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Productivity Commission

PRODUCTIVITY COMMISSION

INQUIRY INTO REGULATION OF AUSTRALIAN AGRICULTURE

MR P LINDWALL, Presiding Commissioner
MR K BAXTER, Commissioner

TRANSCRIPT OF PROCEEDINGS

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MR LINDWALL: Good morning. Welcome to the public hearings for the Productivity Commission inquiry into the regulation of agriculture. My name is Paul Lindwall and I am the presiding commissioner on the inquiry. My fellow commissioner here is Ken Baxter.

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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. We released an issues paper in December last year and have talked to a range of organisations and individuals with an interest in the issues.

10

We then released a draft report on 21 July after the election was conducted and have received over a hundred submissions and more than a thousand personal 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 interested parties to provide comments and feedback on the draft report. Today is the fifth day of hearings for the inquiry. We will be conducting hearings in Brisbane on Wednesday and Townsville on Thursday.

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Formal submissions to the draft report are invited, preferably by the end of August. We will then be working towards completing a final report to be provided to the Australian government on 15 November. Participants and those who have registered their interest to the inquiry will automatically be advised of the final report's release by government which may be up to 25 parliamentary sitting days after completion. 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, comments from the floor cannot be taken, but at the end of the day's proceedings, I will provide an opportunity for anyone who wishes to do so to make a brief presentation.

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

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5 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 will be unable to walk down the stairs, it's important that you advise the wardens who will make alternative arrangements for you.

10 Participants are invited to make some opening remarks of no more than around five minutes. Keeping the opening remarks brief will allow us the opportunity to discuss some matters in greater detail. Now we will welcome Deb Kerr from Australian Pork Limited.

15 **MS KERR:** Thank you. I am just going to make a couple of brief remarks - - -

MR LINDWALL: Could you just say just your name and organisation.

MS KERR: Sorry.

20 **MR LINDWALL:** Sorry, I know it seems repetitive.

25 **MS KERR:** Deb Kerr. I am the general manager of policy for Australian Pork Limited. Okay. Given that our submission hasn't been tabled yet, we have tabled with the Commission a brief range of points that we would like to cover this morning. I will make my remarks very brief because time is short.

30 So the main areas that we would like to cover are environmental regulation, it is a significant impact on our industry at present. The regulation of farm animal welfare is obviously very topical. Biosecurity is linked a little bit to farm animal welfare and concerns about farm animal welfare and the significant threats that sometimes occur with unauthorised entry onto farms.

35 The Commission has raised the issue around a voluntary country of origin labelling system and labour regulation. In terms of environmental regulation, what we are seeing at the moment are two issues, one at a policy regulation level where we often see a lack of corporate knowledge is impacting good regulation in each of the states. We often see
40 conflicting regulation by different arms of the same department or different departments. So that is resulting in some poor outcomes and obviously a lot of angst as producers try and deal with development applications.

45 At a decision level, what we are seeing is a significant impact, again,

5 corporate knowledge and the ability to assess the development application, reticence by both council staff and councillors for making development applications, particularly when we see development applications being used by activists for other reasons than the requirements of a development application. So looking at their concerns about animal welfare rather than environmental regulation.

10 As an industry that is going through a development phase, we are seeing increasing issues in each state and certainly it's unfortunate when producers who are seeking to expand and develop or seek retrospective permits where they have been misinformed are having to end up in court. So that is a really unfortunate situation.

15 In terms of animal welfare, I would welcome a discussion but our view is it's about the process not the body that might be considered to be put in place. There is also, I think, a significant opportunity for an education process about standards and guidelines in particular. We think it should be harmonised. We think that regulation in each state around standards and guidelines should be harmonised, but we strongly support
20 the use of science to determine what the standards and guidelines should look like.

25 One of the issues that has come up around biosecurity and farm trespass is making sure that whoever is on farm, whether it's the person coming in to read the electricity meter or it's a visitor, you know, that is a vet, for example, or even APL staff or whether it's a farm activist, everybody should be respecting biosecurity. It's a significant threat to our industry. We have a closed herd and therefore any introduction of disease has the potential to have animal welfare and biosecurity impacts at a farm
30 level and also right through to export markets.

35 In terms of food regulation, historically, our industry has faced, and continues to face, probably the biggest import pressure aside from perhaps fruit and vegetables and seafood and so we have strongly supported a good system of labelling to ensure that consumers understand and are aware of where their food comes from. Up until recently, it's been a significant failure and we have taken the action historically to promote our pork mark logo, so that is the pink square with Australian Pork, so that consumers were aware that when they purchased ham and bacon in
40 particular, that they were purchasing Australian product, compared to imported product.

45 The new system is obviously now in place and we welcome the government's move to look at labelling it in delicatessens, but I think the proof will be in the pudding about how that rolls out over the coming

months and years, but certainly an education process is certainly needed. In terms of labour regulation, we are an industry where we require, according to our standards and guidelines or our model code, skilled labour for stock persons in piggeries.

5

We have been challenged over a number of years for that skilled labour and have developed a 457 visa template agreement with the government and that has been rolling out, but there are certainly some issues in terms of the requirement for training which was mentioned in the Azarias Review.

10

The other thing that has come up is where Australia doesn't have reciprocal arrangements for health care, then workers are faced with significant health costs while they are in Australia if Australia doesn't have a reciprocal arrangement. So we would support the consideration of, for example, the provision of Medicare or basic health services for 457 visa holders. I will leave it there and welcome the discussion.

15

MR LINDWALL: Thanks very much then, Deb. All right. Do you want me to start, or - - -

20

MR BAXTER: Yes.

25

MR LINDWALL: Yes. Could I start on the food labelling, the pork mark scheme?

MS KERR: Yes.

30

MR LINDWALL: How many pork producers are currently using this scheme?

MS KERR: It's not so much pork producers, it's the processors.

35

MR LINDWALL: Yes, the processors, I mean, sorry.

MS KERR: We license it out to processors and we have a significant number. I think it's in the vicinity of 300 processors are utilising it and certainly, you know, some of the supermarket chains use it and it has got quite a high recognition range.

40

MR LINDWALL: So some processors aren't using it at the moment.

45

MS KERR: Some of them choose not to and that is their prerogative. It's a voluntary system, but I think it's gained a lot of traction. People understand that that belongs to Australian pork. We don't need to put it

5 on fresh pork per se because all fresh pork in Australia is Australian pork. No imported pork is allowed to go onto the fresh market because of biosecurity issues. All of the imported pork goes into the process sector, so that is where the pressure is in terms of understanding where the pork is, Australian versus imported.

10 **MR LINDWALL:** I think in your initial submission you suggested that the country of origin should remain a mandatory system rather than voluntary. That is still the case, I dare say, as you are indicating.

MS KERR: Yes. That is the case, yes.

15 **MR LINDWALL:** Do you have any suggestions as why mandatory is needed in this area?

20 **MS KERR:** I think it helps to ensure that people are aware of where their food comes from. If it's a voluntary system, then there isn't the requirement for people to understand whether their pork is from Australia or whether their pork is from the EU, Denmark or the US, Canada. So for us, we think a mandatory system is required and we've strongly supported that over quite a number of years.

25 **MR LINDWALL:** Okay. Unless you have got anything on country of origin labelling - - -

30 **MR BAXTER:** Well, can I just - there were accusations floating around, if I may recall correctly, about seven or eight years ago, that the labelling system was being used effectively as a non-tariff barrier and I recall there was a dispute between members of your organisation, government and exporters, particularly the Canadians, about the import of Canadian and Danish pork into Australia. What is the situation now with imports of Canadian and Danish pork?

35 **MS KERR:** I'm not sure that - I'm not aware of a labelling issue. There is certainly - our biosecurity protocols I think are considered by other countries to be a non-tariff barrier to trade. Total pork consumed, so fresh and processed, 45 per cent of all pork consumed in Australia is imported. Of the process sector, 75 per cent of everything that is consumed is imported. So all of that 45 per cent goes into process which makes up the 40 70 to 75 per cent. So I don't think that Canadians or the US or EU countries have grounds to say that it's a non-tariff barrier. A significant amount of pork consumed in Australia is imported.

45 **MR LINDWALL:** Yes, okay. Now, on biosecurity, since you just touched on that, and I think in your previous submission you said that

even staff from state owned enterprises often don't understand the biosecurity risks. What type of protocols do you think should be in place to minimise those risks?

5 **MS KERR:** The biosecurity protocol that is in place, the pork import risk assessment, is a strong one that is based on science and it's based on a couple of diseases, primarily foot and mouth disease, something called PRRS and PMWS. So until the science says otherwise, then the biosecurity protocols dictate what can be imported from which countries
10 and what controls happen to that imported pork when it comes in.

MR LINDWALL: I was actually talking about entering into farm release. So biosecurity risks when people, even state-owned enterprises, go into a farm and they are often not aware of those - - -

15 **MS KERR:** Yes. So electricity companies. What we require is that they report and so the biosecurity plans are in place, but companies like electricity companies and gas companies that have a statutory right of entry have a view that they don't need to report. So they view that their
20 statutory right of entry is superior to the requirement of biosecurity.

We have worked with Queensland to try and resolve, in particular, some issues on farm in that state and really that was an education process that - you know, it's not about preventing the reading of meters, it's about
25 making sure that you haven't been on another pig farm in the last three days and have the potential to carry disease. So we need to manage that and, you know, shower-in and shower-out facilities where they will be interacting with pigs.

30 But it's really a process issue. It's an education issue and making sure that staff from the state-owned enterprises actually do report to the farm manager and the farm manager can then make that decision on whether they need to go through some other additional entry requirements.

35 **MR LINDWALL:** I was going to ask about the activists.

MR BAXTER: Well, I was just going - before you get onto the activists, what is the level of adherence to that protocol?

40 **MS KERR:** It can be poor, depending on the individual from the state-owned enterprise and depending on, you know, how much they are aware of biosecurity requirements on an intensive piggery. So we have had producers complain. We have had producers state that they have rang
45 the police to ask the police to intervene and it's unfortunate if we are getting to that stage where producers have to call in police to manage their

biosecurity requirements.

MR LINDWALL: And do the activists who are concerned about animal welfare understand some of these risks as well?

5

MS KERR: They say they understand it and that they take precautions, but when you are entering a farm in the middle of the night, it's not the activists' right to make that call, it's the farm manager's right to make that call and there is no way on earth that a farm manager can do that if activists are covertly entering premises.

10

We don't know whether they've been on another pig farm and they remove the metadata from photographs and videos, so we have no way of tracking it. In the start, in particular, we were able to do that and we found at least 11 occurrences where they had been on other pig farms that or in the preceding three nights, and so that clearly demonstrates that biosecurity is not their priority and, in two piggeries, we believe, there was a spread of an endemic disease that cost significant amounts of money.

15

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If a pig producer has to de-pop a piggery to get rid of a disease, you are looking at, depending on the size of it, but a medium size piggery, it could be a million dollar cost. So it is a significant - - -

25

MR BAXTER: What is the view of the compliance officers, which in most cases I presume are the police? What is their attitude to dealing with these people?

30

MS KERR: The police - on farm it's primarily the farm manager that is the compliance person. Unfortunately for police, you know, when you've got more significant crimes being committed, they may not appear on farm for two or three days, depending on what is happening in the local region.

35

There have been efforts to educate police, and particularly stock police in, for example, New South Wales and Queensland where they are in place, and certainly they have made changes in terms of educating the broader police force about the issues around biosecurity and the requirements.

40

In some of our larger farms they have educated local police and have arrangements in place that the police will turn up and deal with activists trying to enter premises where they know that occurs, but where you don't know it's occurring, it's a bit hard to call the police and ask them to deal with it.

45

5 **MR LINDWALL:** Yes. In our draft report we said that having a credible science-based animal welfare organisation might reduce the incentives for some activists to trespass. Do you think that might be the case or not?

10 **MS KERR:** No, I don't. I don't believe that is the case. Animal activists are normally about animal rights versus animal welfare, which is what the standards and guidelines process is about, and often we hear things like the current one, which is called a model code, that is developed by industry for industry and everybody else has not made the right decision. "We believe that, you know, more stringent animal welfare requirements should have been imposed through that model code."

15 So even though activist welfare or rights groups were at the table, they walk away from those processes, so an independent science-based, if it comes up with a position that is the requirement for law and an activists group doesn't agree with that, then they are not going to respect those standards and guidelines, even with an independent body, I don't believe.

20 **MR LINDWALL:** Okay. Did you have anything more about that?

25 **MR BAXTER:** Yes. The point of environmental regulation, and quite often the contradiction between policy incentives of local government councils to expand population and increase residential populations in country towns, at the same time conflicting with the operations of, whether it's a piggery or an abattoir, what is your view about how that sort of conflict might best be dealt with?

30 **MS KERR:** I think education is certainly a requirement that councils probably need to look at, and certainly industry needs to look at as well. I think one of the things that does happen is, you know, we might have, for example, a piggery that is operating quite nicely without any community impact, looking to develop, and that brings obviously a significant economic development for a local region, but other issues take control of the situation and councils and council staff come under a significant amount of pressure in terms of a development. So you know, we have got an instance for one piggery in New South Wales - - -

40 **MR BAXTER:** Is this the one at Young?

45 **MS KERR:** Yes. Yes. Where, you know, that's a significant development, but councils have essentially come under a significant amount of pressure personally and professionally to make a decision in the interests of the activists when a development application isn't about

5 animal welfare, it's about the impact on the environment, on indigenous heritage and, you know, amenity for local community and people that might be affected by it. But you know, that case and others are likely to end up in court as councils choose not to support a proposal or to impose, you know, conditions that are actually quite bizarre in some cases.

10 We have had a couple in Victoria, for example, that have got some conditions which are really quite ridiculous, and through that, you know, producers will end up probably appealing to court. And it's an unfortunate situation that a practical outcome can't occur at a local council level, because you have got local people, local influences and activism gradually creeping into that development application process.

15 **MR LINDWALL:** So that just raises the cost of the development obviously.

20 **MS KERR:** Yes, significantly, and we have got significant delays. You know, some piggeries that have been trying to develop, it's two to three years, it's the court case, it's the impact personally on the producers, the stress that they are having to deal with these situations. It's, you know, challenging them.

25 There are personal attacks on producers through social media. You know, stuff being brought up that is incorrect. APL itself has been attacked through some of these processes for its position on animal welfare, which are totally unrelated to the development application, and so the development process, which should be, you know, a reasonably seamless, straightforward process, is becoming costly, time consuming, emotionally draining, stressful, for all of the participants and certainly council staff and councillors are coming under that pressure as well.

30 **MR BAXTER:** Has the experience been that producers who are the subject of court action are able to continue their operations while the court action is in train?

35 **MS KERR:** They have to, but obviously that has an impact on their operations as they take time and legal advice to prepare their case for court and to prepare any additional expert advice. You know, if they have prepared a submission, for example, using a soil scientist's advice, they might have to go back and seek additional advice, and you know, development application is not cheap. It's certainly an expensive exercise. So it does all affect the operation of themselves personally, their family, their business, and they may need to, you know, put on additional staff to cope with that pressure.

45

MR LINDWALL: So are state governments to ensure that councils are acting within their remit and they are not acting in an ad hoc and arbitrary way and against the law?

5 **MS KERR:** Not that we've noticed. We are - APL certainly is concerned sufficiently to our board last week agreed to put on a person for a contract period of time to help educate councils. There are 600-odd councils in Australia and so, you know, looking at the priority councils where piggery development is occurring, will be an initial focus. So you know, for us, that is an education process with councils, making sure they are aware of our environmental guidelines and that person would also be responsible for dealing with some of the often conflicting policy that is now occurring within government departments as well.

10 **MR LINDWALL:** The issue you mentioned earlier, the environmental departments, for example, and other agencies at the state government level and presumably also at federal government level - it's a dilemma in policy, isn't it, where you could have a black letter law and people become a very "tick the box" mentality versus one which gives a bit more discretion to officers or agents and sometimes they can be exercising the discretion in ways that are not necessarily in the spirit of the law so getting the balance between those is quite difficult. Do you have any suggestions?

15 **MS KERR:** I think we have suggested previously that, you know, somebody needs to be employed by governments to look at that education process and looking at the policy process and making sure that, you know, producers interacting with both government agencies for their EIS requirements for their development and councils have an adequately trained person that understands piggeries and piggery development and how they operate. That would help that process, but obviously that is a resourcing issue for state governments, not so much federal government. Our interaction is more with the state governments on this matter, which is probably why we've decided to take that action ourselves.

20 **MR BAXTER:** What is your view, or does the association have a view about what has been implemented overseas and in some parts of Australia of right to farm legislation?

25 **MR KERR:** Yes. We actually term it right to farm right. We recognise that our producers need to do the right thing as well, but where you have a piggery that has been operating quite legally for years, or believed it was operating legally because it went to council in some cases and was told that it didn't need a development application or a permit to operate, incorrectly in hindsight. So you know, we have got cases where that has

happened. The piggery is well sited. In terms of the environment, it's doing the right thing, and because of this quirk that they have been given some wrong advice by local council, they have gone back and tried to retrospectively gain a permit.

5

That then becomes this sort of circus around, you know, whether it should be where it is. And you know, in the intervening time, you might have urban encroachment, peri-urban encroachment, people might choose that now is the time to complain, and the piggery might not have ever had a complaint made against it, but all of a sudden it becomes the focal point for a whole heap of complaints and objections about its existence.

10

So you know, a piggery that has been there for 20 years and, you know, town or peri-urban is now surrounding it, it should be allowed to continue to operate legally and within that community area.

15

MR LINDWALL: It's a dilemma, isn't it? You see that in lots of society where houses get built next to Kingsford Smith Airport and complain about airport noise too.

20

MS KERR: Yes, it's a similar situation. Yes.

MR LINDWALL: And consumer products. Now, did you have anything more on that?

25

MR BAXTER: No.

MR LINDWALL: On the issue of - what else did I want to talk about? Labour markets, that's right, yes. Now, the 457 template agreements that you were talking about make a lot of sense. Does the pork industry use seasonal workers? I doubt, no.

30

MS KERR: No, no.

35

MR LINDWALL: What about working holidaymakers?

MS KERR: Very little. Because the model code requires us to have skilled stock people on farm, you know, the farm might employ them for other areas, but certainly not in the piggery. A lot of our farms are - you know, they might grow wheat and other things as well, but in terms of the piggery component we use 457s because of the model code requirement. So seasonal backpackers, holiday makers, are not a big use in our industry yet.

40

45

MR LINDWALL: Okay. And so the 457s are fine. Your biggest

concern there is the access to health services. Now, of course, that is standard across all 457s, and one could argue that Medicare is a highly subsidised form of health service. Is there a halfway house that you could think of, rather than saying they get full access to Medicare? Or are you
5 saying that the insurance policies on offer are far too expensive for the type of service you are getting or buying?

MS KERR: I think you need to understand what the worker is going through. You know, these people come in on a 457 visa. It has cost them
10 a significant amount of money to get to Australia. It's cost the business a significant amount of money. The pork producers themselves are probably paying \$6,000/\$7,000 to employ a 457 by the time it goes through the significant process of getting a labour agreement signed up by the department. And the worker themselves might be spending more than
15 that within their own home country.

So there are significant costs associated with that and often the worker has borrowed money from family, friends and whatever to get to Australia. So the first couple of years that they are here, they actually
20 spend paying off that debt, or it might be to their immigration agent. So there is a significant cost burden to the industry. The farmer is being required to put training. Perhaps the money for training that they are required to put forward might be better spent on the insurance or medical costs for the worker themselves.

MR LINDWALL: I mean, we did say in our immigration inquiry, migrant entry, which the final report hasn't been tabled yet, that
25 immigrants, of course, have significant benefits coming to Australia and many of them will transition to permanent residency and ultimate citizenship. Is that the case with 457 visas?
30

MS KERR: Yes. We have a significant amount of interest in that and I think the 457 agreement that we do have needs to be reviewed because that process can't start until the four years is up and they have to go back
35 to their home country. We are probably going to suggest to the department that we review that so that process can start at three and a half years to allow that to complete, so that they don't have to return to their home country and come back to Australia if their citizenship is granted.

MR LINDWALL: Okay. Did you have anything more?
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MR BAXTER: A very quick question on animal welfare and animal rights. And I notice that APL is saying they support the principle of the independent body that we have recommended in the report. My question
45 is how do you think - how does APL think such a body should be funded?

MS KERR: I think we supported an independent process, rather than an independent body per se.

5 **MR BAXTER:** Could you just explain how you distinguish the two?

MS KERR: I think - - -

10 **MR BAXTER:** Independent process - sorry to interrupt. Independent process to do specifically what?

15 **MS KERR:** For the standards and guidelines, so making sure that it's - so an independent body - there are probably a number of models that can be looked at. You know, Standards Australia is one model, FSANZ is a different type of model. The Commission has recommended another which probably aligns a bit more with the Australian Farm Institute's recommendation.

20 The question mark we had around particularly that model and the Commission's model was how would the scientific committee work? You know, I can commission work. An animal rights group can commission some scientific work. They could be all plausible, really it's how that independent science-based body would work, or ethics committee would work.

25 For us, the key issue is we want science-based standards and guidelines. We want a process that results in harmonised standards and guidelines being legislated in Australia. So in other words, what we don't want is state governments picking bits and pieces or doing their own process which means that others don't have a standards and guidelines or have a dated standards and guidelines process. It's making sure that we have harmonised legislation in each state that means that producers across state borders are operating on a level playing field.

35 That is the outcome that we want to see. It's how we get to that. We see an independent process as - it's the independence of the process that is probably more the point for us.

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

MS KERR: Not in detail, no, but we will be going into that process.

45 **MR BAXTER:** Yes. I think we would appreciate you having a look at that which has been a very effective and well-regarded model from both sides of the fence, so to speak. So we would be interested to have your

reactions. I am having some difficulty, I have got to say, in what you describe as an independent process. Who runs that process? What is the expected outcome of it? Is the expected outcome just the harmonisation of current regulations or is it ultimately leading to a national body with the capacity to ensure that those standards are harmonised and implemented?

MS KERR: I think, if we go back historically, the AAWS process was really strongly supported. And so that was a national harmonised process. So I think there does need to be national leadership.

MR BAXTER: But by who?

MS KERR: Whatever the outcome, I think it needs to be supported by all of the jurisdictions, industry and the relevant animal welfare science groups. You are never going to keep animal rights groups happy but, certainly, the majority of people, like RSPCA, the welfare organisations that are supportive of good animal welfare.

We probably, in terms of who leads that, if it's national leadership then the Australian government needs to be involved in that somehow. Now, whether that is through the Department of Agriculture, whether that is through a FSANZ type process, whether that is through a new process, but I think jurisdictions need to be supportive of the process, Industry needs to be supportive of the process, and the animal welfare groups like RSPCA and the Australian Veterinary Association need to be supportive of the process.

At the moment, I don't think that is - in the last three years that has probably taken a backward step. There is lack of transparency in the process at the moment. I know how it's meant to work. There is very little community transparency around the process and, you know, who are the right people to talk to and how that process is instigated.

In terms of who funds it, which was your other part of the question, the model code process that we went through three years ago was tripartite shared between the state governments, the federal government and industry. The current process is probably 50 per cent industry and state governments, but if you have national leadership, is that national leadership in just terms of the process or is it also in terms of funding? That is something for the federal government to answer ultimately.

MR LINDWALL: Is that all right?

MR BAXTER: Yes, that's - - -

MR LINDWALL: There is one more question that I should have touched on - the labour market. I realise that I should have asked it. It's about the training side of it, which I think you have said earlier that it's very prescriptive.

5

MS KERR: Yes.

MR LINDWALL: What would you like to see changed there?

10 **MS KERR:** I think, if I take a step back, my understanding of the requirement for that is to make sure that Australian workers are not disadvantaged by the 457 visa holder in the workplace. We actually think there are significant benefits for the 457 visa worker back to the Australian workers and that is because the people that are coming in on our 457s are either vets or a step below that, which are much higher
15 qualified in their home country than what they are here. And so we think there is a transfer of knowledge and expertise from the 457 visa to the Australian worker.

20 So there is an opportunity to look at probably mechanisms there for the exchange of education and training between the two groups of workers. I suggested, tongue in cheek, perhaps that the training funds that the Australian workers are required - or the Australian employer, is required to set aside could be used for health, but equally it could be more
25 flexible in the way in which the employer uses that. For example, you know, can it also train the 457 visa worker? You know, perhaps in Australia's work health and safety requirements or other managerial type training. There needs to be a bit of flexibility in the way in which employers can utilise that requirement.

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MR LINDWALL: Okay. Well, I think that is very good. Thank you very much, Deb.

MS KERR: That's all right, my pleasure.

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MR LINDWALL: All right. Well, is Jed Goodfellow here?

DR GOODFELLOW: Yes.

40 **MR LINDWALL:** Please come up. Just say your name and organisation and then a brief introduction of what you would like to say today.

DR GOODFELLOW: Sure.

45 **MR LINDWALL:** Welcome.

5 **DR GOODFELLOW:** Thank you. Good morning, commissioners. Jed Goodfellow, RSPCA Australia. I am the senior policy officer there, representing the national body on behalf of all of the RSPCA state member organisations as well. I, very late last night, provided some talking points to you.

MR LINDWALL: I have got that, thank you.

10 **DR GOODFELLOW:** So I could run through those talking points quite briefly. In summary, the RSPCA really does support the recommendations that have been made in the draft report, particularly 5.1 and 5.2. I can speak briefly to those recommendations. I would also like to speak briefly to the analysis of live export regulation. Also, the issue of
15 farm trespass as well. I will make a few comments in relation to that.

MR LINDWALL: Perfect.

20 **DR GOODFELLOW:** But I will be guided of course by your questions.

MR LINDWALL: Please continue, yes.

25 **DR GOODFELLOW:** The chapter on farm animal welfare is very well researched. The RSPCA was pleased to see such considerable attention given to this area of regulation. No doubt animal welfare is going to be a significant area of concern to the Australian community. It's going to play a major role in livestock industries in the future. So I think the attention given to animal welfare regulation in the draft report is very well warranted. In relation to recommendation 5.1, the RSPCA certainly
30 supports the establishment of an independent body to oversee the development of farm animal welfare standards at the national level.

35 This is a body that is really long overdue in Australia. We, of course, had the Australian animal welfare strategy prior to 2013. That, while not being an ideal committee or structure for developing animal welfare policy in Australia, it certainly was better than having nothing.

40 Australia is one of the few developed nations that doesn't have an independent national animal welfare advisory body which is really bizarre considering the extent to which we rely on animals, the significance of our animal industries and the significance of the Australian community's concerns about animal welfare. It's really a huge omission of leadership on behalf of the federal government at the current time.

45 So we were very pleased to see the committee's recommendation for

the establishment of a national body and we agree with the rationale provided in the report for the establishment of that body. I could speak just briefly to what I would - - -

5 **MR LINDWALL:** You said committee, I assume you meant Commission. Yes.

DR GOODFELLOW: Yes, sorry, Commission. Yes.

10 **MR LINDWALL:** Just to clarify, that's all.

DR GOODFELLOW: Sure. In terms of some of the key points, or key questions, the Commission was seeking, in terms of the most effective governance structure, ideally the RSPCA would like to see the body established by an enabling statute. An enabling statute would secure the body's independence. It could delineate the body's functions. It could set out the composition of key advisory committees, being the scientific advisory committee and the community ethics advisory body. It could appoint a CEO to run the body. It could also crucially, and this goes to the New Zealand model as well, set out a process for the development of national animal welfare standards, which includes key decision-making principles and factors to be considered.

25 You may have researched already Part 5 of New Zealand's Animal Welfare Act which does prescribe the sort of process and the detail for what the National Animal Welfare Advisory Committee must take into account when developing national farm animal welfare standards, and it provides for a much more formal and accountable process. It includes the requirement to take into account community expectations and of course contemporary science. This is vitally important in Australia. This is lacking at the current time. I could give the commissioners an example or a case study with the current process that we are going through now in developing the national standards for poultry.

35 At the moment, we are up to the second stakeholder advisory group meeting process. We just had that last week. The draft standards to date have not been based on independent scientific review. The small writing group made up by representatives of Animal Health Australia and the Department of Primary Industries New South Wales developed a series of what they referred to as support papers which were purported to summarise the scientific research in the area of specific policy issues relating to the welfare of poultry.

45 Those support papers were heavily criticised by the RSPCA, by our scientists. They were also criticised by the scientists who were referenced

5 within the supporting papers, particularly the support paper in relation to the continued use of battery cages. The writing group has subsequently admitted that there are deficiencies within the support paper relating to battery cages, yet the draft standards upon which — or the science upon which the draft standards are based currently, recommend the continued use of battery cages into the future with no phase out, no legislative phase out in place, and those standards will be going to public consultation soon.

10 So we see another process, yet again, despite multiple independent reviews of this process that have recommended that they be based on independent scientific review, that community expectations be canvassed in relation to these key issues. Yet again, we have seen a process that doesn't take into account those two key fundamental issues. The RSPCA last Friday released its own scientific report in relation to the welfare - or
15 comparisons between the welfare advantages and disadvantages of different systems of production in relation to poultry.

20 It's unfortunate that we have to go to that length and there is debate about, you know, which science the writing group should rely upon. All of this could be resolved with the establishment of an independent scientific body who can undertake this sort of research. What is crucial in relation to animal welfare science is that the conceptualisation of animal welfare, the definition of animal welfare is well-established and also the different domains of animal welfare are well-established and decisions
25 that are made give an explanation as to what domains of animal welfare have been prioritised in the decision-making process.

30 Through your research, commissioners, you may be aware that the different domains of animal welfare being - there is a basic health and functioning domain of animal welfare. There is also an effective states domain of animal welfare. These two domains can at times be in conflict and often we will find that researchers can prioritise, you know, one domain over another and certainly the stakeholders and interest groups prioritise the different domains of animal welfare as well, depending upon
35 the interests and the values that underpin their assessment of animal welfare policy.

40 So this all needs to be made transparent and we need to have an independent body that engages in these assessments and is transparent about its decision-making. At the moment, it's just an ad hoc process and we don't receive explanations as to why certain decisions are made when the assessment of contrary animal welfare science is made to underpin these standards. So that is just a brief case study on why an independent
45 body, and particularly an independent scientific body, is so vitally needed.

5 In terms of the body's responsibilities, briefly, the RSPCA again
agrees with the proposed responsibilities set out in the draft report, being
that it manages the process for setting national standards. The body, as we
would foresee it, would support of course the operation of the National
Animal Welfare Scientific Advisory Committee, also the National
Community Ethics Advisory Committee. It could also have the
responsibility of providing advice to government on animal welfare policy
issues of national significance. It could also play a role in co-ordinating
the allocation of public funding for animal welfare scientific research,
10 including those public funds that are currently dedicated to rural research
development corporations for animal welfare research as well.

15 It could also play a role in inquiring into and publishing reports on
animal welfare issues, including with respect to state and territory
performance on animal welfare standards and enforcement arrangements,
as I think has also been recommended in the draft report, and finally, we
would certainly support any recommendation that the body have some
role in overseeing the Department of Agriculture's regulation of the live
animal export industry. We think that is also vitally important because, as
20 I will canvass very briefly, we feel that there are some fundamental
deficiencies in that live export regulatory framework.

In the interests of time, I might just leave recommendation 5.1 there
unless the commissioners had further - - -

25

MR LINDWALL: That is all right. No, we will come back to questions.
Yes.

30 **DR GOODFELLOW:** In terms of recommendation 5.2, the RSPCA
supports all aspects of that recommendation. We do see a strong need for
the separation of agriculture policy matters such as industry development
and promotional type roles and functions on behalf of state agricultural
departments and farm animal welfare law enforcement functions. Of
course, there is a perceived conflict of interest there and it's very
35 important that the community be assured that those two roles will not
come into conflict in practice.

40 And for that reason, we certainly support the development of
equivalent independent bodies at the state level. All of the rationale, the
reasons set out for the establishment of such a body at the federal level
apply equally at the state base level, and this body could oversee the
appointment of inspectors under the legislation. At the moment, as
commissioners would be aware, inspectors are appointed from a range of
different organisations and there is a need for that appointment process,
45 training, the skills, the accountability obligations of inspectors to be made

more uniform in the state jurisdictions.

5 At the moment, we see different levels of training, different standards
and different modus operandi for inspectors, depending upon what
institution is appointing them and employing them. So it would be good
to see greater uniformity there and I think a state-based independent
animal welfare body charged with the administration of animal welfare
legislation would certainly improve that process. We certainly agree that
10 monitoring enforcement activities should be publicly reported upon by
state government departments. At the moment, very little information is
published as the draft report has indicated, despite the high level of public
interest in this area.

15 We would also support far greater resources being dedicated by state
governments to monitoring and enforcement activities. That is one of the
fundamental problems currently with farm animal welfare enforcement is
that there is a chronic lack of funding. It doesn't seem to be a priority for
state governments at the moment, and in very few jurisdictions are there
20 formalised routine inspections programs based on animal welfare.
Tasmania, I think, is one of the few jurisdictions that has a formalised
routine inspections program. South Australia is developing one, but it
would be good to see further resources dedicated to those areas.

25 I think, by making it more transparent and accountable, state
governments more transparent and accountable, with respect to their farm
animal welfare enforcement matters, I think that would lead to greater
investment in the area because there would be greater public scrutiny.
The RSPCA supports the formal recognition of industry QA programs.
We would, however, state that industry QA programs should not be used
30 to substitute government inspections.

35 There must still be a regime of government inspection that operates in
conjunction with industry QA programs because you still do have a risk,
one, of the perception of conflict of interest being that the QA programs
are run by the industry and owned by the industry itself, and also that
there is a risk that serious matters could be handled in-house, so to speak,
rather than being reported to relevant authorities. So we think it's still
necessary for government inspection to run in conjunction with those QA
40 schemes, but we certainly do support the formalised recognition of those
QA schemes.

If there aren't further questions there, I will go onto briefly a few
comments on live export regulation.

45 **MR LINDWALL:** You may as well continue and then we will get into

questions, yes.

DR GOODFELLOW: Of course, live animal exports remains a very highly controversial trade in Australia. It enjoys limited community confidence and support. The Exporter Supply Chain Assurance System was introduced in 2011 to provide greater assurance to the Australian public that animals exported overseas would be treated humanely, or at least in accordance with international standards which, I would submit, are very low standards. They allow for animal handling and slaughter practices that fall well below Australian standards.

Under the ESCAS, there have been now - or under Australian live export relations more broadly, there have been over 110 reports of non-compliance, and many of these reports relate to thousands of animals, so we are talking about many thousands of animals that have been leaked outside of approved supply chains. Through the government investigations, we have found several, or many, findings are critical and major non-compliances. However, to date there has been very limited punitive sanctions imposed on exporters.

I believe in the latest incident in Vietnam involving the sledgehammering of Australian cattle and further leakage of Australian cattle from supply chains has resulted in two exporters having - or their trade to Vietnam being suspended, which we think is a promising sign by the government in terms of its response to non-compliances. However, the overall administration of the ESCAS does raise concerns for us, and I will use the Vietnam experience as a case study. In that market, Australia was only sending around 3,000 head in 2012. By 2015, that number had jumped to over 300,000 animals.

The Australian government now approved nine exporters to send 20,000 to 30,000 head of cattle there per month to over 200 approved facilities. There are more facilities approved in Vietnam than there are operating in Australia. Many of these facilities are very small. They only have the capacity to slaughter a handful of animals per day. We question why there would be such rapid expansion in those high risk conditions. These facilities lack much of the basic infrastructure, equipment and training required to ensure the humane handling and slaughter of cattle but, despite this, the Australian government has approved that rapid expansion of supply chains.

Incidences relating to sledgehammering were first notified to the Australian government in June 2013. Again, in May 2015 and of course most recently in June 2016. This is a common method of slaughter in Vietnam and it is for that reason that extreme caution should have been

exercised in relation to approving facilities for receiving Australian cattle. However, that does not seem to have been the case. We see the current administration of the ESCAS, particularly in Vietnam, as a process of what could be described as rubber stamping of supply chains.

5

On that basis and the basis of ESCAS failings in other jurisdictions, the RSPCA has been calling for an independent review of the ESCAS, preferably by a former senior judicial officer, considering that it is such a complex area of regulation and that penalties, sanctions and so forth are one of the key areas that need to be investigated because we do not think the ESCAS is currently upholding community expectations in relation to how non-compliances should be dealt with.

10

The RSPCA is aware that the live export industry has been developing a quality assurance program, the Livestock Global Assurance Program. We understand that the Australian government is currently considering the potential for the LGAP to be used as a means of demonstrating compliance with the ESCAS.

15

We have been briefed on the operation of the LGAP, the proposed LGAP. We note there are some features of the proposed LGAP that would be an improvement on the current ESCAS, particularly in terms of the quality, the experience, the skills required of auditors, which has been a failing of the ESCAS program. So on that basis, we see the potential for some improvements under the LGAP system. However, we would reserve our assessment on the LGAP pending the manner in which the LGAP would be recognised under the Australian government regulations, particularly the animal slaughter under the Export Control Act.

20

25

We would certainly be opposed to any watering down or withdrawal of Australian government oversight, and the Australian government's ability to intervene in the trade in places where there is high risk of animal welfare breaches or there has been incidents of non-compliance where the Australian government does need to intervene. So we reserve our assessment on the LGAP until we see the detail of how the Australian government regulations will interact with that program, and we reiterate the importance of maintaining strong government oversight of the regulation.

30

35

The industry certainly doesn't have the confidence of the Australian community to self-regulate or have any withdrawal of Australian government oversight of the trade.

40

MR LINDWALL: Okay. Shall we go for questions now?

45

DR GOODFELLOW: Sure. I would just make one quick comment on the farm trespass issue. We note that that was considered by the Commission. We agree with the Commission's suggestion that incidence of farm trespass (1) have increased in recent years and (2) are correlated, in our view, with a decrease in community confidence in the monitoring and enforcement of animal welfare legislation within the agricultural sector.

That said, we certainly accept that activists that engage in these activities have ideological positions that are just completely in opposition to animal agriculture in its entirety, and no doubt there will be continuing of farm trespass, regardless of the strength of the animal welfare enforcement regimes. We accept that.

But we believe that current criminal laws relating to farm, relating to trespass in general, surveillance devices legislation does provide means for which to deal with activists who are engaging in trespass activities. Any laws designed to crack down on activist activities to prevent the disclosure of information of evidence of either illegal activities relating to animals on agriculture facilities, or indeed legal activities that are in the public interests that the public is seeking further information about, we think that would be counter-productive.

There's been a raging debate in the US in relation to what has been dubbed "ag gag" laws, as I'm sure your commissioners would probably have canvassed. We think that would be counterproductive to go down that path. It would reduce community confidence further and give the perception that these industries do have something to hide, which could incentivise activists to engage in further private investigative activities. So we certainly wouldn't support the introduction of laws with that intention.

But we do feel that current laws are adequate to deal with activists, and they should be held to account if they're engaging in criminal activity.

MR LINDWALL: What about the - thanks very much for that - the biosecurity risks that trespassers may bring onto a farm?

DR GOODFELLOW: Yes. We understand that biosecurity legislation is being reviewed in multiple states. New South Wales has just reviewed its Biosecurity Act. Queensland has a fairly new Biosecurity Act as well. The way in which those, that legislation is drafted, could potentially deal with those biosecurity threats posed by activists as well.

MR LINDWALL: In terms of the RSPCA and its role in enforcement of

animal welfare issues, the, how much of your resources would you say are devoted to farm animals versus companion animals?

5 **DR GOODFELLOW:** It depends on the state jurisdiction. As you would be aware, there are different arrangements, depending on the state. In a number of jurisdictions, it is the state Department of Primary Industries or Agriculture that undertakes the bulk of the enforcement work with respect to commercial livestock. That is generally defined as over 10

10 head of livestock or over 500 head of poultry.

In those states where the RSPCA has full jurisdiction, if you like, New South Wales, to an extent Western Australia, South Australia, Tasmania, a significant proportion is dedicated to farm animal welfare enforcement. I don't have exact figures. The bulk of RSPCA enforcement activities do relate to companion animals, because in terms of

15 reports received, they make up the vast majority.

MR LINDWALL: People observe it, obviously.

20 **DR GOODFELLOW:** That's correct. They're more visible. They're usually more in urban areas, of course, whereas issues to do with livestock, of course, in rural regional areas generally with less visibility, less people identifying those issues. So I couldn't really give an estimate of the breakdown. But in those jurisdictions where they have full

25 responsibility, it is a significant proportion, but not the lion's share of the enforcement work.

MR LINDWALL: But your statement earlier was that the enforcement has been underdone in most states, as you're saying. So if there are additional resources being allocated by the RSPCA or by other methods, will you want them to be devoted to farm animal welfare, rather than

30 companion animal welfare?

DR GOODFELLOW: Yes. I think the greatest need is certainly in the area of farm animal welfare, not just enforcement, but broader monitoring as well. So the routine inspections programs. There's very few states that have a formalised routine inspections program for animal welfare purposes.

35

40 **MR BAXTER:** Can I just follow on that question? In practical terms, as I understand, most of the states, the police are the people who implement the RSPCA-related legislation. So is that right or not?

DR GOODFELLOW: No. It will be the - in most state jurisdictions, it's

45 the Department of Agriculture or equivalent that has the administrative

responsibility for the State Animal Welfare Acts, or Prevention of Cruelty to Animals Acts. Police in many jurisdictions will be appointed by default under that legislation as inspectors, but the police services do not play a role in the administration of that legislation.

5

MR BAXTER: No, no, but in the enforcement? Perhaps I should have rephrased the question. The Department of Ag has the overall responsibility, but when it comes say for dealing with maltreatment of let's say a flock of sheep or a herd of cattle, what have you, quite often that role is delegated to the local police within the area?

10

DR GOODFELLOW: If - yes. If it's a case where there is simply no inspector, RSPCA inspector available, or Department of Agriculture stock inspector available, then police will at times attend to those matters. In New South Wales, for instance, there is a rural, they've changed their names recently, a rural crimes investigation unit that I believe plays quite a prominent role in livestock welfare matters.

15

But generally, police will be more active in the area of intentional cruelty relating to domestic animals where there is an emergent, there is a situation of emergency where they need to attend within, you know, as soon as possible, and serious cases of animal cruelty where you're talking about torture and sadistic crimes.

20

MR BAXTER: That's - which is the deliberate end of the spectrum, but obviously there's a large amount of examples of poor practices, either because farmers are financially under trouble and they're more likely to overstock or whatever, and there's an educational role there as much as anything, I guess.

25

30

DR GOODFELLOW: Yes, that's correct. So obviously, you have a wide spectrum of animal welfare offences, some of which can be at the high end of the spectrum, where you're talking about intentional animal torture and sadistic actions, and then you have other cases of neglect, mismanagement and so forth that could be, could arise for a huge variety of reasons, some of which may be responded to with further education and advice. The issuance of animal welfare directions, for instance, and that can just be a process of working with the relevant animal owner. Yes, so there is, and there needs to be that variety of enforcement tools as well to - - -

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40

MR BAXTER: Yes. Gradation, if you like. Yes, yes. Just following on that, does the RSPCA have a break-up of the number of cases it deals with with companion animals versus what it deals with with farm animals?

45

5 **DR GOODFELLOW:** It does. It reports its annual statistics in terms of enforcement. I didn't bring it along, a copy, but it's broken up in graphical form. Companion animals, dogs and cats make up more than 50 per cent of the animals that are reported. Livestock is a fairly small segment of the overall reports received, and again, it goes to those issues of visibility.

10 **MR BAXTER:** Of course, we're talking about more resources for monitoring enforcement. There may be ways of being more efficient or effective in that process? Some examples of, in Australia or elsewhere, where monitoring and enforcement could be better done, and it is - irrespective of the funding of it, I'm talking about.

15 **DR GOODFELLOW:** Yes. I mean, I do like the Tasmanian model. But that's mainly because they do have a formalised system of routine inspections. Whether or not that leads to greater efficiencies, I mean, I haven't conducted any kind of analysis in terms of efficiencies with respect of the different jurisdictions.

20 But again, an independent body charged with administering animal welfare legislation can have some degree of, or encourage some degree of, uniformity between the different organisations that appoint or employ inspectors, I think, would lead to efficiencies in terms of training, appointment and reporting obligations as well, rather than having different standards and different training packages.

25 **MR BAXTER:** A lot of inconsistency there.

30 **DR GOODFELLOW:** Yes.

MR BAXTER: What about, you know, a lot of us feel that risk-based regulation is important, that you concentrate your resources at high-risk areas and then you bring them along, and when they can show good practice over a while, then you can reduce the enforcement. Is that - - -

35 **DR GOODFELLOW:** Yes. And that where we see a role for industry QA programs, in coming into that risk-based analysis for if a facility comes under an industry-based QA program, then perhaps its risk rating can be seen to be lower if the QA scheme is audited by government and so forth.

40
45 Again, we still see a need for a government inspection regime that applies in conjunction with that industry QA scheme, but in terms of risk ratings and the number of inspections, for instance, per year could be reduced based on that participation in the industry QA scheme. And that

indeed is what is occurring in Victoria under their Livestock Management Act where they have the formal legislative recognition of industry-based QA schemes.

5 **MR BAXTER:** I think you haven't mentioned the independent body that we spoke of, whether you think that it's appropriate for it to be in the agricultural portfolio, or some other portfolio.

10 **DR GOODFELLOW:** I think if the body is established by a statute, there can be independent safeguards built in to that statute. On that basis, we wouldn't be too concerned about which ministerial portfolio fell within, provided there were those safeguards.

15 If the body was not to be established by a statute, we would certainly argue that if it was to meet the objectives, meet the concerns that have been outlined in the report with respect to conflicting interests, then it should not be within the agricultural portfolio, but a different portfolio.

20 **MR BAXTER:** Okay. Did you have anything? I have one - - -

MR LINDWALL: Sorry, yes, I did. Have you had a detailed look at the New Zealand model?

25 **DR GOODFELLOW:** I have, yes.

MR LINDWALL: And what's the view about the effectiveness or otherwise?

30 **DR GOODFELLOW:** We certainly support the New Zealand model. Of course, the New Zealand model is a statutory national animal welfare advisory committee. It's, in terms of the process for setting standards, it is formalised in statute.

35 There are mandatory considerations for the body to take into account to ensure scientific and community expectations are considered. It also has crucially, and this goes to enhancing the consistency of the legislative framework, a requirement that certain animal welfare principles within the primary animal welfare statute are met with respect to the development of subordinate legislation.

40 So you don't have a complete conflict between the subordinate legislation and the primary Animal Welfare Act, which we have in Australia. In New Zealand, there is that condition placed on the development of subordinate legislation, which leads to improved animal welfare standards that are consistent in a principled way.

45

5 So there are certain animal welfare principles that subordinate legislation must abide by, and we think that it is a far superior system to what we currently have in Australia, and it is being shown currently, in terms of the animal welfare outcomes as well, many husbandry practices and systems of production in New Zealand are being phased out because they're inconsistent with the primary principles of animal welfare. And it seems to be because there is expert independent advice going into these transitional arrangements.

10 So far, they seem to be adopted quite well. We're yet to see the complete phase out of battery cages in New Zealand. I believe they've put a 10-year phase out timeline on battery cages. But government seems to take on board the NAWAC's advice and it acts on NAWAC's advice, so the community appears to have quite a deal of credibility and respect among government, and for that matter, industry as well.

20 **MR LINDWALL:** Very quickly from me, two brief points. One is, you mentioned at the beginning that Australia's one of the few countries, few developed countries, that doesn't have such a body. Are there any other countries that stand out in good practice, other than New Zealand?

25 **DR GOODFELLOW:** Yes. There are over a dozen countries that do have national farm animal welfare councils. The United Kingdom's farm animal welfare committee, while it doesn't play a role in sort of formal legislative processes, in terms of its, the weight given to its advice, it's been very successful, published many significant reports on farm animal welfare policy that have influenced standards internationally.

30 In India, in fact, there is an animal welfare board that does actually have certain statutory roles to play, including providing that contrarian role over the administration of animal welfare laws by certain government departments. It can keep certain government departments in check by virtue of its role in monitoring their performance, and it seems to be quite a successful model.

40 The European Union's animal health and welfare panel, which was previously the scientific veterinary committee, it has handed down some fairly foundational reports on intensive confinement of pigs and of hens, which have led the entire European Union community to phase out those systems of production relating to the conventional cages, battery cages.

45 So yes, I would point to those countries. The Netherlands also, the Council of Animal Affairs seems to be a very successful body as well in informing national policy and national debate about animal welfare issues.

5 **MR LINDWALL:** One more quick question, on Friday, one of the participants said that Kosher and Halal production of meat can be used with pre-stunned slaughter, and there were a couple of exemptions from that, and she was saying that we shouldn't have any exemptions. Is there a position by the RSPCA on that?

10 **DR GOODFELLOW:** The RSPCA certainly takes the view that religious freedoms should not be a basis for causing unnecessary harm to animals. We understand with in relation to Halal slaughter that many of the authorities that regulate that process have accepted stunning. My understanding was that in relation to Kosher, that wasn't the case, but I could be wrong.

15 So on that basis, we, as an animal welfare organisation, certainly have concerns about that because of course, un-stunned slaughter causes a deal of suffering that would be avoided if the animal, of course, is rendered insensible before the neck cut, and the process of bleeding out is a very stressing process for animals to go through. With sheep, it's a quicker process. With cattle, it can take several minutes, and on that basis, the RSPCA is opposed to un-stunned slaughter.

MR LINDWALL: Thanks very much for appearing today, then.

25 **DR GOODFELLOW:** Thank you very much.

30 **MR LINDWALL:** We'll move now to, is it Michael Dornbusch, of the Office of the Gene Technology Regulator? Good morning. If you could, wouldn't mind just saying your name and telling us a bit about the organisation and some opening remarks, that'd be perfect. Thank you.

35 **DR DORNBUSCH:** Sure. My name, Michael Dornbusch, and I'm here today representing the gene technology regulator, who is the independent statutory office holder that's responsible for administering the national scheme that regulates gene technology in Australia.

I work for the office that supports the regulator. It's called the Office of the Gene Technology Regulator. If I may - - -

40 **MR LINDWALL:** Please.

45 **DR DORNBUSCH:** - - - proceed with some opening remarks? First off, I'd like to address a few matters that were raised in the draft report, and some matters that were raised in submissions that were received by the Commission.

5 I'd like to start about topics referred to in Information Request 6.1 that's in the draft report, and this is around institutional arrangements and regulatory arrangements that relate to the Office of the Gene Technology Regulator and the Australian Pesticides and Veterinary Medicines Authority.

10 I would like to say that useful sources of information that can be used to form an opinion about these arrangements could be found in the previous independent reviews of the regulatory arrangements for gene technology here in Australia. Those reviews were conducted in 2005-06 and 2011. And those reviews of the Gene Technology Scheme are expected to be conducted every five years.

15 The previous reviews found that the scheme operated efficiently and effectively, and as to the question as whether the scheme is still appropriate and the arrangements are up to date, I would like to point out that the expected review of the scheme that is to kick off this year, 2016-20
20 17, provides an opportunity to examine those matters in detail, and also an opportunity for stakeholders to provide inputs into any examination of the operation of the scheme, including the interface with other regulatory agencies.

25 I also understand that in this matter, the current, I believe the current review of the ADVAC Code, that's the agricultural veterinary legislation that relates to the Australian Pesticides and Veterinary Medicines Authority, I believe has also examined this matter. So there are a couple of opportunities for the matter to be examined in detail.

30 I'd like to go on to talk a little bit now about a matter that's I believe raised in some submissions. It's also a matter of course that's often raised in relation to genetically modified organisms, and that is the safety of GMOs and the evidence that supports the safety of GMOs.

35 The OGTR has a number of highly qualified and experienced scientific staff who are responsible for conducting risk analysis in-house for all applications that relate to GMOs for intentional release into the environment. Those scientific staff examine quite a range of information for each of the risk analysis that they conduct.

40 The information that they use comes from information provided by applicants, as well as published literature, this is peer-reviewed published literature, both domestic and international published literature, as well as information that may be available from other sources, published sources
45 such as books, fact notes, agricultural information, et cetera.

5 The risk analysis that are conducted by the scientific staff are peer-reviewed within the office. They're also reviewed by an expert technical committee that provides advice to the regulator. They're reviewed also by other government departments, other regulatory agencies, and there's extensive public consultations on these risk analyses. So there are many opportunities for these to be reviewed and refined.

10 In each of the cases for the commercial growing of GMOs, the regulators found that the weight of evidence that there is shows that these GMOs are as safe as their conventional counterparts. A similar conclusion has been found by regulatory agencies overseas, including the US, Canada, Europe and a number of other countries. There are also a number of learned societies that have come to similar conclusions as well, and for example, the American Society of Toxicology has come to the same conclusion that currently commercially released GMOs are as safe as their conventional counterparts, as well as others, such as the American Academy of Science, the European Academies, et cetera.

20 I'd like to talk briefly also about a matter raised in one of the submissions around the precautionary principle and its application in the current regulatory scheme. The scheme itself is by nature precautionary, in that no work with GMOs can be conducted unless there is an appropriate authorisation from the gene technology regulator.

25 For those that involve some release into the environment, prior to the authorisation being granted, the regulatory must prepare a risk analysis, which I've referred to previously, and there must be able to be, risks that are associated with those releases must be able to be managed. If the legislation states that those risks cannot be adequately managed, then the regulator cannot issue an approval for that work.

30 Precautions also are evident in the general approach to the development of GMOs here in Australia and overseas. Work begins in laboratories under laboratory conditions, of course, carefully controlled. This work collects information. It will be used to characterise the genetically modified organisms and assess aspects of their safety. That information may then be used prior to a field release for trialling of GMOs.

40 If the regulatory grants an approval for a field release GMOs, it is on the basis of the risk analysis that's conducted and the risk management plan that's put in place. So these are conducted under carefully controlled conditions, limited and controlled conditions. And there's regular monitoring and reporting by applicants of the workers being done, and the

OGTR independently monitors the work that's also being done by the applicants.

5 Again, the field work that's conducted with GMOs collects further information about the GMOs themselves and their safety. And that information can inform a subsequent application for commercially growing the GMOs. So there's a cautious step-by-step approach to the development of GMOs here in Australia, and similarly, this occurs overseas as well.

10 Lastly, precaution is encapsulated in the legislation. I can read the relevant provision. The legislation says that where there are threats of serious and irreversible environmental damage, a lack of full scientific certainty should not be used as a reason for postponing cost-effective measures to prevent environmental degradation. So an element of a precautionary principle is enshrined in the legislation.

20 To date, I should note that the regulator has not identified a situation for any commercially released GMOs that might represent such a serious threat of environmental damage. As I said before, all the GMOs that have been assessed for commercially growing to date, have been concluded to be as safe as their conventional counterparts.

25 Lastly, I'd like to talk briefly about risk communication, a matter that's also raised in the draft report, I believe in Draft Recommendation 6.1, and I'd like to say that the regulator does support the provisions of accurate information to the Australian community about the risks and benefits of GMOs.

30 However, I would like to point out that the benefits that might accrue as a result of using GMOs is not part of the regulator's remit, but providing information about the risks that may be associated with their use and the regulatory framework is certainly something that the regulator does support. And in fact, for those that are interested, this is encapsulated in regulators' risk analysis framework, where it talks about the regulators' approach to risk communication, and this approach aims to raise awareness of the regulatory system nationally and internationally. It undertakes rigorous scientifically-based risk assessment and risk management, and is open and transparent in the manner that it does this.

40 The regulator aims to communicate the reasoning behind all of the decisions in clear language, to listen and to respond in a timely manner to the relevant concerns of our stakeholders and to periodically review communication strategies and the practices to ensure that they're targeted and effective.

I think that's all that I'd like to say in our opening remarks. I'm quite happy to elaborate on any of the points and answer your questions.

5 **MR LINDWALL:** Thank you. Can I just clarify at the beginning that the OGTR is funded by an appropriation by the Commonwealth Parliament?

DR DORNBUSCH: Yes, that's correct.

10

MR LINDWALL: And you have no other source of funding?

DR DORNBUSCH: That's correct. There are no fees for applications.

15 **MR LINDWALL:** Because some people have submitted that you've received funding from a company, actually.

DR DORNBUSCH: No, that's not correct.

20 **MR LINDWALL:** Now, in terms of - it seems to me that like any technology, there are risks and benefits and if you're a user of that technology, either in your production process or as a consumer or whatever, you've assessed that the benefits outweigh the risks.

25 Now, the OGTR and other scientific experts - and as an aside, I should say that last week I did say to a person that we should challenge the science that I am an economist and an ancient historian, and I can't challenge the scientist. I have to - I mean, pointing to a whole lot of
30 research, I am not able and in a position to - I can read research, but it doesn't mean that I can tell what are the good journals or what are the bad journals, what's the good research and what's the bad research, except in the fields that I've studied, obviously.

35 So we do take great relevance, obviously, in professional organisations such as the OGTR in terms of the science, which seems to be that the risks are very low and well managed. But then you ask yourself, well, if that's the case, there's obviously benefits, otherwise people wouldn't bother using GM products because they cost more money, in some ways, don't they? I mean, you have to buy the seed or
40 whatever it might be. And so the benefits are something that perhaps should be explained more to the public, and I appreciate that the regulator is really not in your remit.

45 But do you have a suggestion perhaps about should there be another organisation, and if so, which other organisation should better explain the

benefits? Because it seems to me there's a profound misunderstanding of the benefits and risks of GM in Australia and some other countries, for that matter.

5 **DR DORNBUSCH:** Sure. Sure. There a number of possibilities, I suppose, of organisations who may be appropriate to advocate the benefits. Of course, the developers of the technologies themselves may have an interest in advocating the benefits. Often agricultural organisations, departments, for example, peak bodies that represent the
10 industries. They're the organisations who may be appropriate to advocate the benefits of the technologies, in my opinion.

MR LINDWALL: Would - the problem with some of those is because there's a natural distrust by those who don't like the technology, or there
15 is an imputation of the motives of those who advocate the benefits, and perhaps is there a role for, say, the Office of the Chief Scientist, who have a more dispassionate advocacy role there?

DR DORNBUSCH: I have heard others suggest that scientists who begin
20 developing this technology could also play a useful role in discussing the benefits publicly about the work that they're doing. So yes, certainly scientists themselves may play a useful role in this public discussion.

MR LINDWALL: Now, last week we heard some testimony from
25 various parties, and one of them said that there is a cheap \$6 testing kit for GM canola and she goes around with her group and looks at supposed cross-contamination from GM to non-GM canola, and others. Is that a valid form of testing, in a scientific sense?

30 **DR DORNBUSCH:** There are, of course, a number of ways of testing the identity of a GMO. Depending upon the nature of the kit that you're talking about, it may be a valid way, one of many valid ways of testing for the presence of genes or part thereof from GMOs, yes.

35 **MR LINDWALL:** And the OGTR when it assesses risks looks also at the risks of cross-contamination?

DR DORNBUSCH: The OGTR - so the OGTR will look at the risks that
40 may be - the risk to people and the environment that may be associated with gene flow, so that is movement of the genes from the GMOs that are being planted to other sexually compatible plant species. It does this, as I say, to examine risks to people and the environment.

45 This is not to confuse - and this shouldn't be confused with risks that there may be to trade and marketing of commodities, and you will

probably be aware that there has been a case of gene flow reportedly, or not necessarily gene flow but GM material being found, and these relate primarily to trade and marketing concerns, rather than risks to people and the environment.

5

As I said earlier, all of the GMOs that have been commercially released here in Australia and across the world have been found to be as safe as their conventional counterparts for people and the environment.

10 **MR LINDWALL:** Now, some of the - of course, at the federal level it's about the safety of the scientific analysis of GM, but the moratoria in some of the states, Tasmania and South Australia, have been based upon principally supposed marketing benefits of non-GM commanding a price premium. We examined that in our report.

15

The case in Western Australia, *Marsh v Baxter*, which was determined by the Supreme Court and then upheld on appeal to the Court of Appeal, found that it was quite reasonable to operate GM and non-GM side by side and maintain a separation. Does the OGTR have a view on that particular argument?

20

DR DORNBUSCH: That's not a part of the regulator's remit. That is more a matter of the co-existence of different agricultural production methods - - -

25

MR LINDWALL: Yes.

DR DORNBUSCH: - - - and again, trade and marketing that's related to the production and sale of those commodities.

30

MR LINDWALL: Now, the US Academies of Science, I think, put out a major report about a month or two ago. Is there anything you could draw upon that for us in this inquiry that's worth looking at?

35 **DR DORNBUSCH:** I think most of the conclusions out of the Academies' report reflect what I have said in my opening statement previously.

MR LINDWALL: Yes, yes.

40

DR DORNBUSCH: I would note that there is quite a body of scientific literature, the weight of evidence of which does support the safety overall, and there are a number of recent reviews that looked at some nearly 2,000 different publications, drawing the same conclusions, looking across the body of literature that's available.

45

5 **MR BAXTER:** Can I go back a bit over history? Is this the first occasion that the OGTR has been asked to do an assessment of the virtues or the crimes of a major pasture grass and major crops? And I'm thinking that if you go back over history from the days that William Farrer started doing his breeding in the last 1800s there have been a whole series of new species of forage pastures, grain pastures and so on. Has the OGTR been a repository for work assessing that, or is this the first time that you've had to become involved?

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DR DORNBUSCH: Let's see - - -

MR BAXTER: Or is that a question on notice?

15

DR DORNBUSCH: I'm not quite sure I understand the question, but let me have a go and see what I can provide you, and see if that helps to answer the question. There have been some field trials that have been conducted with genetically modified grasses for pasture purposes, and so those field trials have been assessed and approved with risk management conditions in place, of course.

20

25 One of the things that the office does in conducting the analysis is to examine the biology of the unmodified organisms, so our scientific staff will prepare what we call a biology document which examines elements of the basic biology of the unmodified organism and uses that as a point of comparison for the genetically modified organism.

30 So the staff in the office and the regulator have examined some elements of basic biology of pasture grasses, and also done a risk analysis and prepared a risk assessment, risk management plan, for field trials of genetically modified pasture grasses.

35 **MR BAXTER:** Now that's what I was after. How far back does that go in history? Roughly. I'm not asking you for an exact date, but roughly. Post World War II, or before?

DR DORNBUSCH: The scheme came into existence in 2001 - - -

40 **MR BAXTER:** Right.

DR DORNBUSCH: - - - and so I can't remember the exact year the approval was for the field trials, and my colleagues here may have a better idea, but it was certainly around about 2007-ish.

45 **MR BAXTER:** The process, by the sound of it, has been in place for at

least 12 to 15 years.

DR DORNBUSCH: The process - - -

5 **MR BAXTER:** Yes. So the process itself - - -

DR DORNBUSCH: Definitely, yes.

10 **MR BAXTER:** - - - has been subject to - or the possibility of scrutiny from external sources?

15 **DR DORNBUSCH:** Definitely, from the inception of the scheme, beginning in 2001, the process has been open to scrutiny. It was established as a highly consultative and transparent scheme, and so that public scrutiny has been part of the scheme since 2001, and for the pasture grasses, for example, the same process was followed for that, as is for every single intentional release field trial or commercial growing of GMOs.

20 **MR LINDWALL:** Okay. Now, for a lay people like us, would you be able to explain the difference between traditional GM technology and what are called new breeding technologies, CRISPR and Cas9?

25 **DR DORNBUSCH:** Yes. The let's say traditional paradigm of genetic modification from some many years ago now involved taking a gene from somewhere, another plant species perhaps or from a bacterium, inserting that, cutting the DNA and inserting that gene into the plant, and so many of the traits that we get from doing that are insect resistance or herbicide tolerance, for example. So simply takes a gene from somewhere else, puts it into a plant.

35 The new technologies that we're referring to, CRISPR, Cas9 and other what are called site-directed nucleases, for example, are very precise and highly targeted technologies. They are often referred to as genome editing, or part of a suite of techniques that are often referred to as genome editing. They can make smaller or larger changes. But the main difference between the newer techniques and the older techniques is that the newer techniques are very precise and highly targeted, and you can make small and large changes.

40

The older techniques are not so precise as the newer techniques. However, there is screening during development that does take place for the older and the newer techniques.

45 **MR LINDWALL:** So both techniques are covered under your auspices

in terms of safety?

5 **DR DORNBUSCH:** There is a question about the coverage of the newer techniques. As you may appreciate, the scheme was established in 2001, at which time the prevailing paradigm was the one that you might call the traditional methodologies.

MR LINDWALL: Yes.

10 **DR DORNBUSCH:** And so in an area such as gene technology, where this technology does develop rapidly, you could expect that legislation and regulations may be one step behind the technology, and for some of the newer technologies we're finding that this is the case. And I would point out that this is a matter that will be addressed - - -

15 **MR LINDWALL:** In a review, yes.

20 **DR DORNBUSCH:** - - - in the upcoming expected review of the Act, and the regulator's expecting this year to also conduct a technical review of the regulations, the subordinate to the legislation, to help keep up to date with some of the new technologies that are developing.

25 **MR LINDWALL:** On the basis of it being a much more precise intervention, one could argue, then presumably scientists operating in that field are able to be very clear about the types of benefits that they are targeting to a greater extent than the traditional method?

30 **DR DORNBUSCH:** Both methods would permit the scientist to be clear about the benefits of the traits that they're hoping to produce, and so by what you might call the traditional methods they may produce traits such as herbicide tolerance, insect resistance. There is work going on in such things as improved nutritional properties, drought tolerance, many others that you may have heard of before. The traits that they're trying to put into the plants, the benefits could be equally explained as easily for both
35 older and newer technologies.

40 **MR LINDWALL:** Okay. Now, some people have argued there's a bit of an overlap between the OGTR and the APVMA. Would you care to - how do the two organisations manage that overlap and stop duplication of resources, for example?

45 **DR DORNBUSCH:** Certainly. There are some, as I have read in the draft report, some that claim duplication in the regulatory arrangements between the two organisations. The scheme, when it was established, was established with the intention of it being what's called a gap-filling

arrangement, and so that was from the beginning of the development of the scheme.

5 The office has in place institutional operational arrangements and agreements with other regulatory agencies that help to prevent the duplication of assessment effort that's involved, and so for example the regulator has a responsibility for human health and safety and the environment, and so for GM foods, for example, the regulator doesn't repeat the assessments and the approvals that Food Standards Australia
10 New Zealand put in place.

However, the regulator may refer to the information that is produced by that organisation, and similarly arrangements are in place with the Australian Pesticides and Veterinary Medicines Authority. There are
15 obligations under the legislation, reciprocal obligations to provide advice to each other. Often in the case of the APVMA, the risk assessments that are prepared by the regulator form the advice that is provided to the Pesticides and Veterinary Medicines Authority when they are considering similar or same GMOs under their regulatory regime. And so, always we
20 aim to prevent that duplication of assessment effort.

MR LINDWALL: But just like when you're assessing other scientific sources from around the globe, you need to be satisfied about the veracity and the thoroughness of those investigations.
25

DR DORNBUSCH: Yes, definitely. Our scientific staff hold the expertise of those regulatory agencies here in quite high regard. They also, as they do with any of the literature, they examine - do a thorough critical analysis of the work.
30

MR LINDWALL: Did you have anything, Ken?

MR BAXTER: No, I've got nothing further.

35 **MR LINDWALL:** I think we've covered pretty much everything I can think of. Is there anything final that you'd like to say?

DR DORNBUSCH: No, I don't think so, I think we've covered many of the matters.
40

MR LINDWALL: Well, thank you, we may as well thank you very much for appearing, and I think we're going to have a short break of about 12 minutes or so and resume at 11 o'clock. There's bad coffee offered out there, instant coffee, and somewhat better tea, and there may be something
45 to eat, we'll see, but we'll resume at 11 o'clock with the Australian

Veterinary Association.

ADJOURNED

[10.47 am]

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RESUMED

[11.05 am]

10 **MR LINDWALL:** All right, ladies and gentlemen. We might now
proceed. We've got Melanie Latter from the Australian Veterinary
Association, if I'm not mistaken. So apparently we've moved to make
sure that everyone can hear at the back. Apparently it was a bit hard to
15 hear the last presentation. So if you could introduce yourselves and the
organisation and give us a bit of a presentation about what you'd like to
say today, that would be perfect.

20 **MS BALZER:** My name is Marcia Balzer. I am the National Public
Affairs Manager for the Australian Veterinary Association, and my
colleague Melanie is going to be doing most of the talking today.

25 **DR LATTER:** I'm Melanie Latter. I'm the Veterinary Affairs Manager
for the AVA. So thank you very much for allowing us to speak with you
today. The Australian Veterinary Association, to give you some
background, we're the only representative organisation for veterinarians
within Australia, and we have made submissions to both the issues paper
and the draft report stages of the consultation.

30 We have covered a range of issues in our submissions, but our main
concerns today that we want to talk to are around animal welfare, ag vet
chemical regulation, and biosecurity. In relation to animal welfare, we
strongly support a national framework to coordinate animal welfare.
Since the end of the Australian Animal Welfare Strategy, or AAWS, in
35 2013, we feel that progress has stalled, efforts have become fairly
fragmented, and we feel that there has been quite a bit of loss of
confidence in Australia's animal welfare credentials as a result of that.

40 This is a risk for long-term sustainability of livestock industries. It
risks loss of consumer support domestically as well as putting our export
markets at risk ultimately as well. We were very supportive of the
inclusive framework that was AAWS, Australian Animal Welfare
Strategy. It was collaborative and it had a - represented a broad range of
stakeholders.

45 We don't have a specific policy on whether there should be an

independent body or not. However, having said that, we feel we definitely need leadership at the national level, and an independent body such as the one you've described in your report we feel could solve a lot of those problems. It could enhance - you know, overcome some of the problems that we saw with AAWS. It could build on that, and become quite a successful thing.

The NAWAC in New Zealand would be one model that we feel is a sensible solution. Potentially this could help overcome some of the problems that we're seeing with both the process of development of national standards and guidelines, and also the lack of consistency in their implementation that we're seeing nationally, so we do think that that's a very good recommendation.

We've participated in the development of all of the standards and guidelines so far. We have some advice on how the process could be improved and could have more rigour. We support the concept of having a strong research, a strong science basis to the development of animal welfare standards and guidelines with consideration of not only animal welfare science, but also the social sciences.

Specifically the sciences underpinning those standards should be sourced from independent researchers, and the process by which the regulatory impact statement is conducted we feel could be improved. Currently it's a process of weighing up the cost to industry versus the benefits to animal welfare, so it's a cost-benefit analysis. Apart from the fact that those things can't easily be compared, there's a little bit of a flaw in that process, but also we feel that the process where we have economists basically running the regulatory impact statement process who are very well versed in the cost side of the equation in terms of industry cost. We feel that addition of animal welfare scientists to that process to ensure that the other side of the equation, which is the benefits to animal welfare, would definitely improve our confidence in that process, as well as looking at benefits to the community of having their expectations met, so we feel that there's more rigour could be brought to that process.

And obviously, as we've mentioned, the other big hole in our animal welfare regulation is the lack of consistency across the jurisdictions in implementation, with some states opting not to bring the standards in as standards, and they're all implemented slightly differently in each jurisdiction.

We think that also ensuring the states and territories implement the standards consistently, we think that that could be assisted by seeking agreement at the outset as to how they will be implemented, and also

national drafting instructions which actually advise how to put these into your legislation are actually quite a good method. They were used many years ago when the Pig Code was implemented, and that seemed to result in better consistency in how that code went into each state's legislation.

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We strongly support the recommendation 5.2 in the report that outlines how state and territory governments might increase independence, transparency and resourcing of their monitoring and enforcement activities, and we also strongly stand behind the concept of independence of regulation and auditing of the live export industry, including the independence of veterinarians on board ship, and we believe that the current regulatory framework should be strengthened rather than diluted.

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Moving onto ag vet chemicals, our key concerns revolve around ensuring both access and safety of veterinary medicines. We strongly endorse that veterinary medicines registered in Australia should be exempt from the globally harmonised system, the GHS, which is due to come in in January of 2017.

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We believe that the current system of APVMA assessment and labelling is robust, and it's excellent, in fact. In terms of addressing work health and safety risks, we think that that's more than adequate. We are supportive of allowing registration of medicines that have already been assessed by equivalent international regulators with similar standards to Australia to make the process more efficient.

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A problem that we see in control of use regulation is the variations and inconsistencies between the different state jurisdictions. We would endorse attempts to harmonise these systems as they apply to veterinary medicines.

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And finally there is a need to reform what is known as the "do not use" label restrictions in the way that they are implemented in Australia. Sometimes - we have gone into detail in our submission, but sometimes this results in sort of, just due to lack of information in one particular species, a complete ban on use of a particular product which we have very good data on in equivalent species, and sometimes it's really - there's no real basis to that ban other than lack of data, and we would recommend that we follow New Zealand's lead, where they will establish a default withholding period for those sort of situations, such as the 35 day withholding period for milk they use.

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And moving on finally to biosecurity, we have detailed in our submission ways that we can achieve the desired outcome of maintaining

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5 a strong and effective biosecurity system in order to protect Australia's favourable disease status. Our recommendations include that employment of government veterinary officers should be enhanced and improved. There has been a decline over the past several decades in that area, and also there has been a reduction in government veterinary laboratories, and certainly in terms of their distribution in places like Queensland, so we would recommend that there be no further reduction in those laboratories, so that our robust surveillance system can be ensured.

10 We also feel, in terms of enhancing surveillance, we need to better resource and promote schemes like the - it's known as NSDIP, which is National Significant Diseases Investigation Program, NSDIP. This is something that involves private practitioners in surveillance to help - to assist our government colleagues in their work, and we feel that better resourcing of those schemes will lead to a stronger biosecurity system in the country.

20 And finally we have outlined some recommendations in our submission around reducing the risk of trespass. We feel that improving transparency around animal welfare standards through mechanisms such as accredited quality assurance programs as well as, you know, better monitoring and enforcement bioregulators and transparency around those processes as well will give the public the confidence that they need to ensure their continued support of our livestock industries.

25 We think that rather than new trespass legislation being introduced, that actually transparency around industry practices will reduce the need for citizens to feel compelled to undertake their own investigations. So they were the main points that we wanted to cover today.

30 **MR LINDWALL:** Well, thank you very much. Shall we start with the animal welfare side of things? The - you know, in our proposal, of course, which was for an independent body, we did have in mind that it be statutory, but we didn't formulate that in the draft report, but the Productivity Commission is a model in itself, because the Act, the Productivity Commission Act, actually provides that at least one commissioner have environmental qualifications, at least one have social policy qualifications, and at least one have industry policy qualifications.

40 So I can see what you're saying with the veterinary qualifications being very similar to that in one respect, that if you had a statutory body and it had economic expertise, something like ethical side, I guess, and then veterinary side for the welfare - - -

45 **DR LATTER:** Yes, yes.

MR LINDWALL: - - - is probably not a balance, would you agree with that?

5 **DR LATTER:** I think a veterinary scientist, particularly - many have specialised in animal welfare science, so we have an Australian college, and people do membership and fellowships in animal welfare science, which involves both science and ethics, studying both areas.

10 But there is also animal welfare scientists who are not veterinarians, and they also could contribute quite appropriately to that process.

MR LINDWALL: Now, New Zealand NAWAC is, I understand - I think Ken said this was - is chaired by a veterinary officer, so I remember we spoke to him when we visited there, so it's a model that you quite support too, I guess?

20 **DR LATTER:** Yes, and they have Professor Kevin Stafford and David Meller, and David Meller is actually not a veterinarian, but they are very - you know, they are world renowned animal welfare scientists, and Kevin is a vet. But they contribute enormously to that process over there, and their research is, you know, independent, it's peer-reviewed, so that's - that's a process that works.

25 And I think in those situations too we were just talking before about how you can - you need to be - you need to demonstrate that you reviewed all the relevant literature, and if you - it's like a critical review of the literature. You have to demonstrate why you've included some evidence and not other, or some literature and not other literature, so that that's very transparent, so you can't be accused of cherry picking information that suits a particular position.

30 **MR LINDWALL:** Now, my questions to the RSPCA was about the exemptions to pre-slaughter stunning. Is that - does the AVA have a position on that?

35 **DR LATTER:** Yes, we have a policy that all animals should be stunned before slaughter, absolutely. The Halal slaughter currently in Australia, the majority of the time there is pre-slaughter stunning, it's reversible, but at least if it's done effectively it's good. But we would advocate that all forms of slaughter should have pre-slaughter stunning, absolutely.

40 **MR BAXTER:** Could I just raise a question, and you needn't answer this if you don't want to, but aren't veterinarians in an interesting situation, though, with animal welfare? And dare I say, looking at what happened in

5 New South Wales with the greyhound industry, that is the same obligation, or does the same obligation exist between a veterinarian and their client, who might be a wool grower or a beef cattle producer, as exists between a doctor and client? And that a veterinarian might go onto a property and see, for example, mulesing practices which are not satisfactorily dealt with or calving practices that are not satisfactorily dealt with.

10 Where does the point reach, or when is the point reached, that a veterinarian has to turn round and say, "I don't think these practices meet proper standards and therefore I should either notify the RSPCA or the Department of Agriculture"?

15 It seems to me veterinarians are in a - in a sort of very difficult situation, and how do we deal with that - well, can I also say, and I want to come back to it, is the issue of independent audits of livestock that are exported for slaughter, in whether it's Indonesia or Vietnam or wherever. But is there a fundamental ethical principle that underlies the veterinary code of practice?

20 **DR LATTER:** All veterinarians are - as part of our training, and often as part of the oath that we take when we graduate, and again as part of our code of ethics as professionals and as AVA members, we are bound to prioritise an animal's welfare above those other interests.

25 Of course, those things that you mentioned on the farm are challenges, but vets, by nature of their training and the ethical code of conduct that we follow, do feel that it's their role to advise if they see something that's not right.

30 And it's - I think often the education approach is the first approach, rather than, you know, reporting. If they can change the practice on the farm by educating the owner - - -

35 **MR BAXTER:** That's a much better outcome.

40 **DR LATTER:** - - - that's probably their first step. But I think also vets - and it's the same in small animal practice. They get to a point where if they see something and it's not right and it's not changing, they will notify the authorities.

MR BAXTER: Okay.

45 **DR LATTER:** Did you want to say something about that?

MS BALZER: Yes, so it's not comparable to a doctor and a patient, because there is that - you know, there's a client, but there's also a patient.

MR LINDWALL: Third party, yes, yes.

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MS BALZER: So they are two sort of - and sometimes the interests aren't necessarily - don't necessarily coincide. But I think one of the ways that that education process takes place on a farm, for example, or in any vet practice, really, is to explain the benefits to the client of doing things differently.

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So - and I think that's very much a very common way that vets communicate about how to improve the welfare of the patient in those situations where education is the first port of call. But they do - I mean, I

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You know, and foremost in their minds is the benefit to the animal, I think. So it's a case of if you report too soon, then what's the consequences of that for any of the animals in that person's care. So it is a difficult line, and it can be a fine line, but I think it's - the other thing is that many of the vets are registered to practice in their state and territory. It's not a national registration like human health, and so it's a bit different with each state, but many of the states have codes of conduct which the disciplinary body, the registration board, judges a vet's conduct against, and many of those have quite explicit statements about the role of animal welfare and the consideration of animal welfare as well as, you know, the AVA's code of professional conduct and oaths which may or may not take place at graduation.

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MR LINDWALL: The upshot of it is that if a veterinary officer was in cahoots with a farmer in poor practice, very poor animal welfare, ultimately the veterinary can be struck off the register, I assume.

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MS BALZER: Yes, certainly.

DR LATTER: Yes, disciplined.

MS BALZER: Yes, certainly if there is a complaint to the board, the board can discipline, yes.

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MR BAXTER: And the second one I want to raise is over this business of auditors on export vessels, or live export vessels. One of the propositions that's been put to us is that there should actually be an external audit done, independent external audit, and again, it's sort of -

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there's a fuzzy boundary. If a veterinarian is on board, I would have thought that veterinarian has to be the employee or commissioned by somebody independent other than the owner of the livestock.

5 I also understand that there are some quite large firms that, you know, like Bureau Veritas and Lloyds and others who do this sort of auditing. What has been the experience of your members in dealing with these situations on export or live export vessels?

10 **MS BALZER:** I'll go, shall I?

DR LATTER: You go first.

15 **MS BALZER:** Okay. So I think our position has been for several years that on board veterinarians ought to be independently employed.

MR BAXTER: Right.

20 **MS BALZER:** And whether that's by the Department or by some other independent organisation, we've been very, very vocal about that, and we see that as reducing - you know, eliminating any perceptions or actual conflicts of interest, and you know, I don't - that's not casting aspersions on anybody's practice, but we see that as an important measure.

25 That's the first thing. We haven't really gone into too much detail on the audit side of it, apart from extending that principle - we would suggest that, yes, independent audits would certainly be - - -

30 **MR BAXTER:** But it is possible that, say for example - let's stick with BV for the moment, that they could employ a vet, he goes on the ship that's exporting, say, 1,000 live cattle from Darwin to a port in Indonesia. Now, the only question that arises is who pays that fare, which presumably the livestock exporter is saying, "No, we don't want to pay for them." Is that a responsibility that governments should take on, in terms
35 of funding?

DR LATTER: We think that the livestock exporter can fund that. It's a cost of doing business.

40 **MR BAXTER:** Right.

45 **DR LATTER:** But that the government or an independent body actually employs that person, so that that person can then report without fear the true - you know, a true account of what they've experienced, and without fear that they won't be re-engaged at a later date, and we have had reports

from vets that say that they haven't been asked back when they've given unfavourable reports.

MR BAXTER: Okay, good.

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MR LINDWALL: Now, obviously it's all very well to, as we've said in our report, to have credible standards about animal welfare and so forth, and the enforcement of it, of course, is sometimes very patchy due to resourcing constraints and the RSPCA does it in some states, for example. Have you got any guidance on what the AVA thinks could be done to better enforce and monitor animal welfare practice in agriculture?

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DR LATTE: We think that - sometimes industry co-regulation can work, where you have an industry QA program that is endorsed by the state regulators, and that the auditors are then audited, so that can help sometimes where resources are spread a little thinly.

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Ultimately better funding of RSPCAs and, in New South Wales, Animal Welfare League, but in most states those sorts of groups - better funding so that they can employ more inspectors, so that they're not limited in having to not back some call-outs because they just don't have the capacity, would be a good start.

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MS BALZER: I think that resourcing is what it always boils down to, and whether you're talking about state departments of agriculture being the enforcement body or RSPCA or whoever, it's - you know, there isn't sort of - there are a whole lot of conflicts, potential conflicts, and - but really it all boils - you know, really the basis seems to be a really serious lack of resourcing, and that seems to be what you come up against time and time again whenever you're looking at policy settings relating to welfare. And whether that's companion animals or livestock, that seems to be the stumbling block at every point.

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DR LATTE: The other thing, too, is I actually did work in Queensland as a regulator in animal welfare for the Queensland department, and we had RSPCA inspectors as well as departmental inspectors, and due to the lack of - I mean, it's a complaints-based system, and so you're often reliant on somebody already identifying there's a problem and calling, and that leaves the gap of the unknowns, and so one of the things we tried to introduce were monitoring programs where we'd go out and audit, with notice, but we still - you know, there's sort of that regular monitoring of what's going on. And that's a good addition to the complaints-based process as well, to pick up maybe things that are, you know, hidden, so - - -

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MR LINDWALL: Yes, yes.

5 **MR BAXTER:** And it was put to us in other - that one of the easier vehicles for doing this was actually a situation where livestock would have to come in for sale at a local saleyard, and that it would be possible for the either local Land Services Board in the case of New South Wales officers, or the agent to turn around and say, "Those cattle or those sheep are not fit for sale" and direct that the farmer take them back again, or presumably if the case is really bad, to impound them and say, "Well, 10 we're waiting till we get the inspector in."

15 Is that a means of dealing with the lack of adequate resources? I mean, particularly thinking of Queensland and the difficulty with spreading - well, and probably Western Australia, the vast difference, that compliance becomes a real headache.

20 **DR LATTER:** It's one of them. I mean, in addition to all of those other things, it's certainly a good idea to have someone at those saleyards monitoring the condition of stock as they turn up. And I say in addition to that, another really good way of doing that is at the abattoirs, when they arrive, is you can get a very good account of what's happening on the farm if you look at the condition of stock that arrive at abattoirs.

25 And one gap in Australia is we have veterinarians at our export abattoirs, but we don't have them at our domestic abattoirs, and I've known vets who've worked in those situations have said to me, look, you know, at the domestic abattoirs we see bad things come in, but there's no regular veterinary presence there, and we think that that would be a good addition, to have veterinarians at all - you know, within limits. Or a 30 veterinary presence, at least, so that maybe, you know, intermittent visits.

35 But if they're too small to, you know, to justify a full-time veterinarian, but we do think that you could have a vet or an animal welfare officer, somebody trained in that space.

40 **MR BAXTER:** But it would be highly likely that somebody like Teys up at Aberdeen who supplies, well, predominantly Woolworths, it'd be almost in their interests to have a vet present, I would have thought, from a marketing point of view, leave aside the animal welfare. And there must be similar abattoirs that are predominantly for domestic in Queensland, where a similar thing would apply.

DR LATTER: Yes, yes, we would be all for that.

45 **MR LINDWALL:** Now, we received a submission from the Dairy Goat

5 Society of Australia which said that there's - and I think this alludes to what you were talking about earlier, that they've had - they don't get access to pain relief medication which has been registered for cattle, sheep, pigs and horses for disbudding and castration, but they're not available to goats because there's not a large enough market. Would that be right? You'd agree with what's their saying?

10 **DR LATTER:** That's one of those "do not use" labelling issues, and it wasn't about the size of the market, it was about the lack of residue information, and that goes back to that. In Australia, the precautionary principle is a little bit - goes too far, because it just says, well, if we don't have the information, we'll just have "do not use", and then it's illegal for even a veterinarian to prescribe it off-label.

15 So what we're advocating is a similar system to New Zealand because that's where they say, look, if these might be used at any point in their life to produce milk for human consumption, even if they're, you know, babies having their buds taken off, you can't use this product, but we know that it's perfectly safe in cattle and sheep and, you know, all the other equivalent species.

20 So we would say a better option is that default withholding period, let's say 35 days, and that would be sensible. We do believe, though, with the Meloxicam it has come in, that APVMA have permitted that in that instance, but there is certainly other examples in goats where that occurs, and - - -

25 **MR LINDWALL:** So in other words, there can be harmful animal welfare practices because of unavailability of - - -

30 **DR LATTER:** Absolutely. And health, too, there's inability to treat, you know, problems with parasites and things, when really there's no logical or scientific reason not to use that - - -

35 **MR LINDWALL:** That makes a lot of sense. And finally from me, given the time, the - sometimes there's a conflict between what the community thinks is good animal welfare practice and what is good animal welfare practice. How do you - advice on how to bridge that gap?

40 **DR LATTER:** I think we have to take into account the animal welfare science, but you also have to look at the ethical considerations, and you know, the social science, and the fact that expectations are also important, and you have to factor all of those into the ultimate benefit, I suppose, to community and animals combined.

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And sometimes it's a matter of some community education, but I think to be fair that the community tend to react fairly empathetically, and that that's not inappropriate, and I think that we have to include that - you know, it's not just about the science, it's also about the social science.

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MS BALZER: And I think good research into community attitudes and perceptions will include a bit of education, so that you can really kind of get an informed view of what those community values are, and I think you've highlighted that in your draft report and that's, you know, completely sensible.

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And when you're making a regulatory impact assessment, then you're balancing up costs to everyone, benefits to welfare and benefits to the community in meeting their perceptions and having confidence in the animal products that they use.

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MR LINDWALL: Yes.

MS BALZER: So I think that that assessment is a multi-directional one that a number of different interests need to be balanced.

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MR LINDWALL: Okay.

MR BAXTER: I've only got one very quick question. You made a point about the regulatory impact statements and the processes should be undertaken with an animal welfare science background. Has that not happened in the past with RISs?

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DR LATTER: What happens is that, for instance, the bobby calf or the sheep standards would be examples, where there is a process where the consultants look at the economic impact, obviously, to industry, but - and they also take submissions on the science, so people like us or RSPCA can send in their comments on the animal welfare science, but there's not necessarily an animal welfare scientist subcontracted to look at - to actually assess the science.

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So we've got people who perhaps are trying their best to assess what they're being told about the animal welfare science, to balance that against cost, which is dollars, so you know, it's a difficult equation anyway, and perhaps we think that if that was subcontracted, if the animal welfare benefit side of the equation was subcontracted to an animal welfare scientist to give independent advice on the true meaning of that animal welfare science, that might just be a little bit more robust than what's currently happening.

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MR BAXTER: Okay.

5 **MR LINDWALL:** Sorry, one I should have asked, and we are a bit behind, but we started a bit late, so it's fine, we're still within your half hour, the GHS labelling, now that (indistinct) - there's costs and benefits of that, and you don't think that it's needed. You assess its net cost, in other words. What are the major costs, do you think, of applying GHS?

10 **DR LATTER:** Well, not a dollar cost, but I suppose there's a risk of diluting the message that's already there, because they're very - the APVMA labels around work health and safety are very targeted. Perhaps another whole layer of information might dilute that message. There could be some product that, if it's not compliant on 1 January, there'll be a hold up in terms of the supply.

15 I'm not sure if it will result in increased cost to industry of that, of producing the actual drugs. That's something I'm not an expert on, by any means, but if there were increased costs of actually then producing the drug because of the extra labelling, that could mean some drugs are less
20 available to animals, and I worry about the animal welfare impact if they can't be treated.

MR LINDWALL: Of course. All right, thanks. Well, thank you very much for appearing then.

25 **MS BALZER:** All right, thank you.

DR LATTER: Thank you.

30 **MR LINDWALL:** We appreciate it. We'll now move to Sarah McKinnon from the National Farmers' Federation. Hello, Sarah.

MS McKINNON: Hello.

35 **MR LINDWALL:** And as usual, if you just say your name and organisation and whatever else you want to tell us.

40 **MS McKINNON:** Yes, sure. So I'm Sarah McKinnon. I'm the General Manager of Workplace Relations and Legal Affairs at the National Farmers' Federation, and thank you to the Commission for this opportunity to talk about this very important inquiry, which we are already using and quoting all over the place, so we are very grateful.

45 I should preface by saying that we've filed a comprehensive reply to the draft report. I'm the workforce policy person, so if there's areas that

you're interested in that I'm not able to help with today, I'm very happy to take it on notice.

MR LINDWALL: Take it on notice, yes.

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MS McKINNON: Thank you.

MR LINDWALL: So did you want to give a bit of a presentation to start with, then?

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MS McKINNON: Look, I think really for us, red tape is a big issue for the farm sector, and it's useful for us to have the Commission identify particular areas where perhaps the regulatory burden is disproportionate, and it's a difficult area to address, because I think there is broad scale sympathy for red tape and the burden that that brings. But having the capacity to wind back the level of regulation is a challenge and an ongoing one.

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So how to achieve an outcome which makes it easier to be a farmer in Australia is really what we're interested in, and as you can appreciate from the range of issues dealt with in your draft report, it's a huge area, and everywhere you look there is an opportunity to improve.

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Particular areas for me are around workforce regulation, and I know that that's an area where other inquiries are also underway or have been had. Having said that, I think it is useful for us to understand how the Commission perceives the impact of regulation, despite those areas being considered elsewhere, because having different views on how matters should be approached is helpful to inform the policy debate going forward. So I'll probably just leave it at that broad level, and - - -

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MR LINDWALL: Okay. Well, how about we start on workforce regulation, then?

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MS McKINNON: Yes.

MR LINDWALL: Now, your sector is a large employer of 457 visa holders, obviously working holiday makers and seasonal workers too.

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MS McKINNON: Yes.

MR LINDWALL: And there is a whole lot of issues around that, and of course, there's the issue around local labour and getting them into the right place at the right time, which can be a bit challenging in certain more remote places in Australia, and as you know, we produced the Workplace

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Relations Report a while back, and the government's still working on that, I suppose, but what are the particular issues - if we look first about immigrant labour, as in the 457 - the temporary workers in particular, that you'd like to highlight?

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MS McKINNON: Well, it's interesting that in the workforce context, 30 years ago, the big issue for the farm sector was what were the wages and conditions on farm.

10 In this environment, the biggest issue for farmers is how do we get workers onto the farm, how do we find them, and then let's work out, you know, what the rules are. It's a real challenge, and ten years ago, the farm sector was facing serious labour shortages off the back of two very impressive droughts, and really the position's never recovered.

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And what the government did ten years ago was that it changed the Working Holiday Maker Program to make it more useful for the farm sector as also a work incentive. So what we've seen over the last ten years is an increased reliance on the Working Holiday Maker Program, to the point where now we use about 40,000 backpackers every year on Australian farms.

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Unfortunately, in recent times, the use of overseas workers has become increasingly political, and it's very common to see in the political debate on the television stories about terrible experiences on farm, and that has implications then for how governments feel about continuing to make it happen, and so it's really difficult as a policy area.

25

In agriculture, we don't compete with other sectors of the economy - we don't compete - you know, overseas workers don't compete with local workers for jobs, because if the local workers want jobs on farms they can come and get them, but they don't. And if they do come, they tend to stay for one or two days, with the odd exception, and when you do get an extension it's wonderful, but it doesn't happen all the time.

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So we don't compete with the local workforce, and I think we do as a society have to accept that economic migration for agricultural worker is where the future of our lower-skilled workforce lies. That's the experience in the US and in Canada, and we think it'll be increasingly the experience here.

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So how then do we make sure that we have the policy settings right to facilitate that without it becoming a constant political football? So we've got a number of ideas. Critically we think we need a dedicated visa solution for agriculture. There is the seasonal worker program, and that's

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a good program, but it is also a foreign aid program, and there are competing objectives there around supporting the economic development of the Pacific and East Timor, while at the same time helping to address labour shortages in Australia.

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That program is going. It's gone from about 20 approved employers over the last year or so to about 70, so they're increasing at a rate of about 40 per cent a year, so it's huge. But with that growth comes difficulty, I think, in administering the program at the government end, and so we are, you know, sometimes now experiencing a situation where the department, trying to manage the program as best it can, but having regard to the risks associated with managing an overseas worker program, is making decisions about how many farm workers a farmer can have and when and where, and farmers need to be the ones making those decisions.

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When they need the work, they need the work, and they can't have that decision held up by bureaucratic approval, so we need to look at how that program is working. In New Zealand, the RSE is a similar program and what they've done is moved it to an industry owned model. So it's a partnership with industry and government, but it's run by industry because industry understands the farm labour needs.

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So that's something we'd like to look to as a future opportunity to improve the program and make it work, and in the meantime, I think we do have to have the conversation about whether that program can and should provide all the overseas workers that agriculture is going to need, or do we need a specific program, which is just a work program, which doesn't have a holiday or a foreign aid element to it so that the political argument isn't about what is the reason for the person being here, but rather, you know, it is accepted that workforce solution is the primary consideration.

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MR BAXTER: Could I just interrupt on that? Does the Pastoral Industry Award still exist?

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MS McKINNON: Yes.

MR BAXTER: And if it does exist, to which the answer is yes - - -

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MS McKINNON: Yes.

MR BAXTER: - - - are the conditions of that award such that they in fact limit the capacity of a farm employer to be flexible in the engagement of labour?

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5 **MS McKINNON:** Yes, certainly. And so the Pastoral Award does still exist. It's the oldest award in Australia. It has more flexible provisions than many awards around hours of work, so for example, in most industries under the Pastoral Award, you can average your hours of work over a four week period, and that allows for variation in hours with peaks and troughs.

10 But that rule doesn't apply in the same way to all industries under the Pastoral Award, so the pork industry is a good example where the - what happened in 2010 was that a range of industrial awards across the country, thousands of awards, were condensed down into 122, and in the Pastoral Award what that meant was that industries such as poultry and pork and dairy and shearing were all brought within one instrument. And - but
15 whilst that happened, the individual hours of work and related arrangements were not merged, so you have different arrangements for different parts of the pastoral industry, and we don't know that that's the best outcome, given that all are suffering from the same uncontrolled environment, for the most part.

20 **MR BAXTER:** Well, contemporaneously with that, in each of the states is there equivalent to the Rural Workers Accommodation Act which used to prescribe fairly stringent conditions on which labour could be employed on rural properties? Or has that disappeared with - - -

25 **MS McKINNON:** It's possible - look, I'd have to take that on notice. It's not something that has ever come up for me. Certainly you can employ people wherever you like. Where you get issues with people staying on farm, it's more the retail tenancies legislation that seems to be applying.

30 The question is whether or not it's actually a rental, a lease arrangement, or is it some kind of other on-farm benefit, but perhaps I can come back on that?

35 **MR BAXTER:** Yes, if you wouldn't mind.

MR LINDWALL: Is there anything else you wanted to add, or shall we - - -

40 **MS McKINNON:** So that's the - that deals with the semi-skilled labour, but the other part of the migration policy framework is the skilled labour, and the 457 visa. We don't really use it much in agriculture, with the exception of particular industries, meat and pork and dairy.

45 **MR LINDWALL:** And pork, yes.

5 **MS McKINNON:** Because we can't get our workers in through the program. Our jobs are not on the list of eligible occupations, and that's a huge barrier to access to the program, so I think it's about 1,000 workers under the 457 program, under the broader agriculture industry.

10 So we really need the government to make provision for changes to that list where you can show there is a job that exists in the community. Because if we can get "senior stock person" on the list then we can use the program, and that's the only real change that we need to get access to that program.

15 **MR LINDWALL:** So it's not the minimum wage that's required under 457 visas?

20 **MS McKINNON:** That's also a challenge. It's fine for some and it's not fine for others. \$53,000-odd might seem like a fair market rate in some areas, but in other areas it's far above the market rate, so we would like to see the re-introduction of regional concessions, and we've called for that in the 457 visa review and here.

25 But I think, you know, getting access to the program is the first thing and then, you know, critically if you can get access to the program because your job is on the list, you don't then have to negotiate a labour agreement and concessions to the general rules, and because negotiating a labour agreement takes years and costs a lot of money, and there are no guarantees at the other end that you will get the worker in the end because ultimately they're not bound and nor should they be, but they might make a decision six or 12 months down the track that they have actually got a better idea.

35 **MR LINDWALL:** How's the demographics of farming changing? Obviously you have an ageing population like the rest of Australia, probably more rapidly ageing in some ways, and the children of farming families are often moving into different occupations and away from the farm. That itself presents a challenge for the future, I imagine.

40 **MS McKINNON:** Yes, look, I think you're right to say, though, that that is Australia's challenge, not just agriculture's challenge. And we have in the last two years seen a nice shift back to increasing numbers of agriculture enrolments at university, and we are also seeing a lot of people coming back to the farm. So it comes and goes. The mining boom sent a lot of people out west, but as it receded, so did our sort of labour shortage.

45 **MR LINDWALL:** Yes.

5 **MS McKINNON:** So we think there's reason to be optimistic. I think there's a lot of buzz around the agriculture industries at the moment and all the technology and opportunities to farm smarter is really interesting to young people, and so we hope that that will make a difference in people coming.

10 **MR LINDWALL:** Okay. We probably should move on to animal welfare then, I suppose, because otherwise there are a lot of topics.

MS McKINNON: Yes.

15 **MR LINDWALL:** Now, I think the NFF doesn't support our independent body idea.

MS McKINNON: No.

MR LINDWALL: Would you care to, I mean, expand on that a little bit?

20 **MS McKINNON:** Yes. Look, I think we do support strong standards and rigorous science-based standards, but again, animal welfare is an issue that is political. It's not just a matter of making sure that there are good outcomes in the farm production process. The animal rights argument is actually much more about getting rid of animal production in the long term. So you have to start from the position that this is a political issue, and how do we then come at it from a point of view that recognises the vital role of animal production in our lives?

30 Ultimately, you know, we are always going to need it, so we need to move past the debate about whether it's a good idea or not. So we have supported scientific standards and we certainly want them to be evidence-based standards, but we don't know that having an independent statutory office is the best way to achieve that.

35 **MR BAXTER:** Could I just sort of be the devil's advocate on this for a moment? We had a very close look at the New Zealand system, and one would have to say that proportionately there are more animals wandering around New Zealand to the human population than there are in Australia, and that the New Zealand economy even more so than ours is probably far more dependent on their industry.

40 Have you had a look at and critiqued the New Zealand model, and if so, what's the NFF's view about the New Zealand model?

45 **MS McKINNON:** I'd have to take that one on notice as to - - -

MR BAXTER: Okay, well, could you put that on notice?

MS McKINNON: Yes, certainly.

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MR BAXTER: Because the New Zealand model appears to have been, on the face of all the evidence presented to us, have been a very effective model.

10 **MS McKINNON:** I can certainly have a look at it. I mean, we have looked at the various options and, you know, the - again, though, the office idea is political, and the - - -

MR BAXTER: But equally political in New Zealand, if I may say so.

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MS McKINNON: Perhaps, and maybe never can we separate the two, but because it's - you know, if you have an agency that's statutory, then it requires statutory appointments made by political parties, so if you're going to have it as a credible entity where - which inspires trust and confidence from industry, you need to make sure it's sufficiently independent and respected.

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MR LINDWALL: Which the NAWAC in New Zealand is. I mean, it's been going for many - a couple of decades now, so - I mean, it is - do have a look at it, because I think it is an interesting model, and you are right about the politicisation of this, but in a way the only thing that can hold back the tide of political pressure in one direction is a credible science and research arm that you can show that is not biased by a particular interest group.

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All right. Let's - how about moving on to ag vet chemicals? As you know, we said that we need - the APVMA should have a greater use of overseas approvals processes from credible agencies, and I think you support that.

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MS McKINNON: Yes.

MR LINDWALL: Have you got some good examples for us that we could use of where animal welfare practices or the farm management practices have been affected in a negative way, perhaps, by the manner - well, it's because of the unavailability of certain types of chemicals and pharmaceutical products for animals?

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MS McKINNON: No, I'm afraid I'd have to come back to you on that one.

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5 **MR LINDWALL:** Okay. And the - so I think that's all right, we don't need to cover that more, too much more. As for transportation, the - you know we've asked for a greater standardisation and being able to use heavy vehicles across different borders, reducing the number of permits for heavy farm vehicles to move across public roads and that like. Have you got anything to say about that that might be worth adding to this submission?

10 **MS McKINNON:** It's a - I mean, I think we've sort of set out our position there, but it's an issue where, you know, with the right resourcing and effort, the NHVR can be a huge asset to industry, but it's not there yet.

15 **MR LINDWALL:** Yes, I think that's - a lot of people are saying that.

20 **MS McKINNON:** That's right. So it's just about how you get the most value out of the system, and you know, to their credit, they have been very engaging and consultative with industry about what they're doing, what they're doing well, perhaps not so well.

So we think, you know, given time things will improve. But there is always this cross-border inconsistency and frustration about a rule that happens - - -

25 **MR BAXTER:** I mean, I just amplify that somewhat. I think we'd be interested to hear what the view of NFF is over the issue of how far down the funding goes, because one of the problems with the NHVR is that many of the farmers, particularly where they've closed what are called uneconomic (indistinct), the guys are putting in big trucks with dogs on the back of them, going over bridges in local government areas that were never designed to take them, everybody's keeping their fingers crossed that nobody's killed when one of these bridges with a wet truck on it goes into the river.

35 If the funding arrangements for the NHVR led to a more sensible road (indistinct) policy, what would be the NFF's view about the possible introduction of road charging to fund those bridges, to enable those roads to be better, and to develop a consistency between the states, particularly since - between New South Wales and Queensland, for example, there's a hell of a lot of traffic that crosses the borders?

40 **MS McKINNON:** Look, we would support any good outcome, and - you know, but critically, you know, if you're paying for a product, you want to make sure that it is delivering what it offers. So I think getting to road use

charging also, you know, that's the step that follows the commitment to improvements and delivery of them, because otherwise you're going to have people increasingly frustrated about now being asked to pay for something that they've been complaining about for 20 years. So we will always look at it and if it delivers value for money, you know, that's something we'll consider.

MR LINDWALL: The NFF has a very proud position over many decades of supporting the liberalisation of the economy and the reduction of tariffs and the removal of statutory marketing boards, so I would like you to explain, Sarah, why the NFF now thinks that we should keep the sugar marketing legislation in Queensland, industry amendments legislation, and the Rice Marketing Act in New South Wales, which seems to be counter to the NFF's long held position to all these types of things?

MS McKINNON: Well, I think on the rice marketing, what we would like the Commission to consider is having a look in detail at what's happening in that framework because we're not sure that the findings on other marketing arrangements are equally applicable in the rice context. In the sugar industry, we have some real issues there around imbalance of power and very large multinational companies, many overseas, not very many Australians left, in fact one, I think, so there's some real market distortions in that environment.

MR BAXTER: Can I just test that a bit further? It was the sugar growers who in fact jumped up and down and wanted the removal of CSR, admittedly an Australian - well, predominantly Australian-owned company, who operated as the sugar authority for the export and sale of all export sugar. So not dissimilar of the old Wheat Board.

There seems to be a modicum of inconsistency between, on one hand, the sugar cane growers wanting to toss out the CSR and the acting as the sugar board, and then having three or four international competitors in the actual marketplace. So I mean, it's not as if Wilmar or the others are a monopoly, there is in fact active competition between them. I would be interested to see the logic of argument that lies behind it. And I understand the politics.

MS McKINNON: Yes, sometimes you can't separate them.

MR BAXTER: Well, can I say I think it would be useful for good policy formulation for the - at least put in on the basis that if you were moving into a pure economy, into one which competition was seen as the fundamental principle, this would be what might happen. And I would think that there needs to be some consistency, particularly if you're going

to be arguing about what the supermarkets might or might not be doing. So there's competition and ACCC considerations that underline the principles.

5 **MS McKINNON:** That's true. And that is, I mean, in a way the two are interlinked, you know, if we can get the competition laws to a point where we actually do have fair competition in the market, then some of these concerns can be addressed adequately. We only have the unfair contract terms now coming into effect in November and they are only limited to
10 certain contracts of a certain size. So if we get to a point where the competition laws provide an adequate structure and remedy for misuse of market power, then I think concerns around barriers to competition fall away.

15 **MR LINDWALL:** We should move briefly onto foreign investment in agriculture, which of course we made a recommendation that the threshold should be increased back to the status quo ante of \$252 million. I don't think that the NFF has a position on the foreign investments rules. I have a feeling that you're a bit - some of your members support it and others
20 don't. Would that be a fair assessment?

MS McKINNON: Yes, although we have supported the lower threshold for foreign investment, but critically we've also sought transparency around how the test is applied.

25 **MR LINDWALL:** Yes, and about a register being available too - - -

MR BAXTER: Could I add to that a question that arises if you read this morning's Financial Review, and in the section dealing with what appears
30 to be a very buoyant agricultural sector, one of the things that is prominent in a couple of those articles is the fact that the foreign investment brings with it much needed capital, which is not forthcoming from some of the big Australian superannuation companies and others.

35 **MS McKINNON:** That's right.

MR BAXTER: So the question mark I would raise or be interested to hear NFF's view, if you can't raise the necessary capital for developing agriculture to meet the politicians' expectations, where does that capital
40 come from?

MS McKINNON: Exactly. Where does it come from, and how do we incentivise Australian investment when APRA rules are so stringent around what they require you to report and return on, because agriculture
45 is a long term investment and it isn't guaranteed and so sometimes you

can't make the business case step up in the regulatory framework. So we've written to APRA about that and asked them to consider how it might apply in the agricultural context to try and encourage investment.

5 And there are industries out there looking proactively at how they can invest in agriculture and allocate a proportion of their investment to agricultural enterprise in Australia. But as I say, the level of investment that we require to take advantage of the opportunities out there is significant. And it's the same argument that operates in the workforce
10 context, you can't grow as a sector if you don't have workers on the ground. So measures that take them away run against the direction where we I think all agree we should be heading.

MR BAXTER: But isn't there a risk that a person who is at a younger
15 age and wants to acquire agricultural product, and an Australian, say, would be very happy to have restrictions on foreign investment, but the same person who wants to now dispose of said property would be very supportive of foreign investment?

MS McKINNON: That's true, and you get different views depending on
20 where you sit at the end of that trajectory, you know, if - - -

MR LINDWALL: Because it is often the superannuation policy of the
25 farmer, isn't it?

MS McKINNON: Yes, or it could just be that their whole asset is tied up
in the farming and they can't release it.

MR LINDWALL: Yes, exactly.

MS McKINNON: And you know, to be commercially viable many
30 farms have to be of scale, which means they are big properties, which are not cheap.

MR BAXTER: Could I just go - I know we are restricted by time, but we
35 skirted over it, in your submission on land use you've put the proposition of freeholders always - is not always a better proposition for farmers. And you've also said that the framework should consider that lessees have been responsible for creating real value. I gather that you're not
40 supporting what we're proposing is a move to universal freehold?

MS McKINNON: I might just have to take that one on notice - - -

MR BAXTER: It's under land use.

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MR LINDWALL: If you take that on notice, that would be perfect. And we've probably run out of time, Sarah, so thank you, very much, and we appreciate you turning up.

5 **MS McKINNON:** Thank you.

MR LINDWALL: And finally, before lunch, we've got Matthew Cossey from CropLife. And Matthew, since we're starting a bit late, we might finish at 12.40 rather than go - well, you have the full half hour.

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MR COSSEY: No worries.

MR LINDWALL: So if you wouldn't mind introducing yourself and your colleague?

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MR COSSEY: Matthew Cossey, Chief Executive Officer of CropLife Australia. And Osman Mewett is our Director of Agricultural Biotechnologies Policy.

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MR LINDWALL: Thank you for that.

MR COSSEY: I will make a bit of an opening statement, if you like, specifically maybe to address some of the matters that have gone before the Commission in previous hearings. And firstly, on behalf of CropLife Australia, may I commend the Productivity Commission for the strength and depth of the draft report into the regulation of Australian Agriculture.

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Further to our original substantive submission, CropLife has provided a submission to the draft report which I believe has been made available to you. And I would like to take this opportunity to reaffirm CropLife's support for a number of the report's recommendations. And also to address some of the outright falsehoods that have been raised by some anti-science advocacy via public hearings on the report.

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CropLife strongly supports the Commission's draft findings that there is no economic or health or safety justification for banning the cultivation of approved genetically modified organisms. Of note, this is also a position that is supported by every relevant international independent regulator, academic and scientific institution, and most recently, a collection of no less than 107 Nobel laureates. The Commission quite rightly concludes that there is no demonstrated market failure regarding the coexistence of GM or non GM production systems. And therefore state and territory governments should remove their moratorium.

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Activists' myths, the infamous retracted lumpy rat studies, baseless

5 anecdotal statements by some misguided public commentators, including
a small number of parliamentarians, I note, and the use of inflammatory
and technically incorrect terms such as “contamination”, abound in the
discussion on modern seed breeding techniques such as genetic
modification. We’ve seen this again in the activists’ reaction to the
Productivity Commission’s rational and fact-based draft report. We are
very pleased to see the Productivity Commission taking a more evidence-
based approach on this important issue than what is often done by other
organisations.

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Contrary to the recent statements to the Commission by some who
have appeared in earlier hearings, the EU is in fact a major importer of
GM commodities from other parts of the world. Each year the EU
imports over 33 million tonnes of GM soy totalling more than 60
kilograms for each of its 500 million citizens. They are primarily used as
animal feed to produce meat, dairy and other high value products.
European livestock farmers depend on these imports heavily since there is
no realistic alternative. The production of soy beans in the EU only
accounts for 1.7 million tonnes. That’s less than five per cent of the EU
need.

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With regard to food labelling in Australia, due to the warping of
public discourse on this issue, GM foods are labelled in a mandatory
system and as such, even though the approved GM foods have been
assessed by regulators, in not just this jurisdiction but internationally, to
be as safe as conventional foods. CropLife strongly agrees with the
Commission that it is difficult to justify a mandatory labelling regime
based on any facts or science. The Australian government’s own 10
principles of best practice regulation highlight that regulation should not
be the default option for policy makers and should be imposed only when
it can be shown to offer an overall net benefit to the nation.

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Unfortunately, it’s not just in the GM area where government has
failed to adhere to these principles. Safe Work Australia is acting in
deference to this best practice advice and applying unnecessary costly and
potentially confusing labelling requirements on already regulated
agricultural chemicals which the report has specifically noted. CropLife
strongly supports the Productivity Commission recommending that SWA
reinstate the recognition of the relevant regulator, the APVMA’s,
approved labels, and noting that they should in their own be deemed
compliant with WHS regulations.

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Failing that, Safe Work Australia should delay the implementation of
GHS specifically in the regulated agvet chemical label area to enable
genuine consultation and appropriate critiquing and analysis to occur, and

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5 actually come up with a genuine solution to achieve both Safe Work's goals and protect what is already world's best practice in this area. One such solution to SWA's concerns about offlabel use is the expedited implementation of a national control of use regime for agvet chemicals that would increase harmonisation of offlabel use provisions.

10 CropLife supports the Productivity Commission's specific recommendation as harmonisation of control of use in Australia would remove duplications and inconsistencies, and help ensure the primacy of APVMA registered labels and safety data sheets, while reducing unnecessary costs to industry. And a benefit that goes directly to on farm activity as well. A precautionary approach, an important concept in the regulation, marketing and use of both crop biotech and crop protection products, should not be confused with the precautionary principle. There is a clear distinction between the two terms.

20 The precautionary principle is a term often invoked by anti-science groups to delay, inhibit or stop altogether the introduction of useful and beneficial products and technologies, even when the introduction of such products and technologies have been supported by scientific evidence, and have been assessed and approved as safe by the independent regulators. Rigorous and robust science-based approval systems, such as we have in Australia in the OGTR, FSANZ and the APVMA, provide the best regulatory approach for crop protection, and crop and crop biotechnology products.

25 And these existing approval systems are already intrinsically proportionary in nature. CropLife's criticisms of these agencies has only ever been to their efficiencies and to their scientific or technical competencies. Science-based risk assessment determines whether a product may warrant the implementation of mitigation measures as a part of a risk management process. This is recognised as world's best practice.

30 It is for this reason that CropLife strongly believes that the decisions by overseas regulators should not be accepted as sole justification for registering or cancelling an agricultural chemical product or active constituent in Australia, but rather use of the relevant data assessment packages by those international agencies by the Australian authorities to streamline regulatory processes. Also, there is likely to be considerable components of registration decisions by overseas regulators that cannot be extrapolated for Australian-specific conditions.

40 On that, Commissioners, we again commend you on the draft report and are available to take questions.

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MR LINDWALL: Thank you. Do you want to start, Ken, or will I?

MR BAXTER: You start.

5 **MR LINDWALL:** We've met a number of people in this inquiry, as you
know, who have varying views quite stridently against GM products. And
some say that there is a conspiracy of sorts undertaken with a company
named Monsanto, which I tend to be a believer in the Occam's razor, that
10 you take the simplest explanation, and conspiracies are usually not very
simple. Anyway, what I would like to know is do you have any thoughts
about why people are so virulent against GM, just like some are against
vaccinations, for example, even though the human health benefits of
vaccinations have been proven many, many times?

15 **MR COSSEY:** I recently gave a speech at Murdoch University regarding
agriculture and food technology. And it was a discussion amongst those
in the scientific and academic community that are continually perplexed
by this. And it's rather interesting that at a time in human history where
we have peak interest in food, which is verified by all the television
20 shows, MasterChef and the like, and multiple cooking magazines, that at
the same time, that that is correlating with one of the highest points of
ignorance around farming by the predominantly urban-based consumer.

25 In the simplest terms, regarding the confusion or concern in the
community, is very simple. There are some very well organised, well
funded and global corporations that are in the business of running false
campaigns around that, whether it is their genuine belief or not. And that
has led to a range of just complete myths running into the general
community. And of course, the plant science industry predominantly
30 dominated by, you know, a very, very clever, very intelligent, very skilful,
scientists, but not perhaps the best in public debate, continue to always
come from a position that independent data and verified science will
always be in public discourse.

35 And while that is a quaint concept, we see it's not true. And so I
think the - not just the industry, but the science sector itself, fail to
properly engage in meaningful debate, or understand how communication
in science was changing over the last few decades and didn't respond
accordingly. Left in the vacuum. And as we know, where there is a
40 vacuum and somebody thinks they can work it to their own advantage,
they do. I think it can be as simple as that. The science will prevail in the
end and I think it's already turning. We already see the campaigns
moving away a bit from this area. But it is as simple as a lack of genuine
understanding.

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And equally, anyone who has any concept of plant breeding, for sort of the 99 per cent of plant breeding has gone over on for centuries before now, rather than the last one per cent that is referred to as GM, has no concern about it all. I think it's a general ignorance around plant breeding before GM that leads them to be concerned about this. Those with expertise, those with deep knowledge, those who use this technology, have the highest level of confidence in this end stage beyond everything that went before it.

10 **MR LINDWALL:** I suspect that, I mean, I was struck by also some people who were passionate about the environment and improving the environment and yet - and who in economic speak call lexicographical preferencing, in other words they preference the environment above everything else, and yet even so would not take GM products which had environmental benefits, which seems paradoxical to me.

15 **MR COSSEY:** Well, this is something that I've put on the record many times, that we as an industry, I find it very hard, from certain organisations, both in Australia and globally, who publicly call on governments to listen to, adhere to and in fact act upon, the science of climate change, to then also be the people that demand governments ignore and act against the science of biotechnology.

20 I think on this issue, one of the great thinkers, and perhaps somebody as a case example of how facts eventually do win a debate, is the world-leading environmentalist from the UK, Mark Lynas, who the year before last asked to address the Royal Society of Scientists in the UK, his speech was entitled "Mea Culpa". He was one of the lead activists against GM, you know, 20 years ago. And he went before them to state that he'd realised that, in fact, he couldn't maintain any environmental credentials while still advocating against GM, and that having been informed on the science, now he's a strong supporter.

25 **MR LINDWALL:** Well, it goes to show that people can be persuaded.

30 **MR COSSEY:** Eventually.

35 **MR LINDWALL:** Eventually, after exhausting all other possibilities. I actually think that once a product is developed that provides genuine health benefits, the community will be gradually brought to an agreement. For example, if you ever had one that reduced blood pressure, it might become quite attractive.

40 **MR COSSEY:** And this is perhaps one of the extra challenges in that the industry responded immediately to the farming community's

requirements, that our immediate first stage customer, of what traits they wanted, and hence it went into farming practice as trade benefits as opposed to health benefits. There are a range though of amazing health benefits in the development pipeline. I would point out, though, of where
5 the regulation is really impeding. There is a product called BARLEYmax which was actually a GM developed benefit that delivers health benefits through the product. It's an increased Omega-3 low glycaemic index.

10 And once they'd done it through genetic modification, because the regulatory system around GM approval was so difficult, they then spent a significant amount of time and resources developing the same product through a reverse engineer process, basically to develop it through what activists call "natural mechanisms", others call it "mutagenesis", and the other "original plant breeding techniques".

15 **MR BAXTER:** Could I just interrupt? In your response to the report, you made the recommendation that the Department of Health should improve its gene technology regulatory policy. What's the interface in this area between the Department of Health and the agriculture related
20 departments?

MR COSSEY: That is one of the gaps in policy development, regulation, the corresponding development of regulation and the execution of it. We do see that there needs to be a better structure around the development of
25 these areas considering their significant impact on the agriculture. We see there's a range of areas, particularly within health, but also the health agencies where you could streamline by having some of those functions taken into the APVMA and under ag, so that you had food regulated in a more streamlined manner.

30 **MR BAXTER:** Does the TGA do any of the health related assessments of GMO products?

MR COSSEY: The TGA is one of the agencies that could approve a
35 specific aspect of a GM product if it was a therapeutic good. But if the product is not a therapeutic good, then the TGA would have no involvement.

MR LINDWALL: I'm interested to know, obviously the producers of
40 GM technology have an intrinsic reason to argue the benefit, and of course those that oppose it will then say that these people have a financial motive and therefore you can't trust what they say, like tobacco lobbyists, what I think one said. Is there not perhaps an argument therefore of given the safety has been proven in so many different areas, of a public body to
45 advocate the benefits as in say vaccinations, which there are people who

believe that vaccinations are dangerous, and of course the science on that is crystal clear?

5 **MR COSSEY:** Well, this is perhaps one of the areas where there is also a gap in government operations in that obviously the OGTR is tasked under its Act to be the approval agency.

MR LINDWALL: And it doesn't, as we heard this morning - - -

10 **MR COSSEY:** But doesn't - right, it doesn't have, really, a mandate to go beyond that. And I think there is a responsibility on government where they set up appropriate regulatory assistance to also support a community acceptance of them through information provision. Because we do see that where that information is provided, community attitudes change. On
15 the issue of research, I would note, aside from the fact that it is a long process now, we're into 13 years and about \$US150 million for any new traits that come to market, the vast majority, in fact, I think it's now more than 80 per cent, of research in agricultural biotechnologies, and specifically GM crops, is in the public sector. Something that is often
20 forgotten, it is done by world leading publicly funded institutions and universities and related areas.

MR BAXTER: You are well aware, obviously, having read the antagonistic literature, the allegation is that some of your members are in
25 cahoots with the universities and research institutions by providing funding which of itself induces the researchers to adopt a particular view?

MR COSSEY: As I've always said, if you put a room full of scientists together from private sector, from private companies, from regulators,
30 from universities and completely independent organisations, and let them talk, you can't identify where they're from, they're just scientists. I would suggest that it's a somewhat intellectually weak and shallow argument that doesn't understand the integrity around these processes.

35 Often most of this research occurs before any direct engagement from the private sector, it is pure research in its form, and it's when they have a discovery that they're looking to actually commercialise that you see then a reach out for funding. So the basic principles of the research and its findings, the suggestion that they could even be compromised is not
40 correct in that there's not money associated with that. That money comes in to see the benefits once that research is done and provided through companies.

45 **MR BAXTER:** Now, another 10 minutes or so, some of the claims that were made about - and having looked at the science, let's now move on to

the moratoria in the states, and some of that is because they claimed non-GM products command a prices premium, and then claims that GM products and non-GM products cannot coexist. Would you care to comment on that?

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MR COSSEY: Well I think the Western Australian Government, having comprehensively assessed this area, having been the jurisdiction that has the largest a percentage of GM canola grown each year at the moment, and the fact that within the next few weeks they will repeal their moratoria altogether, shows that they have no place. I think it's firstly important to recognise that those state moratoria were an extra precaution put in place specifically to trade, never about safety or health issues. They were put into place in trade when we developed the national body, which saw the development of the OGTR.

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The basis for them being required was to ensure that none of our other international trade would be compromised. The history of our trade in this space has proven that they're just entirely and completely unnecessary. The market segregates. With regards to the price premium, GM canola in WA was selling at a higher rate than non-GM canola out of South Australia was the other week. It actually goes to supply chain and supply capacity issues more than a differential. And what those moratoria do is they add a level of unnecessary regulation that is not on a scientific basis and therefore inhibits access to latest technology.

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Companies looking to bring a product to market think the OGTR system, while robust and one of the world's hardest to get through, at least is independent and scientific and they know what's required. It's either a yes, it's a binary decision, it's yes or no, it is safe, proven or not. State moratoria aren't, and therefore Australia over the next, you know, 10 to 15 years, if we have these in place, could see our market denied those technologies altogether because of the cost of looking to bring them to market is too much of a risk where it's not a clear path to market.

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MR LINDWALL: So the non-GM farmers who we heard from last week who said that they run a big risk of - well they used the word, "contamination", from GM crops, do you have any sympathy for their views?

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MR COSSEY: Well, I think that more often than not, every state farmer group and producer group has a position of supporting the choice of farmers. Because they call contamination, I think it's an incursion, because the incursion of a GM canola into an organic wheat, for example, it might be a topical example, but that doesn't compromise the actual outcome and therefore just as the incursion of an oats crop next door into a

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5 wheat crop doesn't. The products are segregated. The contamination doesn't actually impact on the production. And in fact this goes to why the national organic standards need to be clarified, because they have been misused and misinterpreted and misapplied by some organic certifiers. Any economic impact on non-GM farmers is as a result of a false construct in the regulation or its false application.

10 **MR LINDWALL:** Organic products standards, they're not government standards, are they?

MR COSSEY: No, they're not.

15 **MR LINDWALL:** So is there a case for a greater government regulation of the organic produce?

20 **MR COSSEY:** Well what we believe is what you should do is that national export standard, which is introduced, really should probably just be moved over to the Australian standard. And the clarification, which has been reinforced now by both the WA Supreme Court and the High Court, should be made clearer so they can't be misused from their original intention.

25 **MR LINDWALL:** Is there anything - we should talk briefly in the few minutes of our time, agvet chemicals, and you spoke about the GHS labelling issue, but also about APVMA approval processes?

30 **MR COSSEY:** There is, we certainly have a position that there needs to be a significant improvement in the efficiency of the operations of the APVMA. Again, I point out that as an industry we support a very strong, robust, independent regulator. It is good that it is recognised world leading in that space, but it is about efficiency. And we believe there are a range of measures that could be implemented that deliver efficiency without even going close to in any way compromising the standards of its operations.

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45 We commend the current government on its agvet chemical reform agenda, looking at that, and more importantly, looking for the APVMA to implement more in-house management efficiency processes. They have started some. By example, one that would be interesting to the Commission is previously the Department of Health and the Department of Environment were used exclusively by the APVMA for toxicology assessments and environmental impacts respectively. The APVMA sought to compare those processes with looking to use private sector independent certifiers, they delivered in, I believe, a third of the time and half the cost, the private ones compared to the departmental ones. And on

independent blind peer review, the private sector assessments were deemed to be as robust scientifically and technically, or better. So those sort of small measures go a long way to improving - - -

5 **MR LINDWALL:** Cost savings, yes.

MR COSSEY: We look forward to actually seeing a reform package that delivers some efficiency this year at a statutory level and those further improvements. With regards to a GHS, we have just recently met with the members of Safe Work Australia - - -

MR LINDWALL: Was this this group that the - - -

15 **MR COSSEY:** This is the - - -

MR LINDWALL: It was a big roundtable - - -

MR COSSEY: A roundtable where all of the industry and in fact, the regulator came. This is actually perhaps a case study in the worst that government regulation can be, where you have a COAG system that also involves federal and state statutory authorities that are also then not under the specific direction of the policy departments. There is just the relevant regulator, the APVMA, opposed this, the Department of Ag opposed this, the industry opposed this. Not only is it unnecessary, it's actually going to, we believe, compromise world's best of WHS systems in this phase.

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And it was where we saw a regulator who didn't have a detailed understanding of what is already a highly scientific and technical process, believing that, you know, that they could just roll a system out that was never designed for it. We are hoping that common sense prevails in this phase. We are deeply perplexed at how they allowed it to get this far, particularly considering there's open cases of the US, Canada and Japan, all because of their similar regulatory systems around ag chem exempted registered ag chem products from the rollout of GHS for that reason.

MR LINDWALL: When do you expect to hear back from - - -

MR COSSEY: We would hope in the very near future.

40 **MR LINDWALL:** Okay.

MR COSSEY: So, but again as a case study of how regulation can go wrong, with the best intentions, I don't doubt, and as an industry, we support GHS rolling out across the whole industry for the purpose it was designed in areas that aren't regulated. But a misunderstanding of these

areas has certainly seen a lot of effort and cost and unnecessary time go into trying to protect what is world's best already.

5 **MR LINDWALL:** I think that's - thank you, very much, for appearing.

MR COSSEY: Thank you. And good luck with the rest of your hearings.

10 **MR LINDWALL:** Thank you. Well, we'll now have a lunch break for everyone. We're due to resume at 1.15 pm with Paula Fitzgerald. So until 1.15, we'll see you then.

15 **ADJOURNED** [12.37 pm]

RESUMED [1.16 pm]

20 **MR LINDWALL:** I think we've got Paula Fitzgerald; is that right?

MS FITZGERALD: Yes.

25 **MR LINDWALL:** Yes. Hello.

MS FITZGERALD: Hi.

MR LINDWALL: Please?

30 **MR BAXTER:** Good day, Paula.

MS FITZGERALD: Thank you.

35 **MR LINDWALL:** So would - if you'd just say your name and any organisation and then the short bit of a commentary. Is this - - -

MS FITZGERALD: Sure.

40 **MR LINDWALL:** - - - too echoey or it's fine? It just - - -

UNIDENTIFIED FEMALE: ...(indistinct)...

MR LINDWALL: It sounds different but that's not - - -

45 **MR BAXTER:** Yes, it does.

MS FITZGERALD: We might be too loud in the ears. I'm Paula Fitzgerald. I'm appearing today as an independent witness, I guess, if that's the right word.

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MR BAXTER: Yes.

MS FITZGERALD: And I guess I thank the Productivity Commission for contacting me. So I think this all came about as a result of an opinion piece that I wrote in Rural Press quite recently. So I guess I've spent probably two decades working in the agriculture sector, much of that working with and alongside farmers. So I think we would welcome this inquiry into regulation. It's certainly something that the farming sector talks about quite a lot, and in a previous role of mine, sitting on an advisory committee for the New South Wales Agriculture Minister, we spent some time looking at regulation impacting agriculture as well. So I think there's certainly been a number of inquiries.

I think, to some degree, I'd also say this low hanging fruit, if I can use those words, in that we seem to do a lot of work exploring this area looking at regulation and, I think, particularly federal versus state and the difference between states, and then maybe it goes into the "too hard" basket and no action is taken.

I'm aware, for example, the dairy industry did a study looking at regulation impacting dairy. I think it would be fair to say it ended with a spaghetti diagram that was way too hard to deal with and perhaps everyone threw their hands in the air and thought, "What do we do now?" So it is an important area to tackle and I think it would have a big impact on the sector, particularly farmers.

My area of expertise is around gene technology and innovation in agriculture. I spent some time at CSIRO. I currently sit on CSIRO Agriculture and Foods Advisory Committee, and a lot of work also in the space of gene technology and assisting supply chains in moving forward to commercialise GM crops. I was involved in both cotton during my time at CSIRO and also with GM canola and working with the grains industry.

So I think it's interesting that we've had 20 years of GM crops around the world, including in Australia, which was a leader in the field, both in the R&D sector and in the adoption of the technology. GM technology is certainly not a silver bullet, but a tool that farmers need and have used successfully. The cotton industry, I think, is a shining example of industry stewardship as it applies to the introduction of new technology,

particularly post that regulatory approval phase. The grains industry is also an example, I think, in terms of using our regulatory system and then building on that a stewardship program which allows co-existence and the success of GM canola.

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I do think, from a gene technology point of view, we have an outstanding science-based regulatory system, perhaps world class. The challenge, of course, is that within that system we have a policy principle that allows state governments to make rules on market and trade grounds which, despite 20 years of successful GM crops, we still have some states in Australia, as your draft report has shown, which are denying farmers access to this technology. That is a challenge and I think something we need to address.

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Moving on from there, we have now new plant breeding techniques or tools, particularly what we would refer to a genome editing. But I think we could say the jury is yet to rule on in terms of whether or not that falls within our regulatory system. So it's important, I think, for certainty and product development, that we do have a ruling on these things, but importantly again, that that system is a science- and evidenced- based one.

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One of the challenges, of course, despite the fact that Australia does think it's punching above its weight in many areas, is that perhaps in the agriculture / plant science / R&D space, we're not necessarily and we therefore rely on partnerships to make some of these things come to fruition.

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The Australian cotton industry is a prime example in terms of partnering both with CSIRO and then globally with Monsanto to allow access to technology which, in turn, has resulted in farmers getting access to new plant varieties, royalties assisting CSIRO to re-invest in R&D, and then more innovation coming through that supply chain. But then we don't have certainty in terms of the moratoria we have on GM crops and that doesn't provide certainty for investment, which is a challenge.

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Lastly, I guess, the reason perhaps I'm here is my comment around what has become lately, I think, a new and trendy term called "social licence", which I've broadly defined as the level of acceptance or approval continually granted to an organisation's operations or a sector's operations by the community and other stakeholders.

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I would argue that long before this term became trendy, if I can say that, the Australian cotton industry realised social licence. It had issues around its chemical use. It therefore partnered with CSIRO and others to invest in R&D to deliver new technologies, building a sustainable industry

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and, of course, coupled with that was a regulatory framework in which it's operated.

5 Unfortunately though, as I've said, some state governments are banning GM crops in this country, part of which, I think, is based on community attitudes or perhaps the loud voices of a minority, and I think, this ban is a little ironic because we're a bit fortunate in Australia in that we have over a decade of market research on this subject, and we know that the community would be comfortable with crops that have a meaningful purpose, such as crops designed for drought conditions, and those that have been reviewed by a strong regulatory framework. And as I said, I think are R&D matches our farmer needs and we certainly do have a world class regulatory system in place.

15 So I guess just in concluding my opening comments, I think that regulation does provide protections for the sector and it, in effect, sets a minimum set of standards. Australian agriculture needs regulation that is science-based, that is effective, efficient, practical, nationally consistent which, I think, would be very welcome and transparent, and that I think going forward the sector's social licence is likely to be underpinned both by the combination of regulation and industry stewardship and we certainly have some shining examples of that.

25 **MR LINDWALL:** Excellent. Well, thank you very much. Excuse me. The science and, as I alluded to in a previous comment, I'm not a gene scientist, so I can only rely on the advice of credible agencies such as the OGTR and they've testified that it's safe and it's been demonstrated safe throughout the world. Do you have any thoughts, Paula, about why people have concerns about its safety in the light of all that strong evidence?

30 **MS FITZGERALD:** I guess I'd probably challenge your question a bit in whether they're actually questioning its safety. So I certainly think we have a global campaign working against this technology.

35 I think that campaign is driven by a number of things. Some of it, I think, is driven by purely the globalisation of the world which, perhaps, we find interesting. On one hand, we're quite happy to pick up our iPhone, on the other hand, the concept of a large multinational company operating in the food chain certainly seems to have a different community view.

40 I think also food, for many people, is a cultural thing. So suddenly when we're talking about modifying something it becomes unnatural, whereas they're assuming the food before that was natural. And I think

that highlights - - -

MR LINDWALL: Which it wasn't.

5 **MS FITZGERALD:** - - - another challenge agriculture has in that we're
further and further away from that farm gate. We're no longer going to
granny's at Christmas or for our Easter holidays, so we actually don't
know how that food turns up at the supermarket. We also, I think, have
10 some supermarkets who have engaged in clever - I'll use the word
"marketing", around marketing products free of something, again instils
some sort of concern about, well, this one's free so what does the other
one have in it? So I think they're certainly some of the challenges we
face.

15 The challenge for agriculture, I think, has been to try and
communicate what gene technology is. But I'll tell you a story briefly
about my time in CSIRO, and I'm probably going back 15 years or more
when we harvested the first - I'm actually going back - I think I'm going
back to 1996. We harvested the first GM wheat trial in Australia which
20 was actually done out here in the Ginninderra Experiment Station. I'd
spent quite a bit of time working with the scientist involved to prepare for
that.

25 That afternoon about 5 o'clock, a journalist from Melbourne phoned
me to say he'd just got the story. It was a bit late. He needed to file it,
could I help? So certainly. So I started with, "Do you know what gene
technology is?" "No". So we explained that. Then I said, "Do you know
what conventional breeding is?" "No". So we went through that. Then
30 when I sort of got to this point of saying, "Well, do you know that we use
some wheat for bread and some wheat for pasta because it's not all the
same?" "No", he didn't know that. So I realised I, perhaps, should've
started way back and moved forward.

35 But I think this is the challenge we face that we are living in this
world now of media, of social media, of delivering things in sound bites,
and I'm meant to explain to you that plants have 30,000 genes. We're
talking about changing one or two which is really probably no different to
what conventional breeding has done, except now we can do it with more
certainty and speed. And that's a hard dialogue to have with the
40 community that doesn't actually know how their apples got to the
Woolworths supermarket shelf. So that certainly is a challenge.

45 And I think, as I said, we certainly have some entities in the world
who don't support GM and I have no problem with that. But, I guess, the
challenge there is that doesn't mean they should have the right to take

away other people's choice, and I think that's what our Australian farming community is seeing at the moment.

5 **MR BAXTER:** Just, first of all, an observation and then a question. Observation, of course, that criticism of new crops is not new. I mean, when Farrer was fiddling with rust varieties of wheat, he was roundly criticised by a bishop in Sydney for fiddling with God's design and was going to be damned to hell if he continued doing with it.

10 **MS FITZGERALD:** Yes. Yes.

15 **MR BAXTER:** But I presume the original cotton trials you were involved with were either Northern New South Wales or Southern Queensland, with CSIRO. What were the arrangements that were made in terms of planting those crops and then supervising them coming through to fruition?

20 And the reason I ask the question is, I'm - we're interested in the safety - where the boundary - well, both notionally and physically, where the boundary fences are, and to deal with the sort of issues of cross-fertilisation or germination, not so much the word "contamination" which I think has got a pejorative connotation attached to it.

25 **MS FITZGERALD:** Yes. Cotton is probably a little bit different for starters, but in brief the cotton story started before we had our current Gene Technology Act in place. During that phase, it would be fair to say though, that the scientific community and others had a voluntary system in place, if I can use that word, or the scientific community recognised that there needed to be some oversight of that work, and it's under that regime that it happened. We then had a system before our current gene technology regulations.

35 In terms of those trials, they were done with certain conditions. So in the case of the first cotton varieties that came along, they were cotton varieties with a gene giving them insect resistance, and there was a recognised risk that if some insects managed to escape from that cotton crop, they could've, in fact, bred with insects from a non-GM cotton crop, thereby building up resistance in the population.

40 And so because of that, there were rules around how that cotton crop had to be grown and it had to be grown with other cotton surrounding those paddocks, et cetera, to ensure that didn't happen, and as a result, we've managed that and we now have cotton varieties with more genes in them which, therefore, prevent that resistance building up.

45

5 So I think it would be fair to say, in my view, that in Australia certainly, we've had a scientific community, combined now with the regulatory community, but a scientific community and in cotton's case, an agriculture community, that recognise that it wanted longevity of that technology.

10 The cotton industry also only grew that cotton in certain regions of the country and, initially, was a little bit - what's the word I want? Not "limited" or "restrained", but agreed on some principles around how much of that would be grown and in what area, et cetera, to minimise that. So I think cotton is a shining example of both a responsible industry and scientific sector to make that happen.

15 But I would argue also equally, having been very involved in the GM canola story in the lead up to it being commercialised, that the grains industry equally took a responsible view of investing in the science, in the case of canola around herbicide resistance, et cetera, and ensuring that strategies were in place to protect or safeguard that technology.

20 **MR BAXTER:** When that original cotton - well, when those original cotton plantings were made and the cotton crop harvested and sold, was there any significant difference in price between the non-GM and GM cotton?

25 **MS FITZGERALD:** No. I think it would be fair to say, in my view, that cotton just happened. The US obviously commercialises the same time as us and largely it just became - I mean, I can't tell you what the prices were, but largely it just seemed to almost fit into the system and wasn't seen - - -

30 **MR BAXTER:** Well, is it then fair to draw a conclusion that if there was no difference in price, the real development, or the real advantage to a farmer would come from higher productivity and less concern about infestation of weeds or insects?

35 **MS FITZGERALD:** So there certainly was a saving to that farmer in terms of less chemical applications having to be placed on the crop. But also, I think, the industry at that time was under significant pressure from other sectors in relation to how it was managing its crop, and so there was a recognition, I think, that if the industry was going to continue, they needed this technology in order to make that happen or they would come under greater pressure.

40
45 Having said that, I would like to also point out that it took several years for GM cotton to work in the system and for farmers to really

understand that technology. So you could still go out to a cotton crop and find a bug on it. It helped you to learn your overall farming system and how you manage that better.

5 **MR BAXTER:** Was this done in the St George area of in the north western New South Wales?

10 **MS FITZGERALD:** Well, CSIRO's operations are based around Wee Waa, Narrabri, so around that region. There would've certainly been trials in - north of that, but most of it - a lot of the issues - - -

MR BAXTER: So it was predominantly in that Narrabri Burren Junction sort of area?

15 **MS FITZGERALD:** Yes. Yes.

MR BAXTER: Okay.

20 **MR LINDWALL:** The crops that are purchased which are GM, are they bought normally in a - as a seed or how are they normally propagated?

MS FITZGERALD: When I'm planting, yes, yes, as a farmer.

25 **MR LINDWALL:** They have to be replanted each year or is it - or every second year or something like that?

30 **MS FITZGERALD:** Yes. Or in the case of canola, I would buy new seed because most of the varieties are a hybrid variety, so I'd purchase new seed each year, yes.

MR LINDWALL: One of the critics - I'll just - because it's good to get a different view, we've had issues of people criticising the use of glyphosate, for example. Now, how safe - what's the evidence on the safety of glyphosate?

35 **MS FITZGERALD:** So my view is, glyphosate's been used for as long as I can remember. There's been an enormous work done on its safety. It's probably the - I shouldn't use the word "ag chem", but it's the same one you're going to get at Bunnings and use in your suburban garden, I think. I'd probably be cheeky enough to argue maybe the farmers apply it or put more stewardship over their applications than the average gardener, but perhaps I shouldn't say that.

40 **MR BAXTER:** Probably, a little more than my wife.

45

MR LINDWALL: Well certainly more than me.

5 **MS FITZGERALD:** But I think it was - it'd be fair to say that it is an essential chemical to our agricultural community, and in recent times - and "recent" is probably at least five years, but we've also put a lot of emphasis from an R&D perspective into making sure we're doing research and managing that product responsibly so that we do have longevity of that technology. Having said that, I know in the grains industry, there's also been some investments made in the last 12 months to work globally with how we might look for new and other innovative agricultural chemical solutions, yes.

10 **MR LINDWALL:** No, I think we heard from Cotton Australia the other day that it had - GM cotton had a substantial, I think, 40 per cent less water usage - - -

MR BAXTER: Yes.

15 **MR LINDWALL:** - - - and something like 30 per cent less herbicide.

20 **MS FITZGERALD:** Yes.

MR LINDWALL: It might be the opposite.

25 **MS FITZGERALD:** Yes.

MR LINDWALL: Then we had a person coming along who's claimed that that's not fair because the cotton is actually, quote, "spewing out herbicide all the time". What do you say to that?

30 **MS FITZGERALD:** Yes, well I would strongly disagree with that assessment, yes. I think the introduction of herbicide tolerant crops - so you would argue GM canola is one of those as well, has allowed us to actually better apply, or be more - what's the word - "frugal" is not quite my word, but be more targeted in our use of those chemicals. And as I said, I think the agriculture sector - so there are examples of resistance, et cetera, particularly in the US.

35 I think Australia, even in our introduction of GM to some degree, has always had the benefit to be able to look to other countries and to have the opportunity here to build better systems, but based on what we've learnt internationally. We certainly have some leading scientists in this country in that space.

40 **MR BAXTER:** Can I just pursue this point about the sort of

improvement in crop productivity? I mean, you referred to water a moment ago. I mean, while there have been adequate supplies of water in that whole, sort of, North West Plains area, there have been periods when they've been, in fact, not bans, but the amount of water available has been significantly reduced. Is it a fair proposition to say that the expansion of these crops has enabled greater production but with less water usage?

MS FITZGERALD: I don't think I - - -

10 **MR BAXTER:** Is that a fair generalisation or not?

MS FITZGERALD: I think it would be a fair generalisation. I wouldn't say I'm qualified to comment on cotton as it applies to water.

15 **MR BAXTER:** No.

MS FITZGERALD: But I do think, again, we've become more focused and agriculture's more focused on those areas, and there certainly is work in the gene technology space looking at how we might actually build crops with that - you know, they like to use the word "drought tolerance". I don't. But crops that can grow with less water.

Just to clarify that, I'm not suggesting they wouldn't be drought tolerant. I just am suggesting that when we - if I could be cheeky - talk to our shopper at Bunnings who's picking up their litre of glyphosate, the fact that we suggest we've got a drought tolerant crop may create an image that we plant a seed in a dry ground and go away and water never comes, and Jack and the Beanstalk emerges. So I'd prefer crops that are, perhaps, more able to grow with less water.

30 **MR BAXTER:** Yes.

MR LINDWALL: Yes. Another claim that I've heard, again that's worth to check your view on, was that if a farmer has decided to use cotton or canola which is resistant to glyphosate and now wishes to change to something totally different, they can't get rid of that crop?

40 **MS FITZGERALD:** Yes. So I would disagree with that as well. I make a couple of points about that, so number one, I think, our community, not to be disrespectful, sometimes does forget that farmers are business operators and therefore if that crop didn't suit my needs or it didn't perform as I wished it, et cetera, then I will change my system, and a farmer certainly has the flexibility to do that.

45 A farmer these days is rotating his or her crops regularly. So they're

not going to put wheat in the same field year in, year out, year out. That's, you know, good farming practice. But they certainly have the ability to change whatever cropping system that is, and if they've grown a GM crop, there's no reason why they can't grow a non-GM crop the following year in that paddock.

MR LINDWALL: So they can co-exist quite happily?

MS FITZGERALD: Yes.

MR LINDWALL: And what are the prospects for GM wheat at the moment?

MS FITZGERALD: Look, I think the industry probably did a lot of work on this. We certainly had investment in the space. It has some science challenges in that it's a much harder crop to modify than those which we already have. I think, globally, we're still seeing work in the space, but we're probably also seeing some market resistance around that, and that remains a challenge.

So is the industry actively engaging in the space to talk about that? Meanwhile, as I said, we've probably got some new science techniques coming onboard, such as genome editing, that may allow that sort of wheat crop to come to fruition before a GM wheat crop, for example, came to fruition. So I think, really, it's probably science evolution.

I think, we also, though, recognise - I was involved in some work with the grains industry - that globally again it probably comes back to that food and cultural issue. That's going to take some work to really - because I'm actually going to be - I'm going to be eating my Anzac biscuits but it's a little - it's more immediate than me eating - you know, I'm not - I mean I might be putting canola oil in my cooking, but I'm not actually eating canola oil. I'm not eating cotton seed oil. So there's some communication challenges there, I think, still exist.

MR LINDWALL: In practice, the new breeding techniques or the genome editing is just another form of GM?

MS FITZGERALD: Yes, you could broadly say - a type of biotechnology.

MR LINDWALL: But it's unclear about whether it's under the regulatory authority of the OGTR?

MS FITZGERALD: OGTR? Yes, because one of those reasons being

that genome editing isn't just one single thing. So there's different ways I might do it and that might determine whether or not it fell under the scope of our current regulatory system. And also, I think, obviously globally we have different regulatory systems, so in some cases it doesn't fall - - -

5

MR LINDWALL: How are other countries approaching the regulation of genome editing?

MS FITZGERALD: It's probably a bit hard in my view to compare apples with apples. So if we go to some countries overseas they, for example, would have a regulatory system based on novelty. So they would then say the end - is the end product novel or not? It may be and it may not be. So that's how they would judge our system, whereas we are looking at our system on that science and how that product is actually made. Yes.

15

MR LINDWALL: Does it - - -

MS FITZGERALD: But - - -

20

MR LINDWALL: Please?

MS FITZGERALD: I was just going to say, but I think the important thing is that we get to a point of ensuring that we do have a science-based system in place.

25

MR LINDWALL: Yes. Does that mean that the Gene Technology Regulations, or the Act itself, might need to be modified or amended in some way?

30

MS FITZGERALD: It is my understanding that the Act is due to be reviewed - - -

MR LINDWALL: It is, that's correct, yes.

35

MS FITZGERALD: - - - in the not too distant future, so I suspect there's something that will be raised and I suspect, if it doesn't come from the government in terms of the terms of reference, I think the science and agricultural community will certainly seek that clarity.

40

MR LINDWALL: Other claims we've had, and moving away from plants here to animals, GM animals, cloning and all sorts of things like that, where's the science on that at the moment?

MS FITZGERALD: Look, I'm not exactly an expert in this space, but I

45

think it would be fair to say, you know, 10 plus years ago or more, we put a lot of effort into this space. The dairy industry had calves that were both cloned and genetically modified called Holly, Molly, Jolly, and Rolly. That's about the most I remember about them. I think we had challenges with cloning in the animal world. I think we saw investment move away from that globally.

But now we've seen some of these new genome editing techniques be used with animals. So can we produce cows, for example, that don't have horns, and therefore what does that mean from an animal welfare perspective? et cetera. So again we will see some of these things start to come forward. It's my view that Australia, probably, isn't at the forefront. We're certainly in there, but we - I wouldn't necessarily say Australia was a world leader in that space.

MR LINDWALL: So basically the difference between plants and animals in this respect, is that there would be more of a role of ethics, I guess, it is?

MS FITZGERALD: Correct, yes. I probably should declare, so I sit on the OGTR, the Regulators Gene Technology Ethics and Community Consultative Committee. But I probably come more from the communication than the ethics side of that equation, but we certainly have had some interesting discussions, yes.

MR LINDWALL: Ken, do you have anything?

MR BAXTER: No, I have nothing more.

MR LINDWALL: I'm just seeing if there's anything I've missed. I don't want to go down to every little thing that I get put forward, but what's this bio-hacking movement that some person has testified - a person by the name of Bob Phelps, I think, told me about this - yes, Bob Phelps, about G - bio-hacking and that's it's going to be the end of the world, or something like that? I'm not exaggerating.

MS FITZGERALD: Look, I can't claim to know what Bob Phelps knows. I've certainly had a lot of interactions with Bob Phelps over my GM lifetime, if I can use those words. He's a very passionate advocate for ensuring the technology goes nowhere. Look, that's what he wishes to do.

I think I would really just come back to my point - and, if I was to be frank, I think my first interaction probably with Bob Phelps was back in the day when I worked at CSIRO when we were introducing GM cotton in this country, and we had numerous dialogues around that. We actually

took many agriculture leaders to Narrabri and put them in cotton fields for days.

5 I guess I would just make the point, I think, the proof's sort of in the pudding that the industry has managed this responsibly, that agriculture has. I think the same applies for GM canola, although it probably hasn't had the same opportunity, if I could use that word, because we still have farmers - in fact I'm headed to Adelaide tomorrow - we still have farmers in South Australia and Tasmania who are not allowed to access, essentially, what is new crop varieties. We have challenges with seed companies, for example, trying to get seed to Western Australia that have to go up via the Northern Territory or down, you know, around the waters of Australia to get them to farmers in Western Australia.

15 So I think, look, my view is agriculture and science have handled this very responsibly. We're very lucky in Australia to have the science community that we have. We perhaps could say we are lucky - although I maybe don't want to go that far - to have people, like Bob Phelps, keeping a check up on us. But I think it would be fair to say that science and agriculture has probably exceeded many of the challenges that have been put to us.

25 Again I think it comes back to let's look at the science and the evidence and we've certainly delivered. I think the sector values the technology and looks after it well. I'm not saying the industry couldn't improve. But we certainly have some strong examples of stewardship and a combination of regulations of stewardship that has allowed the sector to move forward.

30 **MR LINDWALL:** After all, the farmers who use GM to produce crops, would - are choosing it deliberately because they perceive it as a benefit in it, in terms of either less water usage or whatever.

35 **MS FITZGERALD:** That's exactly right. I think, you know, I can off the top of my head think of a number of farmers sitting here now across nearly all the States, well certainly Victoria, New South Wales and WA, in one instance, a farmer near Coorow in Western Australia who's literally converted his whole canola operation - and it's a big operation - to GM because he sees that benefit in using that herbicide tolerance, producing a good crop, he sees it as sustainable for his farm. He has a choice not to do that. He could choose many other varieties. Again, following on from there, has no challenges in terms of leave that crop, leaving the farm, selling that crop to markets, et cetera.

45 So, yes, farmers have voted with their feet and they can - you know, I

5 think one of the challenges make the point, I think, that canola has been a challenge because someone like Bob Phelps likes to measure the amount of canola seed that's sold every year or GM canola that's grown. We need to always keep in mind canola, in particular, is a rotation crop, so I might only grow it one year in three or four and therefore that impacts what's grown. So it's one thing to selectively pick a number, and it's another thing to look at those numbers seriously.

10 **MR LINDWALL:** Good point.

MR BAXTER: Yes.

15 **MS FITZGERALD:** I think that is important. As I said, farmers are business people. If I buy a dud car, I won't buy that model next time, and farmers do the same thing.

MR LINDWALL: Did you have any final comments then, Paula?

20 **MS FITZGERALD:** I think that's all, thank you.

MR LINDWALL: Well, thank you very much for coming.

25 **MS FITZGERALD:** Thank you for the opportunity. We'll now move on to Tyran Jones, is it?

MR JONES: Tyran, yes.

30 **MR LINDWALL:** If you'd, Tyran, just give your name and occupation and anything else you'd like to say.

35 **MR JONES:** My name's Tyran Jones. I'm a dairy farmer in the Yarra Valley in Victoria, just east of Melbourne. A family operation, been there for over 50 years and grown from about 20 cows to now looking over 550 cows. I have a bit over a decade of experience working in the industry sector from the R&D side through to the farmer advocacy side. Although I'm currently on an advocacy board, I sit here today as an individual witness.

40 So the Australian dairy industry is worth about \$13 billion and to farm and factory - across the farm and factory sectors and employs about 40,000 people directly on farms and in factories, with an estimated 100,000 people in total including service sectors, associated service sectors. It's a fully export-exposed industry, like most of the commodity industries in Australia - what I call "commodity industries in Australia".
45 Roughly 45 per cent of the national product, dairy product, is exported

and in Victoria that figure is between 60 and 70 per cent, so the Victorian industry is very exposed to export, the vagaries of the export market.

5 Any regulation or compliance burden that puts us at a disadvantage or increases costs, is a significant factor in the long term sustainability of the - in particular, the Victorian dairy industry working on fairly low margins. There are about 4000 dairy farmers in Victoria and about 6 across the country now. So they are individual small businesses with limited resources, and that unnecessarily burdensome compliance has a significant
10 impact on farmer's decision to invest in farmer's confidence in their future in the industry.

15 I just wanted to cover a few points, ones that - just run through the planning and regulation variations across jurisdictions; animal welfare issues; technology, which Paula's covered a fair bit of; and bio-fuel; and respond also to your information or a discussion on the right to farm issues.

20 So with the planning and regulation being quite different across jurisdictions from council level to state level and federal regulations across the top of that, we are starting to get into some quite diverse outcomes. For example, a large dairy development may fall under the national guidelines for construction due purely to the footprint of the concrete. That then creates ridiculous requirements on design. So we're
25 seeing some real diverse outcomes there which make it impossible for farmers to comply - individual, small business, to comply with principles which are largely designed for large industrial and commercial multi-storey environments.

30 We've seen planning schemes and zones make a bit more challenging for agriculture in shire areas. There's a thing referred to, or concept referred to as "intensive farming definitions" again which vary enormously from jurisdiction to jurisdiction. We get, again, perverse outcomes where in different seasonal circumstances and where farmers
35 want to expand for various reasons, whether it's to milk more animals on the same area or to use feed more efficiently, we can find - farmers find foul quite inadvertently of these intensive farming guidelines, which require additional permits and constraints.

40 So some jurisdictions are dealing with that quite well and with an agricultural focus, and others are not. It becomes a black and white discussion which leaves the farming sector completely exposed to someone walking in and saying "You're intensive because you're in" - for example, in Victoria, "you're importing" - "feeding your cows more than
45 50 per cent of feed".

MR LINDWALL: Even though it might be for three months?

5 **MR JONES:** Exactly. Yes, or in a drought period or using a feed pad to increase/reduce feed wastage and that suddenly sparks - or brings the issue to someone's attention. So we need to somehow create an environment which is more uniformly sensible and amenable for industry to comply for different jurisdictions to create sensible and workable regulations.

10 On the animal welfare front, I think, the - for the dairy - well, the dairy industry which has really, so far, been under the radar compared with poultry and pigs, it's probably the biggest social licence risk for the industry. The industry and any guidelines and structures need to be beyond reproach, because with the current social media and media
15 timeframes, anything can go anywhere around the world within minutes, literally.

20 So while the industry is seeking a legislative approach to animal welfare guidelines, there's - we already have examples where different jurisdictions have different rules and procedures for structures and different overlays. So I think it's a little bit incongruous that we can expect a national uniform application of state legislation around animal welfare.

25 So while many of the animal industries are opposing a national regulator, animal welfare regulator, perhaps a national animal regulator might be an answer to avoiding a situation where we end up with different states and jurisdictions applying their own slant on the national animal welfare guidelines.

30 So while there's a lot of resistance to a national animal welfare regulator, perhaps it might actually usurp the local jurisdictions and the variations they may want to apply. So I think there's room for collaboration. Any outcome needs to be collaborative and look at industry
35 best practice, animal welfare best practice, as well as understanding what the community's perceptions and expectations are.

40 As Paula has alluded to, there is a vast variation in knowledge across the community of how farming works and how animals are managed. We've now got to such a point as many in the community don't actually understand that mammals need to give birth in order to lactate. That point has, kind of, got lost along the way as - when we were growing up, we all knew someone who spent the weekend or the public - or the school
45 holidays on their uncle's, aunt's, brother's, mother's, cousin's dairy farm. That doesn't happen so much any more

MR LINDWALL: No.

5 **MR JONES:** So I think there are more questions to be asked around that animal welfare regulation space, I believe.

10 On the technology side, as mentioned, dairy is a globally exposed commodity. There are a number of other dairy producers around the world which have access to a range of different technologies that we don't have access to, whether it's animal treatments or whether it's GM crops, production - different production systems. So it's imperative that if we're going to have a globally competitive dairy industry, that we do have access, through a sensible regulation system, regulatory system, which is not - which is science-based, outcome-based and allows us to remain competitive.

15 Farmers need to be able to choose and in similar line to what we've just - the conversation we've just had, farmers need to be able to choose their production systems and choose how they can best remain competitive, particularly in light of the last decade of a steadily reducing rate of productivity gains across the dairy sector, and as well as across the grains sector. We need to have access to new technologies.

20 There seems to be a view in the community, and we've seen this through the social research space, that the community values the view of an independent regulator. It gives us quite a strong position. If we're able to say "Well, we've got an independent regulator" - of course, you'd say you want the technology.

25 As a farmer, you want to be able to use any tools you can use. But is it safe? They're not going to believe it if I say they're safe. But if we've got an independent regulator and they are rigorous and respective science-based, outcome-based, and I think that assists all of agriculture with their social licence issues around use of new technologies.

30 Well, it's particularly of interest in the gene space but, I think, it's going to be particularly important around the gene editing space as well. So it's not black and white whether genome editing should fall under the regulations or not, not only from a technical and science perspective, but also from the social licence and ability of farmers to choose and be respected for that choice of farming system.

35 One of the other issues which I would agree with your - the Productivity Commission's statement around bio-fuels and the removal of state mandates and subsidised ethanol production systems. Grain is a

major primary input to the dairy industry. The dairy industry already is in a position where we're effectively propping up the local domestic grain market with higher prices to the dairy industry locally than the global grain price, grain markets. So anything that further pushes up the cost of an input, like grains, into the dairy industry, I think, should be seriously considered.

MR LINDWALL: Especially if it's artificially put up.

MR JONES: Yes. So Queensland is particularly sensitive to this because of the state mandate and it does impact the price of corn.

MR BAXTER: New South Wales has got a similar mandate.

MR LINDWALL: It does, yes.

MR JONES: I'm not as familiar with that.

MR BAXTER: Yes.

MR LINDWALL: It does, yes, yes.

MR JONES: So as a dairy farmer, and the dairy industry as a whole, is definitely in favour of your contention that the regulations, the mandates and the subsidies should be removed.

Just a final point around the - I guess it's a contentious issue, of the right to farm. It's not a simple thing, but it's - and therein probably poses more questions than solutions. But somehow being able to introduce frame - a framework which the State governments can probably manage through their local jurisdictions to consider an overall approach to how agriculture should be treated in - particularly in the peri-urban environment where you've got urban encroachment or you've got lifestyle type establishments moving into rural areas, and pressure being put on councils to make decisions which favour the urban rather than the local - the primary production systems. So there's always going to be pressure from groups on councils.

I suspect that to try and do something at the council level is going to be unsuccessful, whereas if we can try and - if we are able to get some sort of national agreement at the state level, the States are then able to impose frameworks or guidelines at the local level to try and make the outcomes a little bit more sensible around productive agriculture and what are, effectively, the key drivers of regional profit - regional success, profitability, regional (indistinct) towns. So that about covers the points

that I wanted to raise.

5 **MR LINDWALL:** Thank you very much for that. Yes. I think you're right that local governments are easy to be swayed in particular ways and they often act quite different to each other, even under the same guidelines. So maybe the state governments need to be a little more specific about that.

10 **MR BAXTER:** Sorry, can I just pursue this. You're in the Yarra Valley. While 500 cows is not the top end of the, sort of, Moxey, Perich Farms or others, it's still a reasonable number of cows to be milking every day. How much have you been impacted by the, sort of, urban expansion out of Melbourne, the lifestyle box?

15 **MR JONES:** So we are surrounded by 30 acre hobby farms.

MR BAXTER: Right.

20 **MR JONES:** Which makes it - expansion pretty well impossible because land prices are way out of our reach at that sort of size. Up until recently, it hadn't really impacted us.

MR BAXTER: Right.

25 **MR JONES:** But we've had new neighbours move in. So we had an orchard next door. We bought most of the orchard, but we didn't buy the house over about a 10 year period. We've had new neighbours come in and build a mansion on top of the hill and start making comments to the kids like, "We see that big pile of stuff there and we don't really want to
30 make a comment because we know that's important for your business and the way your dad earns his living", but it's just subtle things like that. So actually, we're going to be careful as time goes on and new neighbours come closer, that we need to be mindful of heaps of tyres that we use for covering soilage pits - - -

35 **MR BAXTER:** Yes.

40 **MR JONES:** - - - that other people might not like the look of, and we've also recently had a visit from a person from the local shire because someone had complained that we had 500 cows on half an acre and we were running intensive operation. It was not right.

45 We were very fortunate because the fellow who came from the shire understood rotational grazing and dairy management practice - grazing management practice and supplementary feeding of cows on small areas

to minimise damage, minimise losses. So the investigation stopped there. But if we'd have had someone who was overly officious and they wanted to push their weight around, the outcome would've been a little bit more challenging.

5

We've had examples, I think more in Northern Victoria, of more successful complaint processes about intensive farming where farms put in feed ballots to reduce feed losses and manage feeding better through drought periods and things like that. So it's a significant issue.

10

MR LINDWALL: Likely, presumably, to keep pushing out and developing.

15

MR JONES: Yes. Yes. So we've had the Wagyu beef example in recent times where new neighbours complained about the cockies coming and making a noise and waking them up.

MR LINDWALL: Yes.

20

MR JONES: So things like that are just silly.

25

MR LINDWALL: Well, it's certainly been raised with us that one of the reasons I'm exploring it, at long last, the States' Departments of Agriculture and Primary Industries plus the Commonwealth, have got a conference here in Canberra on the 7th and 8th, I think, of September, in which this is one of the major issues for a resolution. But the third tier of government, which seems to be the predominant one involved with whether it's right to farm or protecting rights, whatever you want to call it, there doesn't seem to be any consistent policy view as to how they handle it.

30

MR JONES: No.

35

MR LINDWALL: Now, is looking for a consistent policy view realistic or is it unrealistic? I mean you have some shire councils which are just interested in collecting revenue and couldn't give a stuff, and there are others which are prepared to see a balance between residential or hobby farming blocks and proper agriculture, or proper farming operations. I mean, is local government an area that's been neglected in a lot of this?

40

MR JONES: Local government is becoming more and more dominated by urban members really.

45

MR LINDWALL: Yes.

5 **MR JONES:** We're finding, I mean, it must be - it's probably 20 years since the Shire of Yarra Ranges had a farmer, a commercial farmer on the council. I think we're finding that, more and more as you go further out and the urban centres become more concentrated and then they start encroaching on the commercial farming areas, that people with a drum to bang are getting on council, or having significant influence over council decisions and keep persisting until the council gives them what they want. Then, of course, the councils have always got this threat of someone taking them to VCAT to - or whatever the local complaints authority is.

10

So, I think, we're going to have to - if we're going to get a successful resolution, we're going to have to move up a level, because it's only at that level, the state level, that they can actually impose frameworks on the councils.

15

MR LINDWALL: And resist excessive lobbying by a small community?

MR BAXTER: Has the Victorian Government attempted to move in any direction?

20

MR JONES: They have put a committee in place after the Wagyu beef exercise, but I haven't followed that through to see where it's at, at the moment.

25

MR LINDWALL: When you mentioned about chemicals or technology, can you give some examples where oversees practices of dairy farms are using certain types of technologies where are not available to you, which you would like to use if you could?

30

MR JONES: There are products currently going through our regulatory process, through APVMA. So there's a product called rBST which is currently going through regulatory approvals here. It's been around for 20 odd years.

35

MR LINDWALL: 20.

MR JONES: It's been used in the US and a number of other countries.

MR BAXTER: I think New Zealand uses it, doesn't it?

40

MR JONES: No, no.

MR BAXTER: It doesn't use it?

45

MR JONES: No, no. I guess, more importantly for us at the moment,

5 there's a question around GM crops, GM rye grass and gene editing and
new varieties of rye grass - rye grass being the predominant feed source
for the dairy industry, particularly across the southern regions, trying to
increase productivity, reduce environmental impacts, higher energy rye
grass, more milk per mouthful of grass, which benefits every possible
interest really across the community. But, again, the industry has shied
away - - -

10 **MR LINDWALL:** Even though you don't have a moratorium in
Victoria.

15 **MR JONES:** So one of the problems with the State moratoria is that in
order to get a critical mass or critical market, critical market mass to
interest a commercial player, if we've got moratoria like that, then
suddenly the market's reduced and so what value is there for a commercial
partner to bring a new product to market. That's one of the major
challenges. That one's going to apply to the grains industry as well, as it
does to the dairy industry, and new pasture varieties. Also, with New
Zealand currently also avoiding GM feeds, it ends up with quite a small
20 market. So we need a more sensible conversation around the use of new
technologies.

25 **MR BAXTER:** Changing the subject slightly, or more than slightly,
when we were in Melbourne last week, we had a small group of dairy
farmers from down in the south west of Victoria put quite a strong
argument to us that we should seriously look at the current situation with
compulsory levels and the dairy industry one. You wouldn't be surprised
to know that they had some fairly critical comments to make about
Murray Goulburn and the current circumstances.

30
Do you have any views about the efficacy or otherwise of a dairy
research levy in particular? Is it, you know, on the issues that you've
raised with us, is it contributing to productivity improvements or is it just
indulging - well, no, that's a bit subjective.

35 **MR JONES:** A bit hard for me.

40 **MR BAXTER:** Is it keeping a whole number of scientists employed who
might not necessarily - say, for example, they're delivering a better rye
grass or, you know, 24-hour milking or some technology of a similar kind.
What's your view about that sort of proposition because you, presumably,
pay the levy?

45 **MR JONES:** Yes, we all pay the levy. It's inescapable.

MR BAXTER: Yes.

5 **MR JONES:** I think that there is a risk that some of the key decision makers periodically forget where the money comes from and who's paying the levy, and focusing on outcomes for levy payers, as distinct from a view which puts other industry stakeholders an order higher stakeholders and their levy payers. At times, I think there's evidence - there's been evidence of that which is extremely frustrating and challenging to overcome.

10 **MR BAXTER:** Very challenging once - yes, we call it a principal-agent problem where you're the principal and the agents are the people that are supposed to be acting in your interests and, in this case, it doesn't sound like it.

15 **MR JONES:** Overall, they probably do. But on some key productivity issues, I think, they've been swayed too much by other interests or by particular prejudices of powerful, or perceived powerful, people like Gary Helou. He, and others at that level in the market sector, have enormous influence over Dairy Australia and demonstrably so and almost to the exclusion, on some topics, of the interests of dairy farmers. That is a significant challenge.

25 I think that it's easy to point to a reduced rate of productivity gain to demonstrate that there is a significant challenge in developing new tools and technologies for farmers to apply. But that's not to say they're not out there, and that's not to say that different industry partners might be able to provide different outcomes.

30 **MR BAXTER:** I mean, have they reached a stage where there's any foreseeable solution to Johne's disease or is that still riding as a significant issue in the industry?

35 **MR JONES:** It's a significant industry - sorry, it's a significant issue, but it's more of a significant issue at the fringes, for want of a better term. So Queensland, for example, is red hot on Johne's disease and wants to be able to declare that it's Johne's-free, as does WA. The beef sector, particularly the stud beef sector, is paranoid about Johne's disease.

40 **MR BAXTER:** Yes.

45 **MR JONES:** But in New Zealand, it is considered endemic and virtually unmanageable and so they don't worry about it. It happens. It's a fact of life. Deal with it and move on. We're now getting to the point where we're having different - again this is another example of different

jurisdictions taking a different approach. So Victoria has had a range of
Johne's disease management programs over the years and it has
essentially moved to the point of individuals who want to manage it need
to manage it, and yet, New South Wales has just instituted a program
5 which goes back probably a decade in the evolution of the Johne's disease
management program.

So again, it's a case of different jurisdictions applying different rules
and no one really knowing. Once they're in the system, there's no way
10 out. So it's an issue, but it's an issue which might not be worth worrying
about.

MR BAXTER: Okay.

15 **MR LINDWALL:** Now, in two other areas which you haven't
commented on, Tyran, is about foreign investment and the other is
transport. Is there anything on those two topics that you'd like to say?

20 **MR JONES:** So on foreign investment, I think the industry is dependent
on foreign investment - it will be dependent on foreign investment if it is
to grow to a significant degree, whether that's at the farm level or at the
processor level. We've seen a number of partnerships, particularly in the
manufacturing sector of late which demonstrate access to new markets and
access to new capital through joint ventures, as well as through direct
25 investment.

Individually, I think a lot of the industries are in favour of foreign
investment, so long as it's well informed and targeted and the people who
invest are well supported. One of the challenges we've had in the past is
30 we've said, "Yes, the industry is open for business. The industry wants to
expand". We've had an international market run on the value of dairy,
particularly driven by China more recently. But a lot of that has ended up
with people coming without the necessary contacts or support locally, and
gone into a local area and said, "We're going to building a big dairy and
processing plant", rah, rah, rah. Then we've had local communities react
35 negatively to that and, effectively, hunt them out. So I think the industry
has probably done itself a disservice by not putting enough of a support
framework around the concept of investment at the different levels across
the industry.

40 On transport, Dairy Australia did a bit of work a couple of years ago
about the costs of - well, I don't really want to say "retrograde", but an
arcane approach to heavy vehicle transport regulation and the national
heavy vehicle transport - - -

45

MR LINDWALL: Regulations, yes.

5 **MR JONES:** - - - system is generally regarded as a good thing. But it's too slow in recognising new vehicle configurations, new mass management, new heavier GMVs, which don't do any greater damage to the infrastructure than the older systems under the older limits. So there's definitely room for further investigation around new and modern technologies - - -

10 **MR BAXTER:** And at a local government - - -

MR JONES: - - - and configurations.

15 **MR BAXTER:** Sorry to interrupt. But local government rules and regulations - often the funding of adequate facilities like, you know, replacing wooden bridges which have been there for tens, if not hundreds of years, is that an issue in your part of Victoria?

20 **MR JONES:** Well, it's not so much an issue in my part, but it certainly is an issue in some areas. So even fully laden single semis wouldn't be able to use some roads, some local roads. On other roads which would be capable of taking B-doubles for farm or local milk transport, local restrictions are in place which preclude that. So there's definitely a fair bit of work to do there. I think that that's already recognised by the
25 commercial vehicle regulatory system.

MR LINDWALL: True.

30 **MR BAXTER:** When we were dealing with the issue of local government and local government regulations, are you in competition with the wine industry, the wine growing industry in the Yarra Valley?

MR JONES: Not - - -

35 **MR BAXTER:** Do they have the same problems as you or?

MR JONES: Well, I think they - in different areas, they've had more problems because they've had people complaining about their harvesters at night and shutting them down from 7 till 7 and silly things like that, at
40 critical times.

MR BAXTER: Right.

45 **MR JONES:** So we don't suffer from that.

MR LINDWALL: No, that's true. Alright. Did you have any more questions?

MR BAXTER: No, I'm right.

5

MR LINDWALL: I think we've covered a fairly - very broad range of topics and very much appreciate you could come along, Tyran.

MR BAXTER: Yes, thank you.

10

MR JONES: Thanks for your time.

MR BAXTER: Appreciate it.

15

MR LINDWALL: Thank you. Well, I think, give me two minutes. I'll be back in a second.

ADJOURNED

[2.21 pm]

20

RESUMED

[2.22 pm]

25

MR LINDWALL: Thanks for appearing, and if you just introduce yourself and tell us about whatever you'd like to say today.

PROF GREASY: So I'm Jill Greasy. Although I appear on the schedule with a couple of affiliations, my submission is as an individual.

30

In my submission, I've provided a little bit of background about my scientific expertise, my scientific interests, my long-term involvement in the social responsibility of science, and finally that my, I have currently founded a start-up company to translate my research findings of about the last 20 years, to take them to the field in agriculture.

35

In the structure of my submission, I've taken note of many of the points in the draft and I need to say that until the draft came out, I wasn't even aware of this inquiry, and I say from the sort of submissions from the initial list, that that's probably true of a great many people.

40

So my submission is focused on issues of regulation of GM crops, and I want to pick up on a number of points in the report, which are not only of interest to me, but in which I think the draft report doesn't provide enough information or guidance. I would particularly like to draw

45

attention to the disconnect that I see between the current Australian RMV crop development system, which uses ag-biotech tools, and what I think is the long-standing failure of whole-of-government policies to address them.

5

Now, I realise that in talking to you, I'm talking to Productivity Commission, which has terms of reference to address issues of regulation impeding innovation and productivity in agriculture, whereas other government departments have other interests which intersect with those. And as will be apparent from my background, and what I'm trying to do, there are a number of frustrations from what one government body says compared with what another government body says, and I see that as wasting a significant amount of taxpayer funds.

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15

In my submission, I've picked up on what I'd say were two key factors that I think have been a bit underdone in the draft report. The first one, I've described - well, I'd like to rephrase that as what I see as the opportunity cost for innovation and productivity in agriculture. That's what I see as a catch-22 for would-be Australian GM crop developers or adopters flowing from existing government regulation, legislation for regulation of GM crops, and as we've heard, quite a number of submissions that note this. Its failure to keep up with the developments and new AG bio-techs, which have been called NBTs or New Breeding Techniques in the draft report.

20

25

Consequences, and these are some of the issues I myself am now dealing with with my start-up company, is really impediment to take advantage of the state-of-the-art national and international research and capture the benefits after increased productivity of Australian agriculture, which is what (indistinct).

30

The second factor that I've identified, and that's certainly become apparent from the number of submissions which one might call anti-GM community, and we've got a little bit about that. I think the CropLife chap's gone. But others have mentioned this, is we have a, effectively a pro-GM and anti-GM antagonism which has not been, which has been noted clearly in the report, and in the other report on regulation of GM crops.

35

40

So the question is, if we want to capture all the benefits, I believe we have to do something about this, and I greatly think that what needs to happen is that the Australian government, or some government independent body should take that, an education of the Australian public and also to create the dialogue that's necessary to bring two camps together.

45

5 And a bit about the politics was mentioned by Mr Cossey of CropLife. But I think what needs to be kept in mind is that this public support is necessary in the political system we have, because any changes to regulation will need public support to get through parliament, and at the moment, parliamentarians are hearing a lot from the anti-GM lobby, and clearly they hear a lot from the pro-GM lobby, but as you, everybody would be aware, the parliamentary process has drivers, and the major driver there is public support.

10 That's been mentioned in today's hearing that there are a number of anti-GM politicians, but I would like to draw your attention to the fact that Richard Di Natale in maybe a careless moment on 1 and 2 January this year came out in support of GM crops as a medically-trained doctor. He was confident that they were safe and if you recall, he was very quickly told to shut up because that wasn't the Greens' public party policy. So we can see there the individual politicians' views may be constrained.

20 And finally, I note there at the end of my factor, and the report acknowledges this, but it really doesn't make a good recommendation. The CropLife speaker mentioned a number of bodies that were attempting to perhaps sway public opinion, but I think they could all be regarded by the anti-GM lobby as having vested interests.

25 I was at the launch of the body of the Australia - the Agricultural Biotechnology Council of Australia, about three or four years ago at a (indistinct) conference. The founding members of that were CropLife, AusBiotech, the National Farmers' Federation and the GRDC. And one of their aims, I could say with the last two, would be industry bodies, but both of them with a public conscience, if not public ambit. And one of their briefs, one of their main goals was to do something about this dialogue between the public and those developing and marketing GM crops. I've seen very little evidence of any success of that body and others.

35 That then gets me to discussing some of those points more in my submission, and what I've done, which I hope doesn't bore you too much - - -

40 **MR LINDWALL:** No, no, no.

PROF GREASY: - - - was cited in detail, or effectively, all the relevant points covered in the draft report, plus in greater depth a recent very thorough report published by the US Academies Press, called "Genetically engineered crops: experience and prospects."

5 This is a tome of more than 400 pages, developed over two years and made online on 1 May this year, which will be after submissions and initial, I don't believe there were initial hearings, but submissions, deliberations and writing of the draft report. However, it seems to me from the post-draft submissions and the discussions I have so far heard, that not many people have - - -

10 **MR LINDWALL:** No, they haven't.

PROF GREASY: - - - taken up on that even though it's as been in the public domain.

15 **MR LINDWALL:** I saw an opinion in *The Age* newspaper on it, yes.

20 **PROF GREASY:** So it's unfortunate that it wasn't available for the US report. But it also seems unfortunate that it hasn't got discussed too much in the post-report proceedings, because whatever we want to do in Australia, I think it's ridiculous to reinvent the wheel and go back through all of that, because as would be apparent, that committee has done an awful lot of work, and while it's cited what they've done in my submission, is that quite clearly in articulating their findings and recommendations, conclusions, a great deal of effort has gone into appropriate phrasing and to make that accurate.

25 So I certainly didn't want to attempt any rephrasing on my part. So I cited extensively from the preface and executive summary of that, and also from the final recommendations.

30 And I'd particularly like to draw attention to their treatment of the new breeding techniques and what I see, and it's really been the first place in which this has been articulated, which is to use what is called the new - omics technologies, so genomics, metabolomics, biometrics, and I'm not sure whether those, the meanings of those terms are well understood.

35 **MR LINDWALL:** Probably not.

40 **PROF GREASY:** Well, genomics I think you understand, because it's sort of the whole genome project. But in recent years, whole plant genomes have become available, including a number of crops, which makes available which makes possible comparison of any changes you might make in the plant genome in a given crop by that conditional breeding, or these new methods, so that you have a way of establishing that the change you wanted to make is there, but also that the changes you didn't want to make are not there.

MR LINDWALL: Yes, which has been more important.

5 **PROF GREASY:** The terminology of that is called “adventitious presence”. So we don’t want any adventitious presence there. Metabolomics may not be familiar to you, but really it’s a high throughput form of chemistry or chemical composition.

10 So that would allow you - that allows you to establish whether the changes you made in the product of the crop, which is what’s going to be eaten or animal feed or whatever that - it hasn’t accumulated any toxic compounds, or that its nutritional value has not been undermined, compromised.

15 So those are the sort of safety checks one would do, which say the food standard, FSANZ, would do. Biometrics is the data analysis tools used for that.

20 So in, from this report, the academy’s report, they make a number of recommendations, overarching recommendations on the NBTs, and they say that technology governance issues should be addressed by policy makers.

25 Now, this actually syncs in, which hasn’t been cited I think by anybody, including me, but the White House, the Obama administration, announced on 2 July last year that they were undertaking a major review of the rules and regulations of genetically modified crops, and the expectation was that that would be done within a year. That appears not to have happened. But my expectation is that the academy’s report will
30 feed into that directly with government consultations with the public.

I’ll skip to one of the last points in the recommendations. They say determining whether a new plant variety should be subject to pre-market government approval for safety, regulators should focus on the extent to
35 which the novel characteristics of the plant variety, both intended and unintended, which is what I just explained, are likely to pose a risk to human health or the environment, the extent of uncertainty regarding the severity of potential harm, so these risk analyses, and the potential of exposure regardless of the process by which the novel plant variety was
40 bred.

So this is the “process versus product” argument. Currently, regulations are on the basis of process, so that in Australia, plants produced by breeding techniques pre-genome methods are not - they’re
45 breeding methods, so they’re okay. They don’t effectively get regulated at

all. But the “process versus product” is that what is the final product? Is that final product safe, regardless of how it’s been formed?

5 Now, we had a beautiful example of this BARLEYmax today, where that BARLEYmax variant was originally produced as a GM, by GM method, and then at significant expense, re-engineered.

MR LINDWALL: Yes, retrofitted or something.

10 **PROF GREASY:** Yes, retro-engineered, simply in order to escape being classed as a GM plant. Now, that doesn’t make any sense.

15 Now, the committee office’s recommendation, because they say the process-based approach has become less and less technically defensible. So if we’re going to go for a science-based approach, then this is not defensible. And then bringing in the -omics potential, and this is really only - the technical feasibility using this approach has only become available, only become feasible really in the last two or three years, for cost reasons.

20 You’ll be aware that the human genome project from the late ‘90s cost hundreds and hundreds of millions, but we’re now at the stage where you can sequence a human genome for, you know, a couple of thousand or something like that, and with this technique of having full reference genomes for some plants, one can do what’s called “next generation sequences” and sort of align the differences between your new crop and the reference genome in order to identify changes.

25 So on page 4 of my submission, I’ve cut and pasted from the academies’ report a shared approach for evaluating crop (indistinct) which looks for differences between the current varieties, which might be conventionally bred, and new variety, which could be conventionally bred, could be GM, or what’s currently called GM bred, and it looks in terms of differences. And where there are no differences, then no further testing would be required.

30 So in terms of the current Australian regulations, which involve, say, the OGTR, and then on top of that the safety test, this -omics technology combines those two. In other words, with genomics and metabolomics, you are concurrently looking at those food safety compositional aspects, as well as potential for doing unfriendly things in agriculture. Does that sort of make sense?

35 **MR LINDWALL:** Yes.

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PROF GREASY: So I think the report's very helpful in providing much a better definition and discussion of new breeding techniques. The new report did that of course. They devote a whole chapter to this, and this is a whole new chapter, but it's a good reference.

5

But then coming up with this possible solution to the problem, they also argue very strongly for public funding of an education program to, well, mitigate the fears of the anti-GM people, and from my point of view and also in the social response, in my social response, being science background, I think we should be going for more light and less heat, because this continual antagonism is not getting anywhere.

10

I don't underestimate the difficulties for this. CropLife reps mentioned Mark Lynas, who was a long-term anti-GM advocate. He did recant two or three years ago and then was promptly - - -

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MR LINDWALL: Ostracised.

PROF GREASY: - - - disowned by the anti-GM community.

20

MR LINDWALL: As a heresy, yes.

PROF GREASY: In his address, or in his - said he'd - he admitted that his previous views, he had not read the literature. He admitted that. And when he did read the literature, and presumably understood it, or somebody explained it to him, then he was convinced. Now, I'm not sure what proportion of the anti-GM people would similarly be, their concerns would be allayed, if this was presented by an independent body, but I think that's - - -

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MR LINDWALL: Some would be.

PROF GREASY: - - - probably a better way to go.

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MR LINDWALL: Thank you.

PROF GREASY: My submission having got to that stage, I think looked at two further questions, which follow on really from my point 1, which in fact I've - key point 1, which is the opportunity cost, and looked at the role of the OGTR in regulating GM crops.

40

I've noted in a footnote the history of the OGTR, which started off when the common DNA techniques were just starting, and these were originally managed by the Academy of Science committees, and then they ruled, it finally got taken over by government by the Gene Technology

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Act of 2000.

5 When that - so 2000 is a long time ago in terms of advances in genome genetic technology. The role of the OGTR under the Act is quite broad and it covers microorganisms, animals, humans, plants, viruses, everything. And although (indistinct) for plants, these new technologies are having major impacts in these other areas.

10 And consequently, I think a body within a - I also question here that the OGTR is in the Ministry of Health, which was its - since most of this is, its progenitors were largely driven by the medical and biomedical community, as they could and should be at that time, we now have what are very complex issues with new genome technologies in the biomedical area, with very large ethical questions.

15 We'll be - we might have been familiar with work where CRISPR/Cas9 has a very strong international ethics discussion going on, not only involving scientists, but social scientists to try and establish what should be avoided. But the Chinese ignored that and produced a CRISPR/Cas9 modified human embryo. It didn't get progressed to a human, but - - -

MR LINDWALL: It shows, yes - - -

25 **PROF GREASY:** So there are very major problems there. Another risk of perceived problem with editing techniques is in for environmental issues, so-called "gene drive". So my viewpoint with the role of the OGTR is not only that the act is now outdated with respect to recognising NBTs and providing adequate guidance for the OGTR, but that the OGTR is also regulating these other major areas in medicine, and they are.

30 I'm fairly well-informed at the moment on the OGTR, because I've recently had to do the exam at the ANU on gene technology practices as part of getting approval for a new NRD, which is their second level of notifiable low-risk dealings. So I've become very familiar with and up to date with what the roles and responsibilities are of the OGTR.

40 So the academies' report notes that the different regulations that different countries have varied because they mirror broader social, political, legal and cultural differences among countries, and I've added to that historical differences, because the OGTR has an evolution and I think maybe it might be worthwhile thinking about how that placing has evolved and how in the future, particularly with these -omics testing technology which would combine some of the functions of the OGTR and the FSANZ - I don't know my pronunciation of that acronym.

MR LINDWALL: FSANZ, yes.

5 **PROF GREASY:** So I think you know, those are issues that might be considered. I've been a little bit worried by the discussion, which almost seems like, you know, a gentleman's agreement between the OGTR and some of the major GM crop people, CropLife, perhaps some of the CSIRO, that everything's okay. But I think that's sort of hiding the problem, and it's not going to calm the public.

10 **MR LINDWALL:** So you're basically arguing that NBTs should be directly regulated by the OGTR?

15 **PROF GREASY:** I'm saying, which is what the White House review was, started doing, and the academies' report is saying, is saying that there needs to be changes to the legislation to accommodate the NBTs. And what I've said in my initial points is that requires an Act of parliament.

20 **MR LINDWALL:** Yes, it does, or it needs a parliamentary approval, yes.

PROF GREASY: Require public support.

25 **MR LINDWALL:** Yes, quite.

PROF GREASY: Okay, otherwise the politicians won't touch it. Okay? So that's where I'm coming from, and as part of that - so this is not sort of slamming the OGTR. This is mainly somewhat saying they're between a rock and a hard place in using the legislation, current legislation - - -

30 **MR LINDWALL:** Which is what they indicated. Exactly.

35 **PROF GREASY:** - - - in their role of interpreting it and implementing it, because it's deficient, because it doesn't cover these other technologies, which were not known at the time in which the Act was formulated.

40 So the last point that I deal with, which takes up on, falls up on this opportunity cost, is the impediments to development, and uptake of GM crops. I've noted this is a catch-22 for new GM crop developers or adopters. And the academies' report summarises in detail these problems.

45 In practice, these problems impede the ability to take advantage of state-of-the-art national and international research, especially these novel methods of traits and desirable properties cover a wider range of crops due to cost delays and risk of regulatory refusal by the OGTR, and I'll add that

to leave there, that BARELYmax example. They didn't even seem to want to try the OTGR on that - sorry, the OGTR with that. I've got an error there.

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

PROF GREASY: An OTGR instead of an OGTR. So the net result of that is limitations on the ability to capture potential benefits of GM crops for increased productivity.

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MR LINDWALL: And what you're saying is, these crops allow improved environmental outcomes and lower cost production?

PROF GREASY: That's correct.

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MR LINDWALL: And more output per hectare, or something like that?

PROF GREASY: The academies' report notes at the beginning that really, and the anti-GM lobby is focused on this, really only two traits have been widely used, which is insecticide resistance and herbicide.

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MR LINDWALL: Yes. We heard this from anti-GM.

MR BAXTER: We've had a constant recitation of that.

25

PROF GREASY: Now this is only two traits which could be very beneficial to GM crops, and I've given an example at the bottom of the innate potato developed by J.R. Sinplot in the US. I might note that J.R. Sinplot is a 100-year-old, privately owned company, so it's not beholden to shareholders, and they've used one of the older NBTs, RNAi, which has been available for about 20 years.

30

And what they've done with that is, they had introduced traits which they consider are very favourable for the consumer in terms of safety. Reduced cruelty is very helpful for the consumer. When you cut the potato, it doesn't go brown. It reduces a compound which can produce a potential carcinogen when potatoes are fried or baked, which is how they're commonly eaten. Resistance to major plant disease of potato.

35

40 **MR LINDWALL:** Which caused the Irish potato famine.

PROF GREASY: And enhance cold storage, the latter being that you know you can't store potatoes in the fridge, and the shelf life of potato, if you store potatoes in the fridge, their sugar content increases and energy (indistinct) boil of the mashed potato goes all gluey.

45

MR LINDWALL: I must experiment with that.

5 **PROF GREASY:** So this (indistinct) stored more than 10 degrees or so, their storage time is limited. So these I believe are some of the traits which would be widely acceptable to consumers.

10 And I just point out that although there's this resistance to GM crops, the full potential of GM crops has never been explored, and under the current system, is going to be very slow to be explored because people like me with start-up companies are faced with attempting to get investment in an agricultural ecosystem which is quite risk-averse and then compounded with regulatory hurdles it's even more problematic. So I'll leave it at that.

15 **MR LINDWALL:** Yes. Well, thank you, Professor Greasy. I just - the argument you just put about process versus the product outcome, if I could use a different example just to make sure I understand it, what you're saying is that if my output is salt, sodium hydroxide, sodium chloride, I mean, and I make it by combining sodium hydroxide and hydrochloric acid, or I just go and dig it up out of the seabed. It's the same product, so you should just regulate the product, and not the process to get to that product?

20 **PROF GREASY:** Yes, that's right. Clearly, in both cases you want to make sure that there's nothing else in that product you don't want.

MR LINDWALL: Exactly.

25 **PROF GREASY:** There could be contaminants by both processes.

MR LINDWALL: Exactly, yes. Now, in terms of the public funding for an advocacy for GM technology, do you see - - -

30 **PROF GREASY:** Not so much the advocacy - - -

MR LINDWALL: More about education.

35 **PROF GREASY:** - - - as education. That's the term that the academies' report - - -

MR LINDWALL: Should that be the OGTR, or another organisation?

40 **PROF GREASY:** No, I don't believe it should be. I mean, OGTR is an entity whose role is to administer the legislation. I don't believe that it's a

body that should be tasked with public education.

MR LINDWALL: Is it the Office of the Chief Scientist, then?

5 **PROF GREASY:** It could come out under the Office of the Chief
Scientist. Again, this whole-of-government scheme - I'm not sure where
it should come out. I would be - it could come out through, be promoted
by ATSE, which is the Australian Technology Science Academy. Could
10 be Office of the Chief Scientist might be a place. It clearly needs to be
seen as independent and it clearly needs to have scientific, ethical, legal,
all sorts of people representing it.

How that can play would be conducted, I don't know. The academy
15 says it has to happen, and having seen some of the other attempts, which
have clearly not been successful, I think that has to be an issue to be
addressed. I mean, that issue also has to be addressed in the medical area.
We've been through (indistinct) with stem cell therapy, human germ cell
modification, which is banned all over the world, but in these sorts of,
20 what you might do with the technology clearly needs to be constrained by
some ethical limitations at this stage.

But for GM crops, I think the record now is very strong. The ability
of the new technologies with NBTs to make more precision modifications
25 will mean that adventitious events, presences or unintended effects can be,
and I think have been shown, to be less. So the legislation is behind.

MR LINDWALL: That's right. Ken and I have had a number of people
visiting us who shall I say are absolutely passionate about their view that
30 GM is harmful and that they won't be swayed. I mean, they're certain of
their views, as far as anyone could be any certain about a view. As I get
older, I get less certain in my views, actually.

But we can have an educational campaign, and it might convince
35 some of them, but why do you think people have such a virulent
viewpoint against what in many cases is a fairly stable science?

PROF GREASY: I think there are plenty of causes in the world that
need a treatment and which need activism. I rather wish that they'd move
40 their energy and efforts - - -

MR LINDWALL: To something more useful.

PROF GREASY: - - - to something else.

45 **MR LINDWALL:** Yes, well, it's a bit like anti-vaccination campaigns.

5 **PROF GREASY:** When I was growing up, it was nuclear arms, and we really had something to complain about. I don't understand the, some of the - there's clearly an issue of the general scientific literacy of the public. But I mean, in terms, you know, if you look at Mark Lynas' example, he was an anti-GM person for a very long time and led the European movement, and then he admits that he's never looked at the literature.

10 **MR LINDWALL:** That's amazing, isn't it?

15 **PROF GREASY:** Clearly, he had the capacity to read and understand the literature, and I think probably a lot of the anti-GM people do have the capacity. There may be people with insufficient general scientific understanding, but again, with an education campaign, one would hope that that could be developed for various levels of understanding, so that people with not very much scientific understanding would not be humiliated by being addressed by people such as me, for instance, who might use terms completely foreign and intimidating.

20 **MR LINDWALL:** Ken?

MR BAXTER: I've got no further queries.

25 **MR LINDWALL:** It's certainly a very interesting field, which is complicated and in the new areas with the new breeding techniques offers some fantastic promises too, and your examples here, and thank you for bringing to our attention the academies' report, which I think is, as you say, a landmark report, and we'll certainly use that in our final report. The governance of the gene technology regulator and the applicability of its regulation to the NBT well, it's currently undergoing a review, as far as I understand, and we can reflect on that in our report, too.

30 **PROF GREASY:** Yes. I mean, I think there's that general governance principle which was that policymakers should make policy and draft legislation, and then there should be people who implement that legislation, which was a bit - so in this case, the parliament needs to get (indistinct).

35 On the other hand, the OGTR is the body that implements policy, and I think it's a general governance principle that those functions should not be undertaken by the same people. So I would not like to have a circular system of OGTR feeding back into legislation, except as a general advisory.

40 **MR LINDWALL:** Yes, I agree. All right. Did you have any final

thoughts?

PROF GREASY: No. I'm happy to provide other information.

5 **MR LINDWALL:** No, I appreciate that. Can I ask about golden rice?

PROF GREASY: Yes. I know very much - I know a lot about golden rice.

10 **MR LINDWALL:** Well, briefly, could you say where, what the prospects of it are, and how far along production is it?

PROF GREASY: Well, in fact, I know personally the leader of the program for golden rice, and that was a very well-intentioned effort that started in Germany in the early 1990's, and it was the aim of the project was to address an important problem, which was vitamin A deficiency in rice-eaters, who don't have enough complementary foods that provide vitamin A.

20 So the aim was to put the gene for vitamin A into rice, and vitamin A is a yellow colour, which you will know if you take any multivitamins, and when it comes out the other end, it's yellow.

MR LINDWALL: So it looks like saffron-coloured rice?

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PROF GREASY: No, no, no. It's vitamin A. That's the colour of vitamin A. That's why it's called golden rice. Now, the acceptance of golden rice has been, there have been multiple factors there, both anti-GM and also consumer acceptance, the people who it was intended to benefit, many of them did not like - - -

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MR LINDWALL: The yellow colour.

PROF GREASY: - - - the idea of golden rice. So again, you know, I believe that that was an initiative that started with very good intentions, and I can't really criticise it, because when it started, because it was the 1990's, people were very hopeful of the prospects of these sorts of initiatives. But then it's got drowned down, and then it becomes a case study that people will cite then in the anti-GM.

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MR LINDWALL: But it's not problematic in that health-wise, it's quite safe? It's safe?

PROF GREASY: Yes. It's safe.

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MR LINDWALL: So yes, sorry, so that it's not a problem that it's - it wasn't a problem in safety. It was a problem in that consumer acceptance of it - - -

5 **PROF GREASY:** No, it's not a problem with safety. It's a problem with consumers and it's one of those cases where you might consider it with many aid programs, that Dr Baxter was involved with AusAid some time.

10 **MR LINDWALL:** That's a different Baxter.

MR BAXTER: No, it's the same.

MR LINDWALL: Is it?

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MR BAXTER: (indistinct)

PROF GREASY: So many of the aid - - -

20 **MR BAXTER:** You've given me a PhD which I don't have.

PROF GREASY: Sorry. Many of the aid programs are very well-intentioned, but they don't consult with the people that they're trying to benefit.

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MR LINDWALL: Yes, you're absolutely right.

30 **PROF GREASY:** And in many cases, it may be that what they're trying to do is not a good idea, but it may be that what they are trying to do is a good idea, but the people who it's meant for get upset because they weren't asked, and that's fair enough, I think.

MR LINDWALL: Yes, yes.

35 **MR BAXTER:** I have no disagreement with that.

PROF GREASY: That's right. I mean, otherwise it just looks like Western imperialism imposing a solution.

40 **MR LINDWALL:** Exactly. Well, thank you very much for appearing today, and anything - and it's a very helpful submission.

PROF GREASY: Thanks for the opportunity to speak.

45 **MR LINDWALL:** So our final people today, we always invite others to

5 moratoria on GM crops and potential classification of new breeding techniques under an unnecessarily high level of regulation, so the issue of biotechnology and agriculture; the need for more transparency in the regulation of foreign investment, getting that balance right of the capital inflows in at a level that society is comfortable with and that also benefits the industry; and also the need to streamline implementation of environmental regulations at a federal and state level and also at the local planning level.

10 Our submission to the second round is almost in its final stages and we're happy to cover across any of the key issues we touched on there.

15 **MR LINDWALL:** Shall we start on foreign investment then? As you say, foreign investment has been critical for the sector as much as for agriculture generally. What do you think the driver is for what I would observe as seems to be a renewed resistance to foreign investment?

20 **MR McKEON:** I guess when we break an issue down like foreign investment, we have to look at what is practically occurring and the inflow of capital into different sectors of the Australian agricultural economy and investments in different types of business within that and break that down into what is perceived from a public perception. I guess the two may not always be the same, so I guess if we look at it from the perspective of breaking it down, of owning it versus investment and what those might mean to the average person on the street. It might be very different to what they might mean for a sector or a business within agriculture trying to upsize their business and bring in capital inflows, or it could be for a family business looking to transition out of farming and capital inflow is providing the opportunity for a competitive market and a greater return.

30 I think, in summary, breaking it down, there is obviously an amount of I guess public discussion about the issue, but we probably have a disconnect between the public discussion and the actual activity occurring.

35 **MR BAXTER:** Sorry, could I just explore this point and I have had a reasonably long history with the industry, which seems in many respects to be divided into two parts. You've got the traditional small farmer who probably has got a property of six or seven hundred hectares, grows a small amount of wheat or a traditional wheat, sheep or maybe a cattle property.

40 Then you move into the very much larger growers who are heavily capitalised. They've got big four-wheel drive tractors, very wide headers, all the rest of it, and many of them moving into an almost totally automated system. Does the industry divide itself, and it's not unusual

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5 that it might, divide itself into a group of growers who see the necessity for continuing capital inflows, and see a need for a relationship with, say, or dare I say it, the Chinese, or other foreign owners, and the smaller end of your membership who is out to protect what I might describe as the traditional family farm.

10 **MR McKEON:** I would firstly state that I would be very careful about trying to break the farming businesses down into sectors and making assumptions on people's beliefs on issues like foreign investment and capital inflow based on the type and size of their business. There may be some broad alignment with many of their views, but I'd be very careful about the way in which that's done. We could have an example where it could be a smaller farming operation.

15 **MR BAXTER:** I'm asking you a question about your membership. How do you see them? Do they group themselves to the people into the people who are really in the big capital investment, from the broadacre guys as against the small traditional wheat, sheep or grains?

20 **MR McKEON:** I guess I'm covering it from the that extent and actually saying some of those smaller farming businesses are some that may not have a succession plan and may be not looking to generationally transfer their business over time, and they might be exactly those in the position of selling their business who would be looking for the greatest return from that sale. So those type of businesses would be looking for a competitive market and potential investors in that market, whereas you may have progressive large family farming operations or other operations that, yes, they do see a need for inward flow of capital, but the more inward capital coming and the more, I guess, foreign investment, might be competing and creating them out of a market.

35 I guess making those assumptions about the partitioning or the portioning of producers on an issue like foreign investment I wouldn't say is an exact science at all. I mean I'd say I'd be a bit careful about doing that and I probably wouldn't do that. If we have a look at the facts and figures and we've released the Australian Grains Industry Report, which I will provide you with a copy of afterwards, one of the key areas where the cost to farming businesses has gone down over time - so most costs have gone up for farming - one of the areas where cost for farming businesses has gone down is actually access to capital and interest paid.

40 We're currently now in a situation where we've got all-time low interest rates. Thirty years ago, we were looking at in the vicinity of 18 to 20 per cent interest rates; it was not unusual for a farming business. We're now in a situation where access to capital for either term debt or

ongoing operations for a farm business could be in the vicinity of four to six to seven per cent, which is really quite reasonable. We are actually seeing the cost to either accessing capital and the ability to accessing capital is less of a constraint on those farming businesses as where it was before. We certainly do have an open and competitive market for access to capital.

I think what we're seeing over time is changing in business models and business structures and the modernisation of this farming structures. What we might see and what we have seen over time is certainly a reduction in the number of farm business. Over the last 20 years, it's been about a 30 per cent reduction in the number of grain farming businesses in Australia. Again, the figures are in our report which I'll refer you to. We've seen a reduction in the number of farming businesses.

We have seen an increase in the number of those farming businesses operating in a company structure or a trust-based structure, as opposed to a sole operator or a partnership. We can actually deduct from the data that they are actually changing in their structure and the way they operate which would lead to a more commercially type business structure, rather than a traditional type model, I think you could say.

Also what we're seeing in that is actually a change in the way the business models work. A change in the way the business models work is everything from their internal business operation to their ability and their sources where they seek capital from. Previously, they may have had a long-term debt on their farming businesses and then just drawn down their equity each year with an overdraft to put in their crop. There are some innovative financing models out there and a lot of farm businesses are looking at those.

We have foreign investors playing in that market. We have foreign investors with a range of different models, from buying the farm business, managing the farm business, right through to buying the farm business and then leasing back to the existing farmer to operate that farm business. I think there's a range of models we can look at from the individual farming perspective and what that means.

MR LINDWALL: If we move back to technology, let's start with technology such as they might use the internet or something. Obviously as Ken alluded to, some tractors and so forth are self-driving now or are being able to be operated from a farm home rather than sitting on the tractor. Have you seen that increasingly there and has it been limited by the availability of broadband technology in some of the rural areas?

5 **MR McKEON:** There's absolutely no doubt that we're seeing increased use of these technologies. We undertake an annual survey of our members to get a grasp on what they're using and what they're using it for. We see technology such as the use of GPS, global positioning satellites, for driving tractors in the vicinity of 70 to 80 per cent. When we look at some of the other technologies, such as whether they're looking at yield mapping or predicted modelling of growth of crops, we're looking at some 20 per cent of those type of technologies. There are different technologies that are moving faster than others.

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Certainly two of the limiting factors from an infrastructure perspective are really mobile and broadband. There are limitations we've got with an evolving agricultural extension system and farmers ability to understand and get accurate information in a timely manner on new technology. Then it's the two factors of both the broadband, but also the mobile coverage is also important. Broadband is certainly important too - it's a productivity struggle for agriculture. For a lot of people, it's a convenience story. For a lot of people, it's about streaming videos at home. It's about being able to, if the partner's down at the shops, be able to buy some milk and a loaf of bread, but for agriculture, it's about productivity and it's about safety, the telecommunications story. So it's the broadband at home and then it's also the connectivity through to the paddock with mobile technology as well, ensuring they have access across there.

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MR LINDWALL: You are able to broadcast from your own home to your own paddocks your own mobile network sorts, without relying on a 4G network.

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MR McKEON: To some extent it can be done in some instances, but you do start to come up with issues of scale and also of cost. Being able to build Wi-Fi networks out from your home base, is it technically feasible? Yes, you can technically do some things like that. Is it commercially viable? For most farm business, I'd say probably not at this point in time.

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MR LINDWALL: Of course, the price is coming down. While we're on technologies, let's talk about gene technologies. What are the types of gene technologies that you'd like to use in the industry that you're prevented to use or from using, or it's been the approval process is very slow or something like that, or that you have resistance?

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MR McKEON: I'll bring Carmen in on this one.

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MS WHITELEY: Currently in Australia, we have canola and cotton as crops that we can grow commercially, but there are field trials of varieties

of wheat and other grains with GM characteristics that are just in the scientific testing phase. Something that we actually raise quite strongly in our first submission and in our second submission which will be coming through shortly, is that there's a new wave of technologies that instead of having to be transgenics and instead of having to take genes from the different organisms to put into say, the wheat crop, it just uses what's naturally available in the genome of that.

MR LINDWALL: These are the NBTs that the professor referred to.

MS WHITELEY: Species, yes, and so that's actually something that's quite exciting for the grains industry and has a lot of potential to really have productivity gains in terms of reducing the breeding cycle. However, there is uncertainty at the moment as to whether this will be classified as under the same block of regulations that GM products are under. That would be quite an impediment to the update and the opportunities that these new technologies are able to provide if they're lumped under that.

MR LINDWALL: Have you given an example of what the promise is of these types of technologies in terms of productivity growth or perhaps water usage or other benefits?

MR McKEON: It comes across a range of those different - I guess both from a functional perspective, but also from an agronomic perspective. Where there's a real opportunity here and now for some of these technologies is actually speeding up the process of new varieties into the Australian market. For example, in an Australian operating environment, we are getting towards - we are seeing a lower rate of productivity growth in Australian agriculture at this point in time and it is critical that we maintain international competitiveness by keeping that productivity growth towards a reasonable level.

What some of this new technology will actually allow is actually, I guess, speeding up the internal breeding process behind the scenes and actually allowing newer varieties on to the Australian market. So whether that might be dealing with something like a better water use efficiency, whether that might be dealing with - ultimately, there's a lot of agronomic gains to date, but the golden rice variety is probably one as well, a key example of a more functional type of grain. So whether it's looking at the omega-3 levels in certain crops or in certain allseeds or other grains.

We've got both the agronomic benefits and I guess those functional food benefits, which may I guess help. From the agronomic benefit, there is certainly an efficiency gain for the producer for the supply chain, and

ultimately that efficiency flows through to the consumer. There is a great benefit for consumers from an agronomic improvement through to genetic modification or the new technologies as well. What we also see is through functional change in some of these. We might actually consumers benefiting directly from change in function of foods.

MR BAXTER: You talk about a current decline in productivity growth. What's that decline been say, over the last 10 years?

MR McKEON: The productivity growth in Australian agriculture has slowed. There are a whole range of factors. It depends on the exact time series in which you take it. We did actually see obviously through the 2000 period there was the drought period, so we did actually see a bit of a slow down because of that. If we actually take it over a longer time - - -

MR LINDWALL: This is labour productivity we're talking about?

MR McKEON: No, no, this is total factor productivity of agriculture production.

MR LINDWALL: Total factor.

MR McKEON: There's a whole range of factors going into that. We did see rapid early growth in total factor productivity from early improvements like whether it was the adding fertiliser, phosphate and nitrogen into our cropping system 60, 70 years ago.

Over the last 30 or so years, we've actually seen changes in our farming system, so using minimum tillage and other type of technologies. Then even over the last few years, what we're seeing more and more, and as I talked about the story of less number of farmers previously, we're seeing a larger number of farmers. So more efficient utilisation of machinery, more efficient utilisation of human capital and labour inputs into that.

Then talking about those new technologies, whether they're yield mapping or whether it's more precise application of fertiliser for the specific need of down to sub-paddock areas, it's really those type of improvements that do lead to productivity gains, but over time we have actually seen it slow in Australia.

MR BAXTER: But you can't give me any figures?

MR McKEON: I haven't got figures in front of me, but I'm happy to pull out some figures.

MR BAXTER: I'd be interested to see what the figures have been. Say, if you took the time sequence of 2000, 2005, 2010, 2015, to see what the total factor productivity changes have been in that time period.

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MR McKEON: Yes. We would work from agvet figures mainly, but I'd be happy to find those figures and provide them in writing to you.

MR LINDWALL: It would be agvet, yes. We've spoken about gene technologies and so on, what about agvet chemicals and so forth. Have you got any good examples where current regulatory regime is denied access to or limited access to some chemical which would be very useful to the industry?

MR McKEON: I guess if we look at what's happened with agvet chemical regulation in Australia over the last few years, we have seen some changes to the regulatory system which has improved. Then we did actually see in the last four or five years the risk of bringing in issues such as re-registration, which was actually a regulatory inhibition on the agvet chemical regulatory system in Australia. We already have a reconsideration scheme where over time we actually do look at products. The data we have on them is actually reasonable and is valuable.

It's an issue where fortunately the government I guess sought a lie to their ways and saw the upcoming shemozzle that was going to occur and the potential removal of agricultural products off the Australian market, potentially not because of anything to do with the product, but just purely because of the limited scale in the Australian market for agricultural chemical products. We are a small international player. We do have tight regulatory systems, but we also have a regulatory system that is based on risk, which I think is a very important focus to remain there.

If we look at some of our international competitors or international colleagues and what they do as far as agricultural and veterinary chemicals, some of them such as the EU have hazard-based systems. Having a system based on hazard and not taking into account the proportion at risk which that product may pose in the way that you use it, will actually lead to less products available in the Australian market. There certainly have been calls when products have been removed internationally or have been threatened to be removed internationally. We saw just even recently, one of the most commonly used in Australia, Glyphosate, in the EU, was actually almost removed off the European market. We actually saw a recent reversal of that decision. Unfortunately, what we have occurring internationally in some instances is a hazard-based regulatory system, and unfortunately, the pressure that

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5 may bear down from those who are opposed to the use of these products in our agricultural systems or may have a personal objection of these products will actually oppose their use in Australia. Fortunately, we do have a regulatory system which is sound. It is science-based and it is risk-based and it actually provides us with a certain level of access.

10 The one thing which is important also in Australia from a regulatory context and an access to chemicals context, is also the ability to address that market failure, where the Australian market is not necessarily large enough for commercial providers to provide and we have actually seen positive investments in that area from the Australian Government over the last few years with their access to minor use type programs.

15 Those programs are critical for many of the small crops in Australia where the trials may have been undertaken on broadacre crops, such as wheat or barley or canola, but may not have been on some of the smaller or more niche crops.

20 They're also very important those minor use type programs and programs that actually look at some of the pests and diseases which we don't have occur in Australia all the time. So there may not be a commercial incentive for companies to go through with a full process of registration or data collection on those pests and diseases, but the lack of access to some of those products would have an absolutely detrimental effect on a large number of farming businesses.

30 The use of international data is probably one that comes into play there as well. When we are actually looking at the registration process for chemicals in Australia, the ability to use international data within that regulatory process is important. My understanding is it is being explored currently within the government on how they could improve the use of international data sets, which will be greater to improve access to Australian products - to approve access to products in Australia, specifically for those examples I just outlined.

35 **MR LINDWALL:** What about the access to labour and the labour market in general for the grains industry?

40 **MR McKEON:** Access to labour is an important issue for many growers and, for example, when we say the change in taxation regimes and I guess - - -

MR LINDWALL: These are for the working holiday makers?

5 **MR McKEON:** Yes, for example, a key example is for the working holiday makers. There were many farmers we had phone calls from who were flabbergasted when they heard the change in the backpacker tax regime and what that would mean for their individual businesses. We had farmers giving us anecdotal evidence of backpackers who were looking to come in a few years' time, but actually moved their working holidays forward in some instances to avoid I guess paying the extra tax. That is, I guess, an issue everyone is talking about is high on the priorities at the moment.

10 There are a range of other areas for access to labour which are limiting the ability of grain farming businesses to operate. Some other examples include the ability to firstly get access to a hired skilled labour visa.

15 **MR LINDWALL:** The 457?

20 **MR McKEON:** The 457, so getting access to a 457. Then once that employee is working in the farm business and if they're making a good contribution to the farm business and a good contribution to the local community and the farmer might see value in actually transitioning them to a permanent employee and putting them on permanent residency, that is a process which we've had explained to us from farmers as being very unclear and costly. There was, I guess, the ability for farmers to access information about these type of things.

25 Previously the National Farmers' Federation had a number of liaison officers, including an immigration liaison officer which would assist farmers with these type of issues, as well as the costs, understanding where to go to for information and how the process worked. They had the immigration liaison officer. They had an environmental liaison officer dealing with similar issues from an environmental perspective. Those issues of the visas and access to the overseas workforce is important.

35 Then also I guess farming businesses, as any small business across the economy, the transactional costs of putting on individual employees is a costly and time consuming process by the time you've had to look after workers' compensation, superannuation, the tax. There's a whole range of on-costs you've got to look at from a workforce health and safety perspective, all in addition to the ongoing productivity of that individual.

40 There is a large amount of time spent in any small business and particularly for farming businesses who have a small number of employees in purely just getting access to the labour, so a large amount of red tape before you even turn the key in the tractor. It's a week in the

office before you turn the key in the tractor, which is a large cost on any business.

5 **MR LINDWALL:** Seasonal workers, are they used much in the industry?

10 **MR McKEON:** The seasonal worker program has only recently been expanded to the grains industry. The grains industry didn't previously have access to the seasonal worker program. Under the Agricultural White Paper, it was expanded to allow access to grain farming businesses. We have explored with the government what that opportunity might look like for the grains industry, but we're yet to see how that might work in practice.

15 **MR LINDWALL:** That's actually notes. Fair enough. Ken, did you have anything else?

20 **MR BAXTER:** Yes. Can I come back to transport? As you see, we dealt with the National Heavy Vehicle Regulator in our report and I gather that you see the NHVR as being important increases in the transport. Can I raise two questions?

25 One, knowing that grain is highly dependent on effective transport in grain growing areas, what's your view about the impact of, first of all, a number of the eastern states governments closing what they describe as uneconomic grain lines, without sufficient coordination with the NHVR and local government and forcing grain growers to put, you know, dogs and B-doubles on and travelling over roads in many cases where you've got bridges that won't sustain them.

30 Secondly, what's your view about road pricing charges and funding for local government to make sure that these roads will carry these trucks? We've had quite a few submissions indicating that this is a major area of problem, both in Queensland and New South Wales in particular.

35 **MR McKEON:** Yes. Transport regulation, when we did the first submission to the first call, we undertook a survey and the numbers from that survey came in. Most farmers, actually I think it was 80 per cent of farmers, said they think regulation is increasing. Then we also asked for comments and we had over 500 farmers respond and we received 230 individual comments and over 50 of those directly identified problems with grain transport regulations. So to us it's a key area where not only we can see from a macro perspective when we're sitting in Canberra, but also individual farmers are seeing this as an issue day. That to me means
40
45 it must really stand out.

5 When we go to, I guess, a discussion about the National Vehicle
Regulator, we think it's valuable to actually do a full review of the
National Vehicle Regulator and not just their operation and their
performance - like those things are always good - but actually have a look
at the way the system is structured. To set up harmonisation across safe
boundaries is a positive thing. Having consistency, having less
requirements on vehicles that are moving across multiple boundaries is
absolutely a positive thing. There's always a risk that it can go to a lowest
10 common denominator when we look at it from a regulatory perspective. It
was built on model law that was then taken up by most states, except for
Western Australia.

15 Then once we actually look at the functional way in which the
National Vehicle Regulator operates, it is a national regulator dealing with
enforcement and compliance dealt with by individual operators at a State
level through multiple agencies, and it's a regulator that has been designed
without a carrot or a stick. So we have a regulator setting the laws, but
then unable to I guess efficiently and effectively carry out those laws at a
20 workable at a state and local level.

25 We've heard many examples from individual farmers where the
National Vehicle Regulator, they'll get a permit or they will hear from the
National Heavy Vehicle Regulator that the law says one thing. It might be
a State Government transport regulator pulls them up on the road and tells
them another thing, and then it might be another enforcement agency,
such as the police, on the same day pull them up and tell them the laws
and other things. We have a level of confusion around transport
regulation in Australia at this point in time in many agricultural areas and
30 there's certainly things that can be looked at to improve the way in which
we do that.

35 Basically the first thing is actually look at how the system is designed
and then work through the operational from there. Looking at the impact
of the closure of up country storage sites, as we regularly refer to them,
from an economic and efficiency perspective, we are dealing with the
situation, as we talked about, larger machinery moving further areas in
Australia now. We've got larger farms. Most farmers, the vast majority
of farmers, do understand that small local sites are no longer economic
40 and delivering to larger sites is actually an improved way.

45 If you have to drive your small truck, but sit at your local silo for say,
eight hours to be unloaded, sitting in line at harvest time, they absolutely
understand that it's more efficient to be in a larger truck. They might have
to drive half an hour further, but they have a shorter waiting time. I think

we find most of the farmers understand that and that has occurred across the east coast over the recent years, and is occurring in the west coast soon.

5 We do hear the issue that you pointed out there of the regulatory
issues when we do have these lines close down and we do actually see this
issue of grain being transported from a farm in one local government shire
to a site in another local government area, going through a number of local
10 government areas. They are using their roads, but not actually being
picked up or paid for rates in either of them. We acknowledge, yes, that is
a growing issue and it is something that does actually raise concern across
a number of New South Wales local government areas, the wear and tear
that these vehicles are having on these roads, carrying larger weights
across larger distances.

15 It's doing two things: one is it's restricting, I guess, where the local
government can invest their road upkeep dollars and their road
maintenance dollars. They've only got so many dollars to spread around.
In some instances, they've spread their Vegemite too thin by covering a
20 large amount of small roads, but then it's also putting unnecessary
restrictions on some of the grain vehicles coming through. So the inability
for some of those vehicles to access permits on those roads is occurring
because the local governments in between won't let them, so we're
actually seeing a number of perverse outcomes from there.

25 I guess when we break it down and look at what next and where do
we head from this issue, it does come into the issue of road pricing and
how we deal with that into the future. I don't think you'll get any
argument that it is an inefficient way the way that we do it at the moment,
30 collecting a vehicle registration charge and then diesel and fuel excise.
We get 20 billion dollars. We spin it around and it flies out and some
drops into different areas across the country. I don't think you'll hear an
argument that that's not the most efficient way to do it. I guess as this
issue comes up again over the next year or so, we expect, as grain
35 growers, we'll be working through that issue and working out how
whether a cost-reflective road-based system will ultimately receive a
better benefit for individual growers.

40 There's no doubt there's a large amount of work that shows that the
major transport routes and even the larger regional routes, by actually
tracking vehicles, understanding where they're going, the cost-reflective
road pricing systems, we will get a better outcome for those. I guess there
are a couple of hesitations from growers. One is, what happens with some
of the smaller local government roads and the little back roads that might
45 lead up to their property that are just used by a handful of individuals?

Will those roads be better off or how do we maintain a base level of service on those roads when at the moment we don't even have a road classification across Australia, for example?

5 We don't know what level of standard our roads are at the moment. They are, I guess, concerned about how, for example, whether it's a universal service obligation or a community service obligation may be applied to ensure that those little last mile issues are resolved through that. Then I guess it comes down to how you measure where vehicles go.
10 A lot of new vehicles and the larger transport operators have existing telematics in their vehicles. There are a large number of farm trucks and farm heavy vehicles that only come out for a few weeks a year and are only actually - may not be that valuable.

15 For individual farmers, I guess weighing up the expense of putting telematics equipment and technology within their vehicle, what that might cost and how that might operate is something that I'd say there's just a level of uncertainty. I wouldn't say it's an overly negative uncertainty, but I'd say there's just uncertainty about how that might operate in
20 practice from an individual farm perspective.

MR LINDWALL: Did you have anything else?

25 **MR BAXTER:** No, I haven't got anything else.

30 **MR LINDWALL:** One final question is, and you've mentioned this in your submission, about regulators needing to communicate better with farmers. Have you got any suggestions on how to achieve that? You've given us examples in transportation where the different offices have different outcomes.

35 **MR McKEON:** I think we need to look at these type of issues I guess from a consumer-based perspective or from the farmer's based perspective. Far too often from sitting within a government agency, we will see a government look through an issue of how can we, from our departmental perspective, deal with that individual and we quite often hear government talk across various agencies as we do try and deal as one government, work as one government. Once you actually get down to the way an individual looks up and sees the bureaucracy, it isn't one
40 government. It's not an easy way to understand where to go to for information.

45 Say, for example, if a farmer was looking to take up the latest technology on their farm and it might mean remove two or three paddock trees, they would have to go their local government for approval, so they

might seek that approval there. They would go to their State Government. If they were in a state like New South Wales, they would have to get probably a vegetation plan. But then they may not even be aware that there's a Federal Environmental Protection and Biodiversity Conservation Act, which also governs their ability to make that change on their land. All too often, I guess, it's across the multiple agencies dealing with different portfolios, but then it's the depth of government through the three tiers of government that we often see that confusion from individuals as well, so the individual producers not knowing which level to go.

Communication is a big area. When small businesses like farm businesses are - and I think the Productivity Commission has made comments previously about that farm businesses have additional levels of regulation on top of many other small businesses because of the nature and the way that they have to operate with the environment and with utilising natural resources.

MR LINDWALL: Yes.

MR McKEON: It's all the general small business things, plus a range of other small business things. It's that firstly the individual actually understanding the level or number of regulations they have to comply with can be a large challenge. Then actually even once they know what they have to deal with, then it's actually the compliance burden of actually having to deal with each of those on an individual basis. Certainly the liaison officers that we've drawn from NFF briefs, they have, from a grain grower's perspective, worked well and so farmers could go to them. More and more we talk about one-stop shops, for example, in the environmental regulation area across multiple jurisdictions would be of value to farmers.

MR LINDWALL: Thank you very much for covering the areas.

MR McKEON: Thank you.

MR LINDWALL: Now that was the last scheduled appearance. Is there anyone else who would like to appear today? We always give an opportunity for anyone else. No, alright. Well, I will now adjourn the proceedings and we'll resume in Brisbane on Wednesday. Thank you everyone.

**MATTER ADJOURNED AT 3.59 PM UNTIL
WEDNESDAY, 24 AUGUST 2016 AT 9.00 AM**