GRAIN TRADE AUSTRALIA

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Committee Secretary
House of Representatives Standing Committee on Agriculture and Industry
PO Box 6021
Parliament House
Canberra ACT 2600

Email: AgInd.reps@aph.gov.au

Dear Sir/Madam

RE: Inquiry into Agricultural Innovation

About Grain Trade Australia

Grain Trade Australia (GTA) is the focal point for the commercial grains industry within Australia. It facilitates trade and works to provide an efficient, equitable and open trading environment by providing leadership, advocacy and commercial services to the Australian grain value- chain.

GTA members are responsible for over 95% of all grain storage and freight movements made each year in Australia. Over 95% of the grain contracts executed in Australia each year refer to GTA grain standards and/or trade rules.

GTA members are drawn from all sectors of the grain value- chain; from production to domestic end-users and exporters. GTA members are involved in grain trading activities, grain storage, grain for the human consumption and stock- feed milling industries.

GTA also attracts membership from organisations aligned to the grains-value- chain in related commercial activities such as financial (banking, stock exchanges etc), communications;, grain advisory services, and professional services (e.g. solicitors and accountants). The GTA membership list is **attached**.

Within this context, GTA provides comment for consideration on various issues that impact innovation within the grain industry.

Yours faithfully

Geoff Honey
Chief Executive Officer

1 Research, development and extension

"Australia can only be a major global player in agriculture if we are at the forefront of technology and productivity." Agricultural Competiveness White Paper

There must be an unequivocal commitment to science based research, development and extension by the Federal Government. Grain Trade Australia supports the following call to action from the Australian Academy of Science.

Building A Smart, Productive Future - Science, research and innovation needs steady and purposeful support - *Australian Academy of Science - 1 October 2013*

The nation's top scientists and researchers have issued a call to policy makers for a strategic and stable plan for science and research that will stop us falling behind in our region and in the world. In July this year(2013), Australia's research and science community formed the Research Alliance, a broad-based grouping of scientific, research, university and public and private sector researchers, who came together to call for a strategic national research policy to build a stronger, smarter Australia.

Since then, the Research Alliance has grown to more than a dozen groups which include the peak bodies in science, higher education, social sciences and humanities, as well as our most eminent scholars from all four learned academies, and our most recent Nobel Laureate. Following the federal election, the Alliance met formally for the second time and has resolved to continue advocating for research and science as the engine room of national prosperity.

Australia currently invests around 2.2 per cent of our GDP in research, putting us near the middle of the OECD table. But the stop/start nature of funding in the recent past means we are sliding backwards and will continue to do so unless action is taken. Australia should rightly aspire to be in the top half of the OECD table, and has more than enough research talent to justify such an investment.

Whatever the Government commits to research, the investment must be undertaken in a strategic, consistent way with a long-term vision for Australia. The Business Council of Australia has also called for a research and innovation strategy – a three way partnership between government, business and the nation's researchers for a more productive and innovative nation.

The short-term focus of past investment has left critical projects jeopardised, and very costly research infrastructure underutilised. The nation's top researchers and innovative industries must be able to plan and get on with the job of tackling our biggest challenges and grasping the greatest opportunities.

The Research Alliance is interested in the big picture for Australia, and the central role science and all other forms of research can play in a flourishing future. The Alliance is committed to a set of fundamental principles that will secure a smarter, more productive and resilient future for Australia.

Research Alliance Fundamental Principles

1) Investing strategically and sustainably
Governments must support planned, stable and appropriate investment in research over the long term, which is essential if we are to tackle large, complex problems and embrace opportunities facing Australia.

2) Building our research workforce – getting and keeping the best
To ensure we attract and retain the best researchers we must offer appropriate conditions. Career uncertainty means that many leave research or leave Australia to seek a stable future.

3) Building a productive system and getting the most out of it
Governments must set a stable and sustainable funding framework for infrastructure (buildings, equipment and the technical experts to keep them operating) especially for national facilities.

4) Being among and working with the world's best
Global collaboration is more necessary than ever with the rise of international research, commerce, communication and other systems that transform our lives and opportunities. Our best researchers must work with the best globally.

5) Bringing industry and academia together
When industry and researchers work together effectively we innovate and multiply our strengths. We must ensure there are clear and reliable policy incentives that facilitate deep and sustained collaboration between industry, public sector, university and research institutes. We must harnesses national talent to create knowledge, opportunity and new jobs.

6) Expanding industry research
Governments need to create an environment which encourages industry to invest more in research and which makes Australia an attractive place for international companies to undertake research. Innovation underpinned by research and development improves industrial productivity and is critical to ensuring strong growth.

7) Investing in our best research and our best researchers
Government has a clear role in setting priorities for research, and in supporting research which underpins discovery. The independent expert assessment process should be used to identify excellence and to coordinate the best researchers, research programs and groups.

Within Australian research institutions such as CSIRO, The Australian Centre for Plant Functional Genomics and AgriBio each have significant GM wheat collaborations and development programs. The Grains Research and Development Corporation supports many of these programs.

Also major global agricultural biotech companies such as Monsanto, Bayer CropScience and Pioneer have launched significant major initiatives and investment in the development of GM wheat programs in countries such as USA, Canada and Australia.

The announcement by CSIRO of a new wheat variety (high-amylose) with human health benefits created by CSIRO-developed RNAi gene- silencing techniques demonstrates that these R & D programs are well established on the product development pipeline. Various industry stakeholders and technology developers have indicated however, that GM wheat may not be commercially available for between 8 – 10 years.

The introduction of GM canola in 2008 was a clear demonstration that:

1. The regulatory processes (OGTR) were appropriate and affective; and
2. The grain industry was able to deliver market choice to both grain producers and end users alike.

However, the uptake in biotechnology is subject to a perceived lack of support by consumers both in Australia and overseas.

Australia possesses the science and scientists;, the regulatory approval processes and a grain handling and marketing system to produce, transport, store and market GM grain.

Uptake of this technology, along with other new plant breeding technologies will increase farm- gate values for grain producers, would be substantially enhanced with a clear and unequivocal announcement that the Government fully supports this technology and will actively work with the grain industry supply- chain and customers of Australian grain to ensure a timely and market sensitive adoption of the technology. This may necessitate the Government leadership, in conjunction with industry, in developing an industry- based adoption and marketing strategy.

The industry must continue to place strong emphasis on improving productivity. This is one of the most significant challenges facing the Australian grains industry.

From the mid-seventies to the late nineties, total factor productivity grew in excess of 3.0% per annum, which was well ahead of other agricultural industries in Australia and ahead of most other advanced grain producing countries. These advances were primarily driven by advances in farming practices including the development and adoption of minimum tillage, the use of grass herbicides, crop rotations and improved nutritional programs.

More recently productivity improvement rates have declined driven in part by adverse seasonal conditions but other factors have also contributed to the decline.

The Government through its contributions to GRDC has been focussing efforts on better understanding the reasons for the decline and designing RD&E programs to increase the rate of productivity improvements.

The recent commercialisation of wheat breeding in Australia is showing positive results in the rate of genetic gains for wheat which will be a major contributor to productivity growth into the future.

2 Strengthening Australia's overseas market efforts

Whilst the tenure of the Green Paper is farmer focussed and in this case about *"improvements to the Governments capacity to assist farmers to access international markets"*, the reality is that the vast majority of Australia's grain exports are conducted by specialist grain trading companies.

Also, whilst bi-lateral or multi-lateral trade agreements are important, the Government must continue to fund processes and protocols developed by:

- intergovernmental departments / agencies; or
- agencies of the United Nations

which could act as technical trade barriers.

The global grain trade, quite correctly, operates within a regulatory framework established by governments and international agreements which were, in the main, established to protect food safety.

Also, many countries purchase their grain supplies via state owned/regulated buying agencies.

Australia has a proud record of compliance with internationally agreed protocols and it is incumbent on the Federal Government to continue to fund these lead agencies. GTA places submissions relating to the following agencies on a regular basis to ensure that the global regulatory environment is appropriate and commercial sensitive.

Government Department	Industry involvement/responsibilities
Dept. of Agriculture	Links to **Codex Alimentarius Commission** (Codex) which is the international food standards setting body recognised by the World Trade Agreements on Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) as being the reference point for food standards applied in international trade with the objectives of protecting the health of consumers and ensuring fair practices in the food trade.
Dept. of Agriculture	1. **Cartagena Protocol on Biodiversity** This protocol comes under the UN Convention on Biodiversity and relates to the export/import of, in our case, genetically modified grain. At some point in the future, Australia will be exporting substantial amounts of GM grain and hence the international policy settings must be suitable to encourage international grain commerce. 2. **Global Low level Presence Initiative** The increasing release of commercial GM crops worldwide is causing issues particularly when the new events are not approved in major export markets. This issue is being addressed in the Global Low Level Presence Initiative which aims to encourage countries to adopt policies/processes to ameliorate the trade inhibiting affects that occur. 3. **Bi-lateral and multi-lateral trade agreements**
Dept. of Foreign Affairs & Trade	1. **Cartagena Protocol on Biodiversity** This protocol comes under the UN Convention on Biodiversity and relates to the export/import of, in our case, genetically modified grain. At some point in the future, Australia will be exporting substantial amounts of GM grain and hence the international policy settings must be suitable to encourage international grain commerce. 2. **Bi-lateral and multi-lateral trade agreements**

Australia via the Department of Agriculture and the Department of Foreign Affairs and Trade as noted above, are active participants in this dialogue. GTA supports this involvement.

Conclusion

Grain Trade Australia welcomes the opportunity to further discuss this submission at a hearing.