent of his cattle. Doesn't it introduce, the proposition of how you have volunteers dealing with weed collection and notification, spread broader to other similar weeds that have adverse effects? Is it a model that should be used?

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**MS HARRISON:** Yes. Landcare groups we've talked to as well about - I think there were some Landcare volunteers in the photograph but I think it's really important that people, in a way, take responsibility for their roadsides and people are looking getting GM canola registered as a national weed pest, particularly in Western Australia where there's more planting therefore there's more problem about roadside weeds.

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**MR BAXTER:** This is not only roadside weeds, the case I'm talking about was a farmer in Victoria, in the western districts, who had it in his Lucerne hay crop and that had been harvested and in spite of state rules and regulations that any hay imported into New South Wales has to be totally weed free, it failed to get inspection, it failed to give supervision, it was landed on the property, it was fed and about four or five days later he's got young cattle who are going through the dying stages. So it seems the policy principle of voluntary supervision and collection of weeds that should be prohibited.

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**MS HARRISON:** Yes. I suppose some kind of more vigorous inspection would be needed.

**MR BAXTER:** It's very difficult. If somebody cuts a field of hay, loads it up on a truck - - -

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**MS HARRISON:** Well, that's happened.

**MR BAXTER:** Where's the point of inspection?

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**MR LINDWALL:** That's the trouble, you can have regulations but if they're not well enforced it's just - - -

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**MS HARRISON:** Well, that's the case of some GM canola that was delivered to a non-GM silo. A farmer actually noticed his neighbour who was growing GM actually delivering to a non-GM silo and blew the whistle, as we understand it. That caused a bit of a problem inside but, of course, this GM farmer would rather deliver to a non-GM silo that was

just down the road than travel further. So they actually risked a lot because they risked, in a way, our capacity to market non-GM.

5 **MR LINDWALL:** Could I say, Jessica, your argument is basically that you don't mind, per se, if a person wants to grow and market GM crops, provided you can basically manage the risks of the cross-contamination and you're not satisfied that they can.

10 **MS HARRISON:** I'm saying, yes, that I've documented the problems with GM contamination in the states where it's allowed so I support the rights of the states that have decided to not go that road because I want to eat non-GM. Unfortunately it's a commercial - it's been released but it will be interesting to watch WA because they will be looking at possibly rolling back their GM approval.

15 **MR LINDWALL:** Thank you very much, Jessica. Now I think is Animals Australia. Again, just say your name and tell us a bit about the organisation, for the record, and a presentation about what you want to say today.

20 **MS OOGJES:** Thank you, Commissioner. I'm really pleased to be able to come along and talk to you about the draft report and where the Productivity Commission's inquiry into regulation of agriculture is going. About our organisation, Animal's Australia is a federation of other animal  
25 groups. We were formed in 1980 with a view to being a single voice for animal welfare protection in Australia. Over the years we have developed considerably, of course, and we still have some 40 member groups involved, colleague groups, and in addition to that we undertaken the representative role for those groups and for animals in Australia.

30 That, to some extent is what I'd like to talk to you about today, that is, our work within the system to develop animal welfare standards. But, in addition to that role, that representative role, we also undertake investigations. What I mean by that is that we look into issues, we have  
35 investigators that find information that is not in the public domain often. That involves overseas investigations into the treatment of our animals and, indeed, some other animals from other countries, in importing countries, under our live export regime, particularly in more recent times, the ESCAS, the exporters supply chain system.

40 We, in addition to that, look at issues in Australia, of course, and some of our undercover investigations have revealed quite appalling practices, such as fairly recently, the live baiting of greyhounds in the racing industry and some of the conditions that they're kept in, in  
45 greyhound training complexes kennelling areas.

5 We have also revealed and shown, not always our own footage, but  
raised awareness of farm animal welfare issues in Australia, such as the  
manner and the management of intensive farming facilities, such as within  
the pig industry, within the poultry industry and meat chickens and egg  
laying hens. So it's quite revealing when that happens and what we have  
found is that the Australian community don't always know a lot about  
what is happening on farm or in the country and when they do they are  
really very, very concerned about that and Nicola, from World Animal  
10 Protection, of course spoke about some of the polling that delivers  
information to us that doesn't surprise anybody. People really do not like  
cruelty, they are really concerned when they hear about practices that they  
don't agree with.

15 In regard to regulation of animal welfare and, of course, animals,  
across the board, are very vulnerable, we have a role and a responsibility  
to ensure that their standards and their treatment is reasonable and good,  
but I think we're coming to the point where we need to go even further  
than that. Prevention of cruelty, of course, and prosecution of cruelty  
20 where it occurs is already written into our laws. Unfortunately those laws  
have a double standard and in relation, particularly to farm animals, but  
not only, whole classes of animals are exempted from our cruelty laws and  
regulation.

25 When I say that, I mean things like fish, for example. Fish, even  
though they are sentient, most of them, clearly, through the science  
indicates that, they are usually exempted from animal protection  
legislation. I say that as only one example because wild animals, for  
example, are treated appallingly and very cruelly and that's not entering  
30 into the discussion about whether or not they should be where they are and  
whether their populations have to be reduced but, rather, the way in which  
that's done. If it was done to an animal that is in human domestication, if  
you like, those people would be seen as cruel and prosecuted.

35 So I come to farm animals and the double standard that I mentioned.  
Farm animals in Australia are exempted, effectively, from legislation. As  
you know, state laws cover animal welfare in the main. We're talking  
about farmed animals in Australia.

40 What occurs is that codes of practice, model codes of practice and,  
more recently, the development of standards and guidelines for farm  
animals, have been developed and in most states they are not regulated  
adequately and, in fact, we have dubbed the codes as codes of cruelty  
because in most states once practice is documented in a code of practice it  
45 is exempt from the cruelty provisions of that state's law. You can do



something to a pig, for example, keep a breeding sow in a farrowing crate, where she can't even turn around, you couldn't do that to a dog. So, just as an example, there are many examples.

5           So we have a situation where we have low standards in our codes and still, in the standards and guidelines that have been developed over the last 10 years and those standards are so low and then the regulation enforcement of them is not great either. So we really do have, literally, millions of animals and certainly over 600 million farm animals in  
10       Australia that are being treated at standards that the community, as a whole, and I say this absolutely knowing it to be true, would not accept the conditions, if they understood them fully, so we really need change.

15           What I think might be, and I could go on about this for a very long time, but what might be most useful is for me to tell you how the current standard setting process is failing and why it's failing. You've already, of course, in your draft report, understood the bias and industry capture that we see all of the time. Some of the examples of what is still draft, I'm sorry, but the draft response to your draft report that I'll put forward are  
20       examples, recent examples since our submission in February, that continue to show the problem.

25           For example, in Australia animals, cattle, sheep, goats, must be stunned before slaughter and the community, of course, thinks that's what happens. It does happen in the vast majority of cases, however, there is a loophole whereby so-called approved arrangement by either the state or federal authority can be provided so that for ritual reasons some animals may not be stunned prior to slaughter or stunned at all.

30       **MR LINDWALL:** This is the Halal slaughter provision?

35       **MS OOGJES:** Yes, Halal but also Kosher. So that's why I refer to it as just unstunned slaughter. The so-called livestock processing standards, the old code, is under review. In my role with Animal's Australia I'm on the standards advisory group for that, as is industry and AVA and others. When we, only in June, got together in order to have a look at the first draft, which I might say was put together by industry and agriculture departments, we were told that the Animal Welfare Task Group, which is  
40       the group of senior officers from the agriculture departments that sit above this process, they had advised that unstunned slaughter and the approved arrangements, so-called exemptions, would not be on the table for the discussion of this code. That is, it was not for us to debate but, rather, it was staying as it is. That is, it was saying that these exemptions could remain.

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5 There was objections, obviously, from RSPCA Australia, who are also on the group as well as ourselves but, otherwise, of course, the other people around the table are either agriculture state representatives or industry representatives, Australian Meat Industry Council, for example, and a number of large and small abattoir owners. They have no interest whatsoever in changing that exemption. So I only use that as an example, there are so many other examples where the system does not work.

10 I've just had three days, the reason why I haven't finished the draft submission if you like, is that I've just had three days in Canberra on this standards advisory group for the poultry code that is taking the current poultry code, from 2002, to a standards and guidelines. When I say "poultry" it is across a number of species but the largest number of animals that we're talking about are layer hens and meat chickens.

15 That review, again in the process, is totally flawed. The code is virtually not changed, sorry, the draft that we have in front of us is virtually not changed since the 2002 review, regardless of a plethora of science that indicates changes are required.

20 During the review process, in the room, the facilitator, on a number of occasions, looked to the industry when we were talking about something that should change, some standard increment, and would say to the - defer to the industry and say, "Will that provide any hardship to you?" It's like this is supposed to be based on science, obviously good practice and practical application on farm, but also good science and community expectations.

25 It was also instructive when the consultant that is putting the regulatory impact statement together, which will need to go out for public consultation with the new draft, advising the group about how the process would work, advised us that we should, when we're putting together which options the regulatory impact statement should place, and which elements of change we should suggest for costing, that we should be minded to realise that we should only put forward and bother to put forward things that the Agriculture Ministers, that is the Admin Council, are likely to support. That is the way it is done in Australia at the present time.

30 So I won't go on, because I'd like to answer your questions, but I would say to you that the draft report, your Productivity Commission draft report into this area, that actually puts forward that we need an independent office to look at this I totally support and I think that's required so that we can do a number of things, and I'll set those out, and I have, to some extent, in the draft, indicating to you that what is needed is

certainly an animal welfare and ethics scientific committee that will be able to inform those people that would be put into this independent office to take up the science and good practice, social science included, to recommend new standards that are actually compliant with good scientific evidence, community concern and expectations and also, of course, what's practical on farm. We understand it has to be practical but what's happening now is certainly not putting the welfare of animals first and that is a real shame. We have to somehow get past the nexus and the industry capture that is involved in our standard setting process.

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Interestingly, the greyhound industry, Greyhound Racing itself has been subject to so many inquiries over the last 18 months, since we alerted the world to the problems here and each of the eminent reports, from Victoria, from New South Wales and Queensland, have each said that the integrity function and the industry promotion functions should be totally separate, and we don't have that in Australia.

Without talking about names of the people that I've been involved with the last few days, the West Australian representative on the standards advisory committee this week was from WA and it was the first time he'd ever been there and he had no animal welfare background and he was the livestock industry development officer. So he had no welfare background, he was contributing to decisions on this and his role in that department, which administers animal welfare in WA, was to promote livestock production. It's fine for them to have an officer like that, but animal welfare should not be sitting in agriculture departments when that is their primary focus.

**MR LINDWALL:** That's very good, thank you. There was two questions I wanted to ask you on that particular issue about the exemptions of stunned slaughter. Firstly, have you spoken to Jewish and Islamic leaders about whether actually they can - stunned slaughter does meet Halal and Kosher requirements? I thought it did.

**MS OOGJES:** Yes, it does. A very large proportion of particularly our sheep, it happens in cattle too, but particularly sheep in Australia are actually killed in our abattoirs under Halal requirements. That's because we export so much of course, but also because the process is no different, physically for the animal. They do need to have a Halal certifier there and they do go through a number of rituals, if you like, but actually what's happening to animals is no different. That is, they are electrically stunned prior and have their throats cut, as to others that are not Halal. Similarly with cattle, of course, they're stunned.

5 The reason for that is the Halal requirement is that the animal is not damaged. That is, it's a healthy animal when it's killed. That does mean that the way you stun it is important, such that the animal, if it was then not slaughtered immediately after stunning, it would regain consciousness. That's because electrical stunning does not kill and does not damage.

10 In a similar way in Kosher in Australia, there is an exemption, if you like, to pre-stunning but what happens, particularly with cattle in abattoirs that are certified Kosher, they will be immediately post-stunned. So it's almost simultaneously that there'll be two slaughtermen, the throat will be cut and immediately the second slaughterman will actually use a stun gun. So, yes, in Australia that has happened. What does happen, though, that there are small cultural individuals that want sheep or cattle to be killed in a manner without stunning and that's where the exemption comes in. So  
15 it's not the broad religious groups that are concerned about it, it's just a small number of individuals who demand it and that demand has been acceded to.

20 **MR LINDWALL:** You don't think there's any case for an exemption whatsoever?

**MS OOGJES:** No, no.

25 **MR BAXTER:** Can I just complement that? I understand what happens and the variations, wasn't an attempt made, and it was either Queensland or WA, to force all Kosher and Halal practices to be done in abattoirs? But they found that what happened was that some of these small extremist groups, I suppose you'd call them, went and undertook this in very ad hoc backyard - you couldn't call them even proper slaughter places, they were  
30 basically a back shed where the animal was slaughtered.

35 I know of two cases, one in New South Wales and another one in Victoria where the authorities have had to keep chasing these people because they prosecute them, they stop at a place A, they find somebody else who's amenable to it happening in a back shed and it restarts again. The compliance costs and the difficulty of pursuing this is really a challenge.

40 The argument was put to me that there are probably far more significant broader issues in the animal welfare chain, if you like to call it, leading to ultimate slaughter than chasing two or three small groups who are going to continually be three or four steps ahead of the law and recognising the serious limitations that exist with compliance and prosecution officers.  
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**MS OOGJES:** That's across the board. I don't think that's a good argument to say that our community should allow this legally.

5 **MR BAXTER:** I'm not suggesting that it is, but one of the problems that compliance officers have got is that they're aware of these, these circumstances, and because there's a limited number of people and resources, it will detract from dealing with what are very larger issues and problems in existing slaughter houses and abattoirs.

10 **MS OOGJES:** Yes. Look, obviously enforcement is a huge issue across the board, we found that with live baiting, for example. But what I'd suggest, and the reason for raising this at this time, is that the Animal Welfare Task Group, the agricultural senior officers' committee, wouldn't even let this issue be discussed. That is, it took it off the table, even  
15 though we're about to introduce new standards and guidelines across Australia, where we're trying to raise animal welfare standards. So enforcement is a really important issue and those are things that are discussed, as in practicality of enforcement at these meetings. So I think taking it off the table is, again, shows a real bias.

20 **MR BAXTER:** I take this just one step further. Currently I think it's the case in all the states that the prosecution or the compliance is done either by the police, in conjunction with the RSPCA, or the RSPCA on its own. What's your view of who should actually undertake the compliance and  
25 then the enforcement?

**MS OOGJES:** Well, in addition to the police and RSPCA, as you mentioned, when it comes to farm animal welfare, in most states, if not  
30 all, the Department of Primary Industry or Agriculture officers are also officers under the Prevention of Cruelty to Animals Act, the Animal Welfare Act, Animal Care and Protection Act, for example, all different names.

35 So when it comes to farm animals, again, it's a state by state issue, so it varies, but in most cases the RSPCA have a memorandum of understanding with the department, Agriculture, Primary Industries, and in most cases the department are the ones that look at the broader issues. So, for example, if there's more than 10 sheep, for example, it would be, in Victoria, a department - it's called DEDJTR now, let's call it Agriculture.  
40 They would deal with it. Their veterinary officers would deal with it, their officers under the Prevention of Cruelty to Animals Act. So RSPCA would normally only deal with, let's say, hobby farmers and, of course, domestic animals and others.

5 That's the case in most jurisdictions. I have to say that while that means more people on the ground, so we have police, we have RSPCA, we have department people and, indeed, when it comes to pet shops and domestic animals, you also often have local councils, so it's quite a huge range.

10 While having the Department of Agriculture and Primary Industry people on the ground adds to this, they also have a conflict of interest in their enforcement role, because most of these people are so-called animal health officers, that means that they're out there looking at farmers when there's problems with disease or when they're trying to assist them with drought, so they're trying to be extension officers, they used to be called that is, to assist the farmers.

15 To also then be the policemen when it is required, and I mean by that the officers that would look to the Prevention of Cruelty to Animals Act to see whether they're complying, that is a real conflict, particularly as they're coming from a department, as I mentioned before, each of these departments are there primarily to promote agriculture, to increase exports and productivity, for example. Nothing wrong with those things, in essence, but to have it coupled with looking for people who are not doing the right thing or complying with the standards, as low as they've set it in any event, is a real conflict.

25 **MR BAXTER:** Have you had a look at the New Zealand model?

**MS OOGJES:** Yes.

30 **MR BAXTER:** What's your views about it?

**MS OOGJES:** I think it's a much superior model to here. Indeed, the last few days talking about, from the poultry point of view, they have, and I was pleased to hear that you've been there, they have a national Animal Welfare Advisory Council which is much more independent and, of course, to even have one. We don't have one here.

40 Yes, it's quite credible, they have eminent people on them, experts and they ensure that a full scientific literature review is done before each of the codes is reviewed and they've taken on a similar system, if you like, to us. That is to suggest those things that are mandatory and those that are not and giving indicators of how you comply with the mandatory ones. So their standards are already starting to look higher.

45 They are, of course, embedded in an Animal Welfare Act that does require not just the prevention of cruelty but also the promotion of good

welfare. In that regard, not just physiological welfare but also ensuring that behavioural requirements - the ability to perform natural behaviours, for example, is written in.

5           Where they come up against practical problems, and perhaps if I  
give you an example, the conventional battery hen cage system in New  
Zealand will be phased out over a period of time. It's already starting to  
be phased out. They determined that the battery cage could not comply  
10           with their major Act, that is to provide animals with the ability to perform  
natural behaviours, or most natural behaviours. That would, except for an  
approach that they've taken, that would pretty much say that they couldn't  
have battery cages in New Zealand. But the way they deal with the  
practicalities of that, that is that the cage stock is there, is that they allow  
15           an exemption if the industry can show that they can change over time. So  
the phase out takes into account that element of practicality, if you like.

          So I think it's a much superior system to here, which is, as I said,  
industry and government, Agriculture Department captured, which don't  
20           set the standards high and, of course, don't have the scientific integrity,  
regardless of what it says in the front of each of these standards and  
guidelines documents. That's a matter of not putting enough money into  
it as well.

          We, over the last three days with the poultry standards advisory  
25           group, that came up over and over again about the fact that we hadn't had  
a scientific literature review, we didn't have that input and, indeed, that  
the code had been written by three individuals from Animal Health  
Australia, two of them and one from the Department of Primary Industry  
30           in New South Wales. Animal Health Australia, you might know, is  
funded by the state Agriculture Departments and the farming animal  
industries so it's not at all independent nor is, of course, the representative  
from Department of Primary Industry. From a personal point of view,  
each of those people are good people but, of course, they're coming at it  
35           with constituencies that don't want to rock the boat for farm animal  
industries.

**MR LINDWALL:** When I spoke to Nicola earlier today I said  
something like that farmers who were under financial stress are often the  
40           ones that are more likely to engage in bad practices for the animal welfare,  
such as overstocking and so on. How do we solve the dilemma that the  
people who are under financial stress who may be the ones, and you've  
seen the reports of suicides and so on, and mental harm, and then we've  
got the animal welfare, how can we solve it so that we get a good animal  
welfare outcome but without driving them over the edge, if you like?

45

**MS OOGJES:** I do see that and I see - obviously we see it with the dairy industry at the moment. It's really difficult and that is when both human and animal welfare can suffer greatly. I think that to some extent we need to become more - the industries need to become more professional in their training regimes and the requirements of them. What I mean by that, if we use the example of drought, there's great extension material, meaning information resources, about the need to destock at a very early time. There's still terrible financial stress with that, but the point is that if there's not likely to be enough feed as you go forward, then making decisions early is important.

You need decisions made early. So training and support for those people, through industry, through government, in order to support them to be able to have the understanding to do that and also to do that. I think that there is also something that what I see as the independent office could actually assist with. That is, to try to increase the understanding and training of people and also the officers that would operate under the various state legislations to increase their training, so that they can deliver an extension role, if you like, at an early stage, from a welfare perspective, obviously human welfares as well.

**MR LINDWALL:** That makes sense. In respect of your comment earlier about wild introduced species, how do you solve that dilemma?

**MS OOGJES:** Perhaps not here today. Clearly we have an issue where animals and weeds and all sorts of other things, have been introduced into Australia. That does, from time to time, have implications for our environment but if you look at it from an animal welfare perspective, what I've seen over the years, quite ridiculous so-called pest management techniques that will never work. For example, knee jerk reactions from state governments that will put a bounty on the head of foxes, for example, which scientific evidence shows has absolutely no effect. It may have some psychological effect that people think that they're doing something, but that's all it is, they think they're doing something. So a lot of money is being spent on nought.

The other issue, I'd say, is that there's still not sufficient research work, money into research to develop alternatives. There is invasive pests, CRC and such things, but, for example, they have just released - not just released, they have developed, over many years, a new poison called PAPP, it's a huge long word, but it's a replacement for the terribly cruel 1080 poison. Now, PAPP itself, the new poison, I'm not suggesting it's terrific, I'm just saying that it actually - it's been shown not to cause as much suffering. Yet there is no will, it seems, to have that replace 1080, because it's a bit dearer and just because 1080 is available.



5 We should, as a community, be getting rid of 1080 because now there is an alternative that can be used in a similar way. I hate the idea of lethal control in any event, but what I'd be saying is step 1 is to reduce the cruelty involved in the various methods that are being used and ensure that whatever is being used is effective. You talked about pharmaceutical drugs before, you have to show that they work, that they're effective. Currently that's not occurring in the pest animal management sphere.

10 **MR BAXTER:** Can I just put a slightly different set of questions on that? One of the things that's been raised over animal pests, particularly the release of domesticated animals, such as dogs and cats, which get into catchment areas, national parks and what have you? That, in turn has a very adverse impact on a lot of the fauna, in particular, you know, small birds and others. What's the solution to dealing with the release of, obviously the intentional but sometimes unintentional release of domestic animals into reserves and parks? I mean is it licensing, dare I say it, the Shooters and Fishers Party of New South Wales and let them loose for a period or is it the use of something as a replacement of 1080? In some areas it's a very serious problem.

20 **MS OOGJES:** No, I don't allude to the problem, I'm sorry I don't have all the answers, but I do think that we have to ensure that whatever is done is as humane as it can be and I don't think releasing the recreational shooters into these areas is that.

**MR BAXTER:** I'm not suggesting it, having seen some of them.

30 **MS OOGJES:** But it is being suggested in other places, such as in Victoria at the present time. It's just not going to work and, of course, what you then have is you're also - again, if we're talking about bias, the bias of recreational shooters is not to reduce the numbers but rather to ensure that there's enough there next week, in order for them to continue their sport. Whereas if you were looking at population management, you would ensure, for example, that only females were shot. I don't mind being quoted, but these are terrible things. The point is, if you were actually putting a proper management system in place, you would only shoot females because there's always another male around the corner - - -

40 **MR BAXTER:** That's going to produce another lot.

**MS OOGJES:** Yes.

45 **MR BAXTER:** On a serious level, the Macquarie Marshes, which have been dry for three years, are now full again and one of the consequences

5 will be that wild pigs, which are devastating to native animals as well as to farm animals, will just proliferate. Now, it would seem that the only serious way to deal with that is actually shooting the males, or shooting the females, as uncomfortable as it might be. But you'll be obviously aware of the damage caused by them.

10 **MS OOGJES:** Yes, and this debate is not about that, although in each individual situation it should be shown that it's a problem. Again, it's about, I would say, from a harm minimisation point of view, that it's the type of method that you choose. For example, in New South Wales and Queensland and other states it's still quite legal for you to use dogs to go out and get pigs.

15 Meaning use dogs to hunt pigs which, of course, is just a sport. The dogs get ripped up, the pigs, supposedly they're supposed to hold them, of course, that means they attack them until somebody arrives to kill them, if they can. It's a terribly cruel way to do it. So I would say to you again, choose a method that's both efficient, effective, has long term benefits and is the least cruel, in the circumstances.

20 **MR LINDWALL:** Could I ask about one thing we haven't really touched on, although you supported the recommendation, is the governance structure of the independent body that we mentioned in our draft report? Have you had any thoughts about what structure the governance might have?

25 **MS OOGJES:** Yes, without shuffling through papers. A statutory authority, not unlike the Productivity Commission, I would suggest, with a CEO and then with some expert staff involved, obviously, in regard to animal welfare and regulations and such things, and ethics. Then what I will and have suggested is that there be a committee, an animal welfare and ethics committee that's set up to advise the professional officers of the new body, in order to recommend standards and the development of standards so that that can be undertaken. I think that body should also, at 30 a Commonwealth level, have the ability to regulate live animal export — well, the primary. I mean there are other issues such as kangaroo export as well as livestock export. I think they could take that regulatory role on.

35 In regard to the broader farm animal regulation, I think it would be to set the national standards, to set up training for enforcement officers, so that there's some consistency and that the standard is raised. I think that, also that body could recommend and even try to get a greater level of animal welfare research investment going, recommendations and if so, provide funding for that, if that can be accessed.

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I think it can take on a number of roles to coordinate. I think another really important issue is transparency and to show that we're moving somewhere, so I would think that that body could also gather statistics and information about practices, changes in practices, regulatory prosecutions and such things and how things are moving along. I think they could put together really good reports. I'm thinking along the lines of the way we have a State of the Environment report every five years, something like that. That could then start to show the Australian community and, of course, help all of those that are a little bit behind, to move up and move their practices along, in each of the states as well.

**MR LINDWALL:** In terms of the Productivity Commission Act, which you just mentioned as a model, it has the requirement that at least one Commissioner have environment expertise, one have social policy expertise and one have industry policy expertise. Would you care to nominate particular skill sets that you think would be crucial to such statutory appointees?

**MS OOGJES:** I certainly think that obviously animal welfare scientific credentials if not also ethical academic credentials as well. I do think you need somebody that understands regulations and how to put policies together that can actually work and, no doubt, someone with a practical understanding of farm animal industry practices.

**MR LINDWALL:** My final question, Ken, sorry, is - actually I've got two questions. One is what role, if any, should the states have in terms of selecting people for that body?

**MS OOGJES:** Not a lot. Well, I think that they need to be independent appointees and I think that states can have an input but unfortunately the states, at the present time, that have responsibility for animal welfare, are conflicted as I've been talking about. So that's my concern. I think that if and when there are more independent animal welfare regimes in each of the states then, of course, that may well work and that's reasonable.

**MR LINDWALL:** My final question is, we mentioned New Zealand being a good case study, are there any other countries you'd care to nominate that have good practices?

**MS OOGJES:** Elements of it. I certainly think the Scientific Veterinary Committee of the EU is a really good model of what I would suggest could sit as the advisory group to a new independent office. Certainly that could do. It's not unlike the national Animal Welfare Advisory Committee in the way they do things as well, of course. So I think I'd look to Europe. The UK have done good things in the past, the UK Farm

5 Animal Welfare Council has really led the way. Again, in a similar way, they've had eminent scientists and others, and industry people, that are able to provide a really high level of credible advice and develop standards that are robust and independent. So I think that we can look to those others.

10 Sadly, Australia is really lagging a long way behind in the animal welfare stakes now, on all measures, and it's been even worse in most recent years because, as you probably know, the federal overseeing group, the AUSAWAC, the Australian Animal Welfare Advisory Committee was scrapped upon this government coming into play. That's been a real shame and I think Nicola mentioned that industry, as well as animal welfare organisations and professional organisations like the AVA, have all complained that this has actually set our standard setting process back so far.

**MR LINDWALL:** Ken?

20 **MR BAXTER:** I've got no further questions.

**MR LINDWALL:** I think what you've shown us is that if you don't have good practices the risk is that what's happened in the greyhound industry will be manifested and bans happen then and that's obviously a very Draconian approach.

25 **MS OOGJES:** Yes. And if I can say that that has been the way that animal welfare decision making has proceeded and live animal export is another example. I call it just crisis management approach, as opposed to a sound approach to catching up at the moment, not even getting ahead.

30 **MR LINDWALL:** Getting things right. Thank you very much Glenys for coming. We'll now, if everyone is happy to have a break for lunch for everyone and we're due to come back at 1.15, with the Friends of the Earth and Louise Sales.

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**ADJOURNED**

**[12.05 pm]**

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**RESUMED**

**[1.13 pm]**

**MR LINDWALL:** If you want to say your name and organisation and tell us a bit about your organisation and what do you want to say to us?

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5 **MS SALES:** Okay. So my name is Louise Sales. I co-ordinate Friends of the Earth's Emerging Tech Project. Because of the nature of my role, our submission very much focuses on the genetic engineering, but obviously Friends of the Earth is a much broader organisation than that and we are concerned about a number of other issues such as coal seam gas and climate change as well.

10 In terms of my background, I have got an Honours degree in Biology, a Master in Biodiversity and Conservation and a Cert III in Horticulture, so I have got a fairly broad understanding of some of these issues associated with GM crops. I am also based in Tasmania as well, so I have got quite a good understanding of the issues facing producers down there. Wearing another hat, I am actually a small scale market gardener as well in Tasmania.

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**MR BAXTER:** Whereabouts in Tasmania?

**MS SALES:** In Hobart.

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**MR BAXTER:** Right, okay.

**MS SALES:** Yes, so - - -

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**MR LINDWALL:** My uncle is a small scale market gardener in Hobart too.

**MS SALES:** Really?

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**MR LINDWALL:** Very small scale, I think. But anyway,

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**MS SALES:** Yes, I am quite small scale too, yes. So just, first and foremost, in order to try and encourage public engagement in this process, because we thought there wasn't a great deal of awareness within the public about that this inquiry was going on, so we actually developed an online tool so that people could make submissions, and I was concerned that those submissions don't seem to appear on your website or to have been counted. I think there was over 500 submissions have been made, so I just wanted to - - -

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**MR LINDWALL:** Yes, well, I think we said - last commission meeting I said that there were a thousand or something. So yes, I thought they were up.

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**MS SALES:** Okay, because I had a look at the website today and it said there were 33, so yes.

**MR LINDWALL:** Can I stop for one second just for Rosalie to comment on that, so it's not on the record.

5

**ADJOURNED**

[1.15 pm]

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**RESUMED**

[1.16 pm]

**MS SALES:** So in terms of Friends of the Earth's view on the draft report, unfortunately I haven't had time to analyse it in a huge amount of detail because it's obviously over 500 pages long, but - - -

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**MR LINDWALL:** And it covers a lot of ground, yes.

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**MS SALES:** We certainly read the summary and have read the GM section in detail. One of our major concerns with it is there seems to be an inherent assumption within the document that farmers are suffering under a regulatory burden and that that needs to be removed. One of our major concerns with that is the externalities aren't quantified, so things like the impacts that farming have had on the environment and climate change as well, and I think these externalities really need to be taken into account if the analysis is going to be useful.

25

The report also fails to question current agricultural practices or to analyse the ways in which they have contributed to environmental damage and climate change, and it has also failed to examine the effects of policies such as subsidies and how these may have had perverse impacts.

30

So I think if we are going to look at environmental legislation, I think there is a very good case for looking at why the legislation was put in place, what outcomes it was trying to achieve, and if those outcomes aren't being met, how can it be improved upon. But I think it is - we shouldn't be taking as our starting point that there is a huge regulatory burden and that needs to be lifted for farmers to be more productive.

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**MR LINDWALL:** I should clarify, I think if you find that our sense was that - it was not to eliminate regulation. Regulation has a point. It has an objective. Is it meeting it efficiently, in other words, with the least burden? That would be a reasonable objective, I think. As long as the objective is - - -

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**MS SALES:** Yes, as long as we are meeting the key criteria that were set

out. For example, things like the EPBC Act are trying to prevent damage to items of national conservation significance, yes.

5 **MR LINDWALL:** That is the intent, but I think we found a few examples where the incentives of the regulations can cause farmers or other people to do the exact opposite of the intent, so you have got to be careful about incentive effects from regulation.

10 **MS SALES:** Yes, and that is obviously a problem. Yes.

**MR LINDWALL:** Please continue, sorry.

15 **MS SALES:** So another concern of ours was that the analysis that underpins the calls for elimination of regulation - I mean, from looking at the document, it appears that a lot of the analysis was quite shallow, and for example, the evidence that was put forward by the South Australian and Tasmanian governments as to the benefits of the GM moratorium there seemed to be rejected on very little grounds, whereas there were other assertions that were put forward by GM lobby groups such as CropLife that seemed to be just accepted and taken at face value with very little evidence to corroborate those statements. So I would really - I did notice that the Productivity Commission is not actually visiting South Australia or Tasmania and I would really urge you - - -

25 **MR LINDWALL:** We have visited both.

**MS SALES:** When?

30 **MR LINDWALL:** Earlier this year.

**MR BAXTER:** Earlier this year. And in fact, we had to cajole the South Australian Government in actually agreeing to see us. And then when we did see them, we certainly didn't get to people at the most senior levels and I think it could be - and I am happy to have this on the record - at best it could be described as a cursory sort of meeting that didn't touch on many of the critical issues, amongst which was the issue of GM.

**MS SALES:** Right.

40 **MR BAXTER:** And likewise, very importantly, compared to their Western Australian counterparts, the whole issue of land use.

**MS SALES:** There has been no public hearings, as far as I am aware, in South Australia or Tasmania though, have there?

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**MR BAXTER:** That's correct.

5 **MS SALES:** Yes. So I mean, I think - and certainly there are a lot of Tasmanian producers that are really concerned about - I mean, I listened to, when the Productivity Commission report was released, there was actually a talk back radio thing and numerous producers were ringing up, raising concerns. So these are things like the Tasmanian Fruit Producing Association, the beef producers who sell into high value Asian markets.

10 **MR LINDWALL:** Well, we actually spoke with those when I was in Tasmania earlier this year.

15 **MS SALES:** Okay, yes, and there are a number of other sectors in Tasmania. There are canola producers in the north east of the state who are getting premiums for their canola because it's non-GM and obviously, yes, they can genuinely say that it is non-GM because they have got zero tolerance for GM contamination coming into the state. So anyway, I have kind of jumped ahead of myself a little bit.

20 **MR LINDWALL:** That's all right.

25 **MS SALES:** So yes, another concern of ours is that climate change is hardly mentioned in the report. I mean, the report notes how it may affect movement of pests and distribution of rainfall but no estimate is made of the current contribution of land use and agricultural practices to climate change and how the community is expected to bear those costs currently.

30 **MR LINDWALL:** Yes, but that is - we had to do an inquiry within the terms of reference. We weren't asked to look at that. We were actually asked to look at the regulation affecting agriculture. I mean, the commission has done a fair bit of work on climate change in the past, so I don't think you should read anything into that.

35 **MS SALES:** Right. I think if you are looking at costs though, you do need to look at the whole costs of agriculture - - -

**MR BAXTER:** Yes, I agree.

40 **MS SALES:** - - - including those that are borne by the broader community. So for example, yes, another example is the Great Barrier Reef as well. I mean, it's costing the Queensland Government over \$8 billion to fix the water quality in the Great Barrier Reef catchment because of poor agricultural practices and obviously that is an externality that is being borne by the public's purse, but it's very much been caused by - - -

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**MR LINDWALL:** Is that - you're talking about the sugar industry here?

**MS SALES:** The sugar and cotton, yes, and the - yes.

5 **MR LINDWALL:** We're meeting with the sugar industry next week.

**MR BAXTER:** Well, we're meeting with quite a few of the Queenslanders next week, both in Brisbane and in Townsville.

10 **MR LINDWALL:** So we might ask a question about that.

**MS SALES:** Yes, great.

15 **MR BAXTER:** Can I also add, a number of these points have not been raised by the various interest groups which have really gone across quite a broad spectrum, you know, from one side wanting more regulation to others wanting less regulation. So you know, our terms of reference were pretty widely advertised and, in many cases - well, take you people, for example, have responded in detail. Others have just either said, "No, we don't wish to correspond" or we've heard nothing from them.

20 **MS SALES:** All right, yes.

**MR BAXTER:** We can't force them.

25

**MS SALES:** No. Yes. So there is a number - I'm not sure - yes, there is a few of the draft - we have got responses to specific recommendations, such as we're concerned about implementing land management objectives through land use regulation rather than through pastoral lease conditions.

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You are probably aware that the pastoral lease conditions are very much more specific and we think they do a better job at protecting the land and we are also concerned that this appears to be a move towards the privatisation of Crown land which we would oppose. Yes, we are also concerned about the Productivity Commission's stance on regulation and policies aimed at preserving agricultural land, and we think that these policies are essential to cope with a growing population and the harsh realities of climate change and they shouldn't be undermined.

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40 Agricultural land is increasingly under threat from both mineral development, but also from urban encroachment, and I think it is really - I mean, that is the reason that these protections were put in place and I think they need to be upheld.

45 **MR BAXTER:** Yes, although can I just make the observation that most

5 of the pastoral leasehold land is either west of the Great Divide in Queensland, west of the Darling River with a small amount east of the Darling River in New South Wales, none of which have any prospect of ever being farming land in that respect, and whether it's full freehold title or whether it's the current leasehold title, it is still subject to land use conditions by government.

10 **MS SALES:** Yes. My understanding is that the pastoral lease conditions are, yes, much more prescriptive than just the general land use regulation, but I am a bit outside of my - - -

**MR BAXTER:** There would be some debate on that.

15 **MR LINDWALL:** I mean, the respective - - -

**MS SALES:** What is the point of removing them then if they are not - - -

20 **MR BAXTER:** Well, see, they were a history - I mean, you have got to go back over history with these land leases. They were originally put into place largely because people who went out there didn't have the money to literally live on them. They were areas of land which were unsurveyed and unknown to government, so government wanted great flexibility with them, and they have just evolved. There are land leases in both Queensland and New South Wales with various conditions on them without any real consistency. So it's a case of getting the consistency back into the regulatory environment. Yes, as I say, it's got a long history attached to it.

30 **MS SALES:** Right, okay. So yes, another recommendation that we are concerned about is recommendation 3.1, and that is to balance economic, social and environmental factors, and this has been the standard approach for decades and we would argue that it's failed and the environment has been the loser in that. I mean, we are seeing a huge increase in endangered species. There are more species added to the list every year in Australia. It could be argued that our current conservation practices aren't working. So to - - -

40 **MR LINDWALL:** So but does that mean that you think, well, to put it crudely, that you can't countenance \$1 of environmental benefit even if there was \$100 of economic cost?

45 **MS SALES:** The problem is those kind of cost benefit analyses are invariably stacked. They invariably don't include environmental externalities, and I mean, there are certain things like - I mean, we have got the Leadbeater's Possum, that is - I mean, I would argue that, no, you

shouldn't be considering economic impacts when you are talking about further encroaching on that critically endangered species' habitat. That habitat needs to be protected irrespective of how much iron ore is underneath it. It's living on the edge.

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**MR LINDWALL:** Yes, I can understand that, but there is a risk.

**MS SALES:** It's going to go extinct if we continue to encroach on its habitat.

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**MR LINDWALL:** The risk by taking that approach is that you might find you have greater environmental harm then because you are foregoing the economic benefits that could be used to purchase even more environmental benefit.

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**MS SALES:** I mean, that is certainly not what we have seen.

**MR LINDWALL:** Let's put aside the quality of the cost benefit analysis, because they vary a lot and some of them are done well and some of them not done so well, but if they are done well, in principle, I don't see why you shouldn't be able to have a balance between all of those three factors and why should one automatically trump the others in every single case.

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**MS SALES:** Well, in our experience, using those kind of, yes, cost benefit analysis, I can't recall any instances of it actually working in the environment's favour. So I actually used to live in Western Australia and encountered this quite a lot with Carnaby's Cockatoo habitat, and they are on the brink as well due to urban encroachment.

25

But developers who are constantly encroaching into their habitat have argued that, "We will just offset this habitat loss by preserving this area over here", but that doesn't help the resident Carnaby's Cockatoo. They don't know that they have to move 10 miles down the road to this new protected habitat. So those kind of strategies are actually, yes, leading to the wide-scale loss of biodiversity, so yes, we don't support - I think there is a recommendation in there about offsets as well which we would oppose.

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So another problem with the report is the animal welfare section. I think there seems to be a bit of confusion within the animal welfare section. It says that there is a lack of clarity regarding community expectations of animal welfare. I don't think there is. I think the community knows what it expects in terms of animal welfare outcomes. And I think the majority of consumers don't support factory farming. It's just consumer interests are at odds with what industry wants to do and that

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is why we've got the problem that we have got today.

5 **MR LINDWALL:** You have got to be careful. I mean, we have some different tests demanded from people who are advocating for better welfare outcomes for animals, and the evidence is also - you can observe people's own behaviour. We call it in economics "Review with Preference". Yes, they might say they don't like this particular practice but then if they go away and buy eggs that have been produced by that practice, doesn't that almost imply that they are willing to trade-off, in this case, a lower price for eggs for worse welfare practices.

10 **MS SALES:** I think there is a lot of misleading advertising that goes on. They say farm fresh eggs and free range when basically the current definition of free range allows one A4 sheet of paper per chicken which is completely out of step with consumers' expectations of what free range is.

15 **MR LINDWALL:** Well, we did say there should be an independent body to help inform the community better about good welfare practices and also to gauge the community's views on this which, of course, are changing all the time.

20 **MS SALES:** Yes. Yes, but I think, broadly speaking, there is a movement in the community towards more sustainably sourced product, more ethically sourced products, and yes, I think there is actually a piece in the Foreign Policy Journal last year. There has been a lot of talk about Australia becoming the food bowl of Asia, but the point made in that article was that Australia currently produces 5 per cent of the world's food, whereas they reckon in Asia it's going to be 50 per cent of the world's population soon, so we can't actually become the food bowl of Asia, and they were suggesting that we would be better placed to be coming the delicatessen of Asia, so providing high value products, clean green products, for those growing middle class markets in Asia.

25 **MR LINDWALL:** Yes, well, that is the higher prices, yes.

30 **MS SALES:** Yes, yes. So yes, recommendation 3.2 talks about market mechanisms to preserve native vegetation and biodiversity conservation, and we would say that market mechanisms may be useful when market and policy settings align, but yes, we would say invariably they tend not to, so that would be the exception rather than the rule.

35 **MR LINDWALL:** You favour, don't you, market mechanisms for carbon emissions?

40 **MS SALES:** We would. I mean, we support a carbon tax. I think carbon

trading - - -

**MR LINDWALL:** You prefer carbon tax to - - -

5 **MS SALES:** A carbon tax, yes, because that is actually bringing it on board the - - -

**MR LINDWALL:** Yes.

10 **MS SALES:** I mean, I don't think carbon trading has been very effective in Europe at all.

**MR LINDWALL:** No, I think you are right about that. Yes.

15 **MS SALES:** Yes. You actually need to reflect the broader societal cost of these techniques. Yes. So yes, another major finding that we are concerned about with productivity is the assertion that there is no economic or health and safety justifications for banning the cultivation of genetically modified organisms. I don't know if you are aware, but there  
20 was a group of several hundred scientists in Europe that actually signed a statement saying that there is no consensus on GM safety. But I mean, irrespective of the safety or otherwise, GM labelling was not put in place for safety reasons.

25 Obviously, our regulator, FSANZ, has assessed the safety of GM crops. They believe that they are safe. There are a lot of people, ourselves included, that would, yes, challenge the rigorousness of their safety assessment, but their actual labelling laws were actually put in place to promote consumer choice and that is really clear if you look back - I  
30 have looked back at when the regulation was actually put in place and their call for public submissions. It was all about the consumer's choice element. They acknowledged that there are a number of people that don't want to eat GMOs for a range of environmental, ethical and social reasons - religious reasons as well, and that consumers should have the right to  
35 know what is in their food.

So labelling is much broader than a safety issue, and that is also reflected in country of origin labelling as well, which we were concerned about the calls from the Productivity Commission to make that voluntary,  
40 when we have only just got mandatory labelling.

There is quite clearly a desire in the community to support Australian farmers and to source locally produced products and we think we should be providing consumers with that information so they can actually make  
45 informed choice. We can't rely on companies to do it with front of pack

nutritional labelling. That is voluntary and companies aren't using it.

5 **MR LINDWALL:** But if you will get a price premium for the non-GM product, why wouldn't you have an incentive to label it saying, "This does not contain GM food".

10 **MS SALES:** Well, there is a growing market for that, especially in the US where GM foods are much more pervasive. But we think - yes, you want to know - I mean, I don't want to eat GM food full stop. It's impractical for me to just seek out GM certified non-GM foods. I want to be able to look at a label and for it to say it's GM. The Bluet review, I don't know if you are aware of that, there was a government - independent government commissioned review of labelling, I think, in 2011 and that recommended that any new technologies be labelled for 30 years, so that includes, like, nanotechnology, GM, and then they could be reviewed.

20 But yes, when there is new technology that consumers are concerned about then there is a strong basis for providing them with the information that they want to avoid, to avoid them.

**MR LINDWALL:** What if the concern is false?

25 **MS SALES:** Well, can you say that ethical concerns are false? Some people have got a primary objection to genetically modifying life. It's a value-based thing so you can't really say it's false. The environmental - - -

**MR LINDWALL:** But that aside, I mean, what if GM was providing environmental benefits?

30 **MS SALES:** That is not currently the case. I mean, if you look at the current GM crops that are grown, 80 per cent of them are herbicide tolerant, so 80 per cent of them are Roundup ready crops which can basically be sprayed with Roundup which is now listed by the World Health Organisation as a probable carcinogen and we've seen a huge increase in glyphosate use globally, herbicide use globally because of the introduction of GM crops. So I think consumers have got strong grounds to want to avoid those products, both for environmental and for health reasons and I think they really need to be given the information, and polls consistently show that the majority of consumers don't want to eat GM crops.

40 **MR LINDWALL:** Could I just say that I had a person another day claiming the same about science and you get a battle about which science is right and which is wrong, and I mean, In my view, the technologies

through the internet has given us a vast supply of research, and it's very easy to find good research and bad research.

5 I am an economist. My two specialties are economics and ancient history. I can tell you which are the good journals in such fields and which are the good papers and which are the bad papers. I have no opinion on genetic modification science. I have no specialty, so I need guidance when I look at that and therefore I have to rely on what are credible scientists. In Australia the Office of the Gene Technology  
10 Regulator is highly respected for that science and they say that it's perfectly safe, so who am I to question that?

**MS SALES:** I mean, the problem that we have seen with science - I mean, science - I think a lot of people look to science as this kind of undisputable thing but I mean, there is actually - there is growing concern that in recent years that we have actually moved away from publicly funded science to more corporately funded science which is actually - - -

**MR LINDWALL:** But the OGTR is publicly funded.

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**MS SALES:** They are, yes.

**MR LINDWALL:** And so is FSANZ.

25 **MS SALES:** But they rely solely on the evidence of companies like Monsanto, so they rely solely on - - -

**MR LINDWALL:** Not that they have told me, and - - -

30 **MS SALES:** In the safety assessments they do rely solely on industry data in assessing the safety of GM crops.

**MR LINDWALL:** Well, they are appearing in Canberra next week so I can ask them a few questions.

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**MS SALES:** Yes. I mean, certainly I have got quite a lot of experience at looking at Food Standards Australia and New Zealand. I have looked at quite a few of their safety assessments and they've all relied solely on industry data which is notorious for - I mean, there are numerous examples from the pharmaceutical industry of them, like, fudging trials and there was actually a study done of scientists in the US in which a third of them had admitted to changing research findings as a result of pressure from a sponsor. So I don't think we should be looking at science as this unchallengeable thing because it is being affected by the people that fund it.  
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5 **MR LINDWALL:** But that is the same argument as what people run that climate change scientists should be ignored because it's not clear. Some people say that. Other people say that we shouldn't vaccinate our children because it's dangerous or that there is creationism. All of those, in my view, are pseudo-science and surely we have to base our opinion on rational science.

10 **MS SALES:** I think you need to look at who's funding the science. I don't disagree with you, I just think you can't say that all - I mean, none - a lot of the data that companies like Monsanto are providing to our regulators, it's not peer reviewed, it's coming straight from those companies. If it was published in peer reviewed journals then I would probably have less of a problem with it, but it's not.

15 **MR LINDWALL:** Apparently there is - I heard the other day that there are 20,000 peer reviewed publications all showing that it's quite safe. So anyway, as I say, I am in no position to debate science. I am just taking reliance from these - - -

20 **MS SALES:** No. Most of the feeding studies that have been done have been to do with animal production and it's just showing that you can keep a chicken alive for six weeks. It is not really - it doesn't really have any bearing on human health outcomes.

25 **MR LINDWALL:** But if they are a credible organisation that is publicly funded like the USFDA, the World Health Organisation, the Office of the Gene Technology Regulator, all say that the science is rationally clear on this. It doesn't seem to - - -

30 **MS SALES:** The World Health Organisation actually says that we need more long term studies looking at the health impacts of GM crops.

35 **MR LINDWALL:** Well, we will always want more studies, obviously, but - - -

40 **MS SALES:** But I mean, the problem with the current safety assessment of GM crops is that, yes, there are no long-term studies, and there is also no monitoring, and because there is no labelling, there is no way of us knowing whether potential health effects are being caused by GM food, which is another very good reason for having proper GM labelling. I don't know if you're aware that we do have GM labelling in Australia, but currently there are so many exemptions it's actually quite flawed.

45 So for example, I mean, the only GM crops grown in Australia



5 currently are cotton and canola. Now, the oil from those crops doesn't have to be labelled, it's labelled as vegetable oil and it doesn't have to be labelled as GM, even though polls show that the majority of consumers do want this product labelled. Anyway, I feel like I have spent too long on this safety stuff.

**MR LINDWALL:** No, that is all right. Go on, please.

10 **MS SALES:** I am really keen to talk about the marketing stuff.

**MR LINDWALL:** That is where we can talk most effectively, I think.

15 **MS SALES:** Yes, so the state moratoria are basically put in place in recognition of the fact that, just because a GMO has been approved as safe doesn't mean that markets want it, and the lifting of the state GM moratoria would basically mean that any product that was approved as safe by the OGTR could be grown.

20 So this could include GM wheat and GM animals potentially, so GM salmon has just been approved by the FDA in the US, that could potentially be just released here, and obviously I have spoken to salmon producers in Tasmania and they are really concerned about that because their whole marketing is based around this clean green image, and obviously, yes, the introduction of GM salmon could devastate that market and spoil any marketing advantage that they've got.

25 So the risks of market rejection are very real. For example, the European Union and China have both got a zero tolerance policy on the marketing of foods containing unapproved GMOs.

30 **MR LINDWALL:** But the European Union takes tons of canola oil.

**MS SALES:** No, unapproved GMOs. So these are like GM traits that haven't been approved.

35 **MR LINDWALL:** Yes, well, nor - - -

40 **MS SALES:** In Europe, yes. So it's only been very recently that the European Union has started accepting GM canola oil and that's for use in bio-diesel, it's not for use in food. It's for use in, yes, ethanol production and none of it's going into the food chain, and that is important. Yes.

45 So there are a number of examples that are listed in our submission of GM crops that have been approved. Pretty much all of them come from the US because obviously the US is the world leader in the development

of GM crops, and actually, the first example is Triffid flax. So that was grown in Canada. It was a trial, unlicensed GMO, and basically, as a result of the contamination of the flax supply in Canada, 35 countries closed their borders to Canadian flax exports, including 28 in the European Union which accounts for 60 per cent of Canada's flax export market.

There was another case last year with Roundup ready alfalfa and three US hay exporters were blacklisted from supplying China because Roundup ready alfalfa was found in hay shipments. Obviously, these examples are very pertinent to the potential lifting of the GM moratorium because it only takes one person to grow GM crops and potentially the whole food supply could be contaminated.

In vitro corn was another example from the US last year. Nearly 3,000 Indiana corn farmers launched a law suit against Syngenta because an unapproved variety of GM corn was found in Chinese imports which resulted in a ban which the National Grain and Feed Association has said nationwide resulted in losses to the industry of nearly three billion. So yes, and basically, China shut its corn exports from the US. They are one of the US's major markets for corn.

So according to the US National Grain Feed Association, given China's zero tolerance policy for unapproved biotech events, these disruptions effectively shut US corn farmers out of China's feed grain import market which previously almost exclusively had been supplied by the US. There is another example of an unapproved corn variety, Starlink, which was a few years ago and that is estimated to have cost US companies \$US1 billion as well.

In 2006 there was an unauthorised variety of GM rice that was detected in US exports which took eight years to get out of the food supply and, despite determined efforts by the industry, according to the US Rice Federation, their long grain rice export market nearly vanished overnight and the total cost to the US rice industries was estimated at around \$1 billion. And yes, 95 per cent of exports to the EU were lost in 2007. Also in 2006 a new type of GM corn was planted in just 1 per cent of US fields but managed to show up in 55 per cent of exports to Europe that year which cost tens of millions of Euros as the corn was not approved in the EU.

Another incident in 2009 saw three unauthorised GM corn varieties mixed with US soy exports to Europe and led to hundreds of thousands of tons of soy being refused entry. So another major issue with the lifting of the state moratorium is GM wheat. There has been pressure from the GM

crop industry to introduce GM wheat. There are currently trials going on in Australia, and Australia is among the world's largest wheat exporters.

5 So GM wheat was actually ready for commercial release in 2004 in the US and Canada but the major farming organisations there blocked it, largely from signals from Europe who said that they would not only not buy their GM wheat, they wouldn't buy any of their wheat because they couldn't guarantee that co-existence was possible and they were concerned that segregation wouldn't work.

10 So basically, according to the Canadian Wheat Board, they said that GM contamination would virtually destroy the 3.5 billion wheat industry in western Canada. So at the time, like Canada's Wheat Board, the Australian Wheat Board rejected GM for the same reason. They said  
15 because of the biotech industry's inability to guarantee segregation of GM wheat in the field and clear market signals from international and domestic customers that strong reservations exist concerning GM wheat. So as you probably know, since then the AWB has been privatised and since then there has actually been no economic analysis of the likely  
20 consequences of introducing GM wheat in Australia. But obviously if the GM moratoria were lifted, there would be no barrier to wheat growers growing - yes, growing wheat.

**MR LINDWALL:** It hasn't been approved by the OGTR.  
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**MS SALES:** Yes, that is right, but if it was there would be no market mechanism in place. States wouldn't - I mean, that is why these state marketing mechanisms are important. Because just because something has been approved as safe doesn't mean consumers want it. Yes, and as I  
30 said, Canada and the US were looking at losing their entire wheat export market to Europe as a result of introduction of GM wheat. So I think the industry is clearly gearing up, they want to introduce GM wheat, but there could be major consequences for Australian farmers if they do.

35 **MR LINDWALL:** Aren't you concerned that as technology advances, the ability to do GM is increasing? It becomes less costly obviously. So are you fighting a losing battle here that inexorably there will be GM, and everywhere?

40 **MS SALES:** That is certainly not the movement. Like, if you actually look, the largest growing agricultural market in Australia is actually organics which is growing by 10 to 15 per cent a year. It's seen huge growth.

45 **MR LINDWALL:** From a low base, though.

5 **MS SALES:** From a low base, but there is huge growth and certainly, yes  
- I mean, going back to my previous statements about Australia becoming  
the delicatessen of Asia, there is a growing middle class consumer base in  
Asia that are wanting clean green products and we are especially seeing  
that in Tasmania. Producers like, yes, beef producers, fruit producers are  
all selling into Asia because we've got this reputation of being clean and  
green, and Tasmania is currently in the position to say, "We are genuinely  
GM free". The experience where - I mean, I know in the Productivity  
10 Commission report it says that we can segregate, but that is clearly  
not - - -

15 **MR LINDWALL:** In the *Marsh v Baxter* case, the Supreme Court of  
Western Australia and the Court of Appeal found that it could be.

**MS SALES:** Well, quite clearly it couldn't. I mean, we would argue - - -

**MR LINDWALL:** Well, the court found that the organic certifier - - -

20 **MS SALES:** He lost his organic certification, so those two systems quite  
clearly aren't compatible. They can't co-exist.

**MR LINDWALL:** The court found the organic certification was falsely  
25 removed and that the certifier acted inappropriately, is my opinion of it.

**MR BAXTER:** Yes. I think it's worthwhile reading the whole of the  
judgment in the case, which I've done, because there has been a lot of  
misinterpretation of sections of it that have been picked out to suit  
particular sides of the argument.

30 **MS SALES:** This issue is broader than just organics versus GM though  
because obviously it's conventional farming versus GM as well, and  
certainly what we've seen in Canada is that there was actually a study  
done by Canadian scientists where they had actually looked at certified  
35 non-GM seed and they found that the majority of the seed samples  
actually contained GM material.

40 And Tasmania, even though we've only had GM crops grown on a  
small scale, the GM canola in Australia - there was a report from the  
Tasmanian Agriculture Department last year that was saying that farmers  
are actually having problems sourcing genuinely non-GM seed from  
breeders on the mainland because they're all contaminated with GM  
varieties, and that is already. That is just after a few years of  
commercialisation.

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5 So in the Canadian study, some of the levels of contamination were up to 2 per cent which is obviously - that is the kind of level at which our shipments are going to get rejected from Europe because they accept, I think, contamination up to .19 per cent. But once you start getting above that, that is when shipments get rejected and you've got major market disruption, and we believe that it's only a matter of time before we're going to start seeing that.

10 **MR LINDWALL:** So how would you respond to someone like Professor Mike Jones, a biochemist at Murdoch University, who testified to us in Perth the other day that in fact GM products are safer than organics, that they are much more strictly regulated, organics are not subject to any regulation, and that their food testing standards are much higher and that in fact, for human health, it's better to consume GM than organic?

15 **MS SALES:** I think he's firstly - I think it's important to note that he is actually funded by Monsanto<sup>1</sup>, and - - -

20 **MR LINDWALL:** Well, that sounds very much like a conspiracy theory.

**MS SALES:** No, no, it's not a conspiracy, it's actually all fact and you can actually look that up and see that, but also he is speaking outside his areas - - -

25 **MR BAXTER:** Is it him, or is it the university that is funded?

30 **MS SALES:** His department is funded by Monsanto so effectively he is funded by Monsanto. But irrespective of that, he is actually speaking outside his area of expertise. He is a biotechnologist, he is not a nutritionist, and if you actually look, eminent nutritionists like Rosemary Stanton have raised concerns about the safety of GM food. Yes, I mean, there is - I mean, the GM crop industry is at pains to say that these techniques are safe but yes, there has still been no long-term safety studies.

35 **MR LINDWALL:** But the fact is it is highly regulated. It is highly regulated.

40 **MS SALES:** Well, if you actually look - - -

**MR LINDWALL:** I mean, it's far more regulated than any other food produced in the world, isn't it? It has to go through approval processes

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<sup>1</sup> Professor Michael Jones has provided a public submission in response to this comment, please see sub. DR289 at <http://www.pc.gov.au/inquiries/current/agriculture/submissions>.

that are much more stringent.

**MS SALES:** Well, organics have to go through certification processes as well.

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**MR LINDWALL:** They are all privately done. You said in your submission you don't like private certification, and yet organics is entirely private certification, isn't it? It's not subject to any government regulation.

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**MS SALES:** Well, I mean, there are certainly government standards that underpin that.

**MR LINDWALL:** Only, what, in the food and safety, I think, yes.

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**MR BAXTER:** I mean, there is an interesting reflection in history on this. If you go back and read when William Farrer was starting off in Australia with his wheat breeding and we imported wheat seeds from parts of England predominantly because of our historical origins, and at one stage the bakers of Sydney refused to use any of Farrer's new wheat breeds because they weren't consistent with the old English ones, and yet they turned out to make better bread and, while I think I am right in saying that there was a ban imposed by one of the early governors on some of Farrer's experimental breeds, and yet after about 20 or 30 years they became accepted and they were far superior for bread baking, which of course the colony was then widely dependent upon as a basic food.

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Isn't there a cycle that goes on, regardless of whether it's wheat or any other thing like this, in which new innovations come into the marketplace, there are genuine concerns about whether it's appropriate or not, it takes a period of time to either get acceptance or rejection? Aren't we going through one of those cycles with this at the moment?

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**MS SALES:** You might argue that, but I think when you are considering Australia's export markets, you need to look at where the market is at now.

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**MR BAXTER:** No, but this is where you need to differentiate it. That wasn't the question I raised. There is a long history in plant breeding, and well before GMO was ever thought of but where it was very close effectively to it, and Monsanto didn't exist, but experimentation took place. It was government funded experimentation in the case of Farrer. It was conducted under the aegis of the University of Sydney, at that time out at the experimental farms and then ultimately up in the north-west of New South Wales.

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5 But there was this consumer suspicion that this new breed of wheat that was going into his bread-making was dangerous, shouldn't be used, and there were actually - they weren't regulations per se, but they were edicts by the government of the day that until they had actually bedded this down and decided it was safe, it shouldn't be used, but it was vastly superior so the bakers basically said to the government of the day, "P off and we'll use it" because that is what the consumer wanted.

10 **MS SALES:** I know that the GM crop industry will argue that GM is just a continuation of plant breeding but, I mean, from my perspective, it quite clearly isn't. You're talking about introducing genes from bacteria and viruses into food crops, that has never happened before. It's a fundamental break from - - -

15 **MR BAXTER:** Yes, my word it has. It happened with Farrer and his wheat breeding because one of the problems with the European wheats was rust which was a very serious problem here. He was criticised - in fact one of the churches accused him of interfering with God's natural way. If you go back and read over Farrer's history of wheat breeding, he did a lot of stuff which would today be well and truly on the edges of modern scientific experimentation.

20 **MS SALES:** But he wasn't using GM, that's - - -

25 **MR BAXTER:** Yes, but he - - -

30 **MR LINDWALL:** Not in the modern sense, but I mean, I guess was there something special about GM that you would reject it over all time? I mean, what if you were wrong, or what would persuade you that it's safe?

**MS SALES:** Well, yes, I think long-term studies - - -

35 **MR LINDWALL:** And what if it has significant environmental benefits? I mean, we went to New Zealand and there was an example of pine cones which are sterile which reduce crop runoff into crops, for example. There was something for foxes, I think they were going to use.

40 **MR BAXTER:** Yes, yes.

45 **MR LINDWALL:** Yes, and talking about genetic modification that would make them effectively a much higher percentage of male to female and ultimately stop - in a humane way, reduce the growth of the population. You've heard of ones using much less water - again, I'm not saying that I - - -

5 **MS SALES:** I mean, there are a lot of “what ifs”. I mean, the market reality, as we currently have two types of commercialised GM crops, one is herbicide tolerant and that accounts for 80 per cent of GM crops, and the other produces BT, so it produces its own insecticides. So we would argue that it’s actually disingenuous for the cotton industry to say it’s reduced pesticide use because actually these crops are consistently pumping out pesticide in every cell of the plant so you really need to factor that in, and we think there has been inadequate studies looking at the impacts of BT crops on, for example, aquatic ecosystems in the catchments of these fields.

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15 Unfortunately, there is very little money available to do that kind of risk research and there is also very little money allocated to assessing the safety impacts of GM crops as well, and what we’ve seen when scientists have investigated these concerns is a systematic pattern of attacks by the GM crop industry on those scientists and attempts to discredit them which, I think, does science an enormous disservice.

20 **MR LINDWALL:** Well, true. I mean, all I can say is that the OGTR, which I consider a reputable organisation, says that it’s safe and, as I say, I come back to the fact that I am not in that position to personally say which are the good journals and which are the bad journals in this particular space.

25 **MS SALES:** Yes. I mean, one issue that we’ve also come across recently is that you might have - you’ve mentioned briefly in your report is these what industry is calling new plant-breeding techniques or gene editing techniques, and the OGTR - we have been finding it very difficult to get information from the regulators about whether they intend to regulate these new techniques or not.

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35 Food Standards Australia New Zealand’s response to those new techniques was to have an expert panel which basically was entirely comprised of bio-technology industry scientists and they asked them the question, “Should these new techniques be regulated?” And of course they have all got patents in these techniques so invariably they said, “No, no, it’s fine. It’s just a small tweak to the genome. They don’t need to be regulated.” So we are really concerned.

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45 It’s quite clear to us that these new GM techniques are GM. That is the conclusion that regulators overseas have had. So one of the regulators overseas that has looked at this the most is the Austrian government. They’ve released a number of reports on these new techniques and they’ve concluded that they pose the same health concerns, environmental risks, as



all of the GM techniques and they need to be regulated in the same way. So we would be calling, obviously, for these new GM techniques to be regulated under our current gene technology regulation system irrespective of - yes.

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We believe that there are major flaws with the current system but it's what we have to work with. We would like to see improvements to the current regulatory system but we think the bare minimum that they need to do is to regulate these techniques in the same way as GM crops.

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One of the other concerns with these new GM techniques is that a lot of them, like CRISPR - it's actually very hard to tell if a crop has been genetically engineered using these techniques, so obviously if importing countries can't - if they are approved here, and importing countries can't test for them, then Australia runs the risk of markets just rejecting that crop entirely because if they can't test to see if shipments are contaminated with it then, yes, as they threatened to do with GM wheat, there is a risk that they will just reject the whole shipment.

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**MR LINDWALL:** We will probably have to wrap it up shortly, Louise, maybe, because we're already a bit overtime.

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**MS SALES:** Yes. Yes, sorry.

**MR LINDWALL:** And I think Vegan Australia is on at 2 o'clock so I had better - - -

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**MS SALES:** Yes. I don't want to cut into Vegan Australia's time.

**MR LINDWALL:** We'll cut off maybe in another two minutes, is that all right?

30

**MS SALES:** Yes, sure. Yes, so I think I have probably touched on most of the main points that I wanted to raise. Yes, I mean, I think going back to the kind of argument about consumer benefits and increasing agricultural productivity, in 2008 the United Nations actually completed a five year long project called the International Assessment of Agricultural Science and Technology for Development. This didn't involve 400 of the world's leading scientists, it did involve the GM crop industry initially, but they actually pulled out of the process when they didn't like the way it was going.

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Because that actually - the project actually concluded that GM crops won't play a major role in solving the world's food problems and it actually concluded that the patents associated with GM crops actually

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caused major problems for farmers in the developing world because it means that they can't save their seed. So that has led to major problems in countries like India where we have seen farmers, cotton farmers, committing suicide because they can't afford the seeds.

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Yes, so anyway, the core message from the IASTD report is that we urgently need to move away from destructive and chemical dependent industrial agriculture which, we would argue, is the paradigm that GM crops are occupying, and the UN argues that these techniques - we need to be moving towards modern farming methods that champion biodiversity and benefit local communities and that more and better food can be produced without destroying rural livelihoods or natural resources. So yes, we believe this is where we are moving globally and we believe that GM crops are stuck in the old paradigm.

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**MR LINDWALL:** We would all like to produce more and better crops with less resources and less environmental impact. I don't think anyone would disagree with that.

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**MS SALES:** Yes. Great. Okay, I will wrap it up there. Yes, thank you.

**MR LINDWALL:** Thank you very much, thank you, Louise.

**MR BAXTER:** Okay, thank you very much for that.

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**MS SALES:** Thank you.

**MR LINDWALL:** Now we will hear from Vegan Australia. I think we have got Greg McFarlane, if I'm not mistaken.

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**MR McFARLANE:** That is right. Yes. Thank you.

**MR LINDWALL:** Welcome, Greg.

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**MR McFARLANE:** Thank you.

**MR LINDWALL:** How are you today?

**MR McFARLANE:** Yes. It's been a long day, hasn't it?

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**MR LINDWALL:** It has, yes. Please. And if you would just give your name and tell us a bit about Vegan Australia and whatever else you want to say today.

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**MR McFARLANE:** Okay. My name is Greg McFarlane, I am director

of Vegan Australia. Vegan Australia is a national vegan education and advocacy organisation started in about 2013 or so. So I would like to thank the Productivity Commission for allowing me to present Vegan Australia's submission to the inquiry.

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Our submission mainly addresses the issue of animal welfare and, in one sentence, our submission calls for a complete phase-out of all animal agriculture over the next 10 years. We note that the draft report contains the following statement: "There are some Australians who do not consider it appropriate to use animals for commercial purpose. For example, Vegan Australia advocates for animals to be able to live free from human use."

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We deal with a number of issues in our submission but each one of them is based on the idea that animals are not ours to use. They value their own life and body and have an interest in continuing that existence and avoiding suffering. They should be treated with respect and justice and should not be treated merely as commodities.

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Further, production of animal products necessarily results in their suffering and death. In addition, humans have no need for any animal products and in particular are able to live healthily on a vegan diet. In fact, many people who adopt a nutritious vegan diet will enjoy significant health improvements by reducing the risk of major killers such as heart disease, stroke, cancer and diabetes and reducing the healthcare burden from these chronic diseases.

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Our submission attempts to show two things: first, that any agricultural system that uses animals will cause suffering to those animals and, second, that humans do not need to consume any animal products, as has been shown by extensive research in nutritional science.

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Nearly all Australians believe that we should avoid causing unnecessary suffering to sentient beings, as much as possible, and our submission gives evidence for this community view. Given that most people want to avoid causing unnecessary suffering to animals and that animals suffer when used in agriculture, and that animal products are unnecessary, the logical conclusion is that we should end the use of animals in agriculture.

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Based on this principle, we propose the following: establish a new independent farmed animal welfare body. The body should represent the interests of farmed animals. The body should recognise the sentience of animals as is demonstrated by an overwhelming number of scientific studies. The main objective of the new body should be to end animal

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agriculture in Australia. The reason for this, I repeat, is because animals suffer when used in agriculture and humans do not need to consume animal products.

5 The farmed animal welfare body should plan for the complete phasing out of animal agriculture within 10 years. The body should conduct research into how to phase out animal agriculture with the least impact on the economy and employment and the best impact on the environment and human health.

10 The managing board of the body should only include those who represent the interests of the animals and should not include representatives of animal agriculture industries. The body should educate the community about animal sentience, animal exploitation in agriculture and a healthy vegan diet.

15 We note that surveys show that the community is 99 per cent against cruelty to animals and the majority of people believe that vegan diets can be healthy. We believe that, given the right information, the public will, over time, support the complete phasing out of animal agriculture in Australia.

20 I would now like to touch on some of the other issues we address in our submission. First, the phasing out of animal agriculture would be of great benefit to the environment in Australia. Raising and processing of animals for food is a major cause of environmental damage, including land degradation, water shortage, deforestation, ocean degradation, air pollution and climate change. I will just have a drink of water.

30 **MR LINDWALL:** Please.

35 **MR McFARLANE:** Another issue we address is food labelling. We propose that the labelling of meat, dairy, eggs and other animal products must include an honest description of the suffering the animals endure during the production process. The current situation where most labels contain no information about the treatment of animals used in the production process is deceptive and misleading to buyers. We include in our submission an example label that could be used for dairy products. The labels describes the suffering endured by a typical dairy cow and her calves.

40 I quote a slightly modified version now. “The milk in this carton was taken from a dairy cow. She had her horns removed without pain relief. She is forcefully made pregnant every year. She is a deeply maternal animal but she is separated from her calves soon after birth causing both

5 great distress. The milk she produces to feed her calf is taken from her. She has been selectively bred to produce such a huge volume of milk that her health is compromised. She has a one in five chance of becoming lame, a very painful condition that can lead to early slaughter. She has a one in ten chance of getting painful mastitis and she will be slaughtered after she is worn out at about seven years old, even though she could live until she is 15 to 20. The male calves of this cow were taken to an abattoir at just five days old and killed. The female calves of this cow were raised to suffer like their mother as a dairy cow.”

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Another example of honesty in labelling would be to replace the pictures of happy hens on egg cartons with a graphic description of most hens’ short and miserable lives. After releasing our submission we have received excellent feedback for this labelling proposal. One suggestion was to use the model of cigarette packaging which has a graphic image and a warning in bold, such as “Cigarettes kill” or “Quitting will improve your health” and, on the side of the pack, a more detailed description.

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I would like to quote this from one of our supporters: “It should be a level playing field. We are incessantly bombarded with dishonest marketing to purchase animal products and that should be countered to allow consumers to make informed, rational choices.” We would like to point out that an important goal of regulation is to ensure consumers are able to make informed, rational choices.

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Another issue is access to animals on farms. We agree with the draft report that one way of reducing trespass is to remove the motivation for it. The reason animal activists trespass is to obtain photographic evidence of suffering caused by standard farmed animal practices and conditions. We propose that farms should be required to allow access at any time so that farmed animals can be inspected and freely filmed.

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Finally, we have had good support since releasing our submission earlier this week. Most of the messages we have received have been very supportive but a few have been critical. Some criticisms are that we are unlikely to get everyone to go vegan. We are unlikely to convince the Commission to ban animal agriculture. It sets us up for failure and not being taken seriously and so we should strive for a more achievable goal.

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By a more achievable goal, people usually mean advocating for some sort of better conditions for the animals who are suffering now. We have heard a presentation from Animals Australia today on this topic and we in no way want to undermine those. However, we would like to point out that there have been animal cruelty laws for about 200 years and yet the conditions most farmed animals suffer under now is worse than ever. A

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better way is to stop using animals in the first place. To advocate for anything less is to sell the animal short.

5 Of the 90 submissions commenting on the issues paper in February, Vegan Australia was the only organisation to include the explicit goal of phasing out animal agriculture. I suspect we will be the only one during this round as well. The many detailed cases exposing the suffering of farmed animals have been fully presented by other organisations and it's been going on for many years, all sorts of different situations where animals have been shown to be suffering. Whilst some suffering can be reduced, we contend that suffering is unavoidable in any animal agriculture system.

15 In any case, our submission includes a number of proposals that can be done without the farmed animal welfare body committing to ending animal agriculture, such as the community education role for the body, the honesty and labelling proposal and allowing full access to animals on farms.

20 I would just like to introduce a couple of sources that I based this on. This is "From Nest to Nugget" from The Voiceless, the fund for animals who, I believe, are giving a submission. That is an expose of Australia's chicken factories, and another one from Voiceless, "The Life of the Dairy Cow".

25 So they in detail expose the suffering that is standard practice in those two industries and any other industry, particularly the pig industry, you will find similar problems. Finally, some of the ideas that I have expressed in this submission are very easily and well read in this quite short book, "Like You Care" by Gary Francione.

30 **MR LINDWALL:** Gary Francione.

35 **MR McFARLANE:** Francione and Anna Charlton. So I thank the commissioners, again, for allowing me to present Vegan Australia's submission and I am here to answer any questions.

40 **MR LINDWALL:** Thank you very much, Greg. Do you see vegetarianism as a halfway house?

**MR McFARLANE:** Well, no, because, you know, these two books - - -

**MR LINDWALL:** No. Yes, okay, yes.

45 **MR McFARLANE:** I think a lot of people that were vegetarian, they

realise after some time, and some instantly, that the cruelty involved in the dairy and the egg industry is equal or worse than other industries.

5 **MR LINDWALL:** Do you have an estimate of the number or percentage of Australians who are vegans and how would that compare to other countries? I guess I'm asking how far advanced are your objectives in other countries compared to Australia.

10 **MR McFARLANE:** The numbers are very difficult to come by. We usually say about 1 per cent are vegan. I think there was a report putting it at about 2 per cent at the beginning of this year, but a recent report - I think Roy Morgan came out just last week that put the number of vegetarians at, I think, 10 or 11 per cent.

15 There was quite an increase over the last four years so we would say that that is reflected in the number of vegans. But I guess the important point is not whether people actually put that into practice, it's their belief, and essentially the same idea that we have, that we should avoid unnecessary suffering, and that given the information and the availability  
20 and convenience, people will readily do that.

**MR LINDWALL:** Could you talk maybe a bit about your 10 year objective and what would happen to the animals that are currently being bred for the purpose of animal production?

25 **MR McFARLANE:** Well, we've done a little bit of research into that sort of planning. It's obviously beyond a small organisation to - - -

**MR LINDWALL:** A great challenge, if I might say.

30 **MR McFARLANE:** Yes. I think it's actually reported in your draft report that it's about 1 or 2 per cent of - well, about 1 per cent of the Australian economy is animal agriculture and the same for employment. So if we took it over 10 years, we would need to look at the adjustments  
35 of 0.1 per cent of the economy and employment, finding new ways to use the land. I think it's in the report that over half of the Australian continent is used for animal agriculture.

**MR LINDWALL:** Yes.

40 **MR McFARLANE:** So there are recommendations, for example, for carbon sequestration, reforestation, and a lot of those, I think definitely shouldn't - the cost of those shouldn't fall to the landholders. There should be government support for, for example, increasing wildlife  
45 reserves.

5 One of the major environmental costs of animal agriculture is the species extinction around the world, including Australia, so some of those concerns could be helped. There was a good example in Western Australia, a property that had been farmed with cattle for over 100 years was on the brink of just failing, so the farmers decided to take the stock off completely. Within four years they reported a huge regrowth along the riverbeds and along the rest of the property.

10 So the environment will recover quite quickly, I think. I think in a lot of places it will need work put into it, particularly, you know, if you wanted to be selective about what plants regrow.

15 **MR LINDWALL:** But what about, for example, the dairy cows which, because they've been bred this way, need to be milked twice a day, if I'm not mistaken? Do they have a future under this environment?

20 **MR McFARLANE:** There are about 500 million animals killed every year in Australia. What we would suggest is that over 10 years, those animals be bred at a smaller number.

**MR LINDWALL:** Yes.

25 **MR McFARLANE:** I don't think there are any, or very few, farmed animals in Australia that are naturally impregnated. I don't think that happens in the chicken industry, the pig industry. It may happen in some, you know, herds of cattle.

30 **MR LINDWALL:** Cattle, for example.

35 **MR McFARLANE:** But it's pretty rare. So the farmers have complete control over how many animals they breed for the next season. So we would suggest that that just be cut down by 10 per cent every year and by the end of it we wouldn't have this cycle of birth, suffering and killing, for the next - - -

40 **MR LINDWALL:** Relative to my - I think about what is happening in the rest of the world. Can you think of any examples of countries which have gone further along the route of veganism?

45 **MR McFARLANE:** I think in Europe and England it's - I mean, often when we think about veganism we think about vegan restaurants and those sort of indicators are increasing all around the world. There are reports Israel is 5 per cent or 10 per cent vegan, and I know that some European countries - probably because of mad cow disease and various other scares,



they are a bit further than Australia, but that is more from a consumer point of view.

**MR LINDWALL:** Yes.

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**MR McFARLANE:** I mean, they are taking on those ideas about avoiding unnecessary suffering and putting them into their own lives but what we would like to see is for the government to take an active role in that. If they were, “Yes, this is unnecessary suffering”.

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**MR BAXTER:** Where do you sit with people who breed sheep for wool purposes only? What would you do with them? Not for meat, not for human consumption but growing wool which keeps us warm.

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**MR McFARLANE:** There are substitutes for all animal products and there are substitutes for wool. I think the sheep - there are a lot of problems like suffering problems in sheep with the mulesing and the death of lambs in the fields. I think there is quite a high death rate of the newborns. So we would say that that is the same for food. It is an agricultural - - -

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**MR BAXTER:** So you are being consistent that all animal products, including from fisheries for example - - -

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**MR McFARLANE:** Yes, yes. I mean, veganism - at this report we are just talking about agriculture but it's a respect for animals no matter how we use them. So for entertainment, greyhound racing, horse racing, where the animals do suffer and we don't obtain any - - -

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**MR BAXTER:** Yes, yes. There is a big adjustment cost in some of that because, as you can see with the greyhounds, what is the future of the greyhounds? Some of them will be destroyed, presumably, and the same with horse racing, so you are right that you have to phase things out if you wanted to go in that direction over a longish period of time.

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**MR McFARLANE:** The alternative is to say, “Well, let's continue doing it”, and then you get that wastage every year.

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**MR BAXTER:** Yes, true. How are you going to persuade the 98 per cent of Australians and so on who are not vegans to mend their ways?

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**MR McFARLANE:** Well, I think a lot of that has been done. You've heard from Animals Australia and other people saying that huge numbers of people are against animal cruelty. So it's a matter of educating people to say, well - and this is the labelling proposal we had.

**MR BAXTER:** The labelling.

5 **MR McFARLANE:** If it's in people's face, people change remarkably quickly. I was speaking to someone recently. She said, "I turned vegan in chapter 5 of a book called Skinny Bitch", right, because she got the ideas and decided, "Well, this suffering is not necessary. I don't want to have anything to do with it." There is a vegan outreach movement at the moment where they show a four minute film on laptops to people just walking in the street and they have quite a high success rate. Have you heard of the film "Lucent"?

**MR BAXTER:** Lucent? No.

15 **MR McFARLANE:** It's a full length documentary put out by Aussie Farms, aussiefarms.com, I think it is. It is mainly to do with - it uses footage from mainly piggeries, including the carbon dioxide gassing of pigs. It's quite shocking. So the people that made that film made a very short version. And an important point to make about all these films from Aussie Farms is that they're all standard practices. Right? So we are not talking about rogue operators or particularly cruel incidences, these are - you're aware of some of them, I'm sure.

**MR BAXTER:** Yes.

25 **MR McFARLANE:** So when people are exposed to that, it can sometimes take just a small exposure.

**MR LINDWALL:** May I ask, Greg, when you became a vegan?

30 **MR McFARLANE:** About 20 years ago.

**MR LINDWALL:** Twenty years ago. What was the thing that sparked your change?

35 **MR McFARLANE:** It was learning about the dairy and the egg industry. I don't think we had the internet back then but I somehow found out about it through magazines or articles. Yes.

40 **MR LINDWALL:** Okay. Did you have - - -

**MR BAXTER:** I've got no further questions.

45 **MR LINDWALL:** Is there anything else, Greg, you would like to say? You've been very thorough in your presentation.

**MR McFARLANE:** Yes. I guess I would like to just - you have a graph in your report - - -

5 **MR LINDWALL:** Yes, we do, and it's the one - and you've adjusted it by moving the W-min upwards above - - -

**MR McFARLANE:** Yes. Exactly, yes, yes, and I guess that summarises it. We have arguments about improving the welfare of animals and it will improve the productivity of the animals, and I think Glenys from Animals Australia referred to that, that some welfare improvements have an economic benefit and they are the ones that usually the animal industries get behind.

15 But on the other side of the curve, any increase in welfare will actually reduce productivity, but even so, no matter where you are on that curve, the animal ends up dead and they suffer. They suffer from disruption of family. You know, there are a million things that they suffer from. So really, they are all under the line of minimum suffering.

20 **MR LINDWALL:** It's amazing how people can accept certain practices. For example, I lived in France for quite a while and, as you know, foie gras production is quite strong there. It's the forced feeding of geese. Yet there is no sign of that changing over in France, to my knowledge.

25 **MR McFARLANE:** Yes, yes. I think that is one of the things that organisations like Animals Australia campaign against, is foie gras. But we don't see that as any more heinous than other things that happen in Australia.

30 That is the problem with things like being against live export, I find that a little bit racist in that we're saying, "Well, the Vietnamese, they're not going to kill the cows as well as we do", and there are probably lots of abattoirs in Vietnam that do the right thing. We are talking about a degree of suffering and by concentrating on, you know, the dog killing festivals in China and the bear baiting in other countries and the live export, we're sort of saying, "Well, we're perfect in Australia", and we get diverted by those sorts of campaigns.

40 **MR LINDWALL:** Okay, yes. All right. Well, thank you very much, Greg.

**MR BAXTER:** Thank you very much indeed.

45 **MR McFARLANE:** Thank you.

5       **MR LINDWALL:** Now, everyone, there is opportunity here for anyone else who wants to make a presentation. I think we have got two other people here. You are quite welcome if you wish to? In which case I adjourn these hearings and we will resume in Canberra next Monday. So thank you all for coming.

10       **MATTER ADJOURNED AT 2.26 PM UNTIL  
MONDAY, 22 AUGUST 2016 AT 9.00 AM**