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Thursday, 18th August, 2016.

Productivity Commissioners,
Productivity Commission,
Locked Bag 2, Collins Street East,
Melbourne, Vic 8603.

Re: Draft Report: Regulation of Australian Agriculture

I preface this brief submission noting that the views expressed are mine, not necessarily those of this Faculty or University. I am quite willing to appear before the commission.

The commission has provided an extensive appraisal of the regulatory system of Australian agriculture for which it should be congratulated. The comments below relate more to factors that will impinge on Australian agriculture from short to medium terms.

1. Australia is a signatory to the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA). In essence, it means that seed of listed genera can be freely moved to or from Australia. This has great benefits for Australian agriculture as well as benefits to other countries. As an example, wheat breeding in Australia is quite dependent on obtaining wheat germplasm [seeds] from other countries.

However, Australian state regulations, that have nothing to do with biosecurity, can impede if not stop the movement of germplasm for research purposes between states or territories. Essentially, these regulations relate more the generally remote possibility of economic advantage of a state/territory over some other state or territory. For example, all rices (genus Oryza) are subject to ITPGRFA. It is difficult to collect and move wild rices between states/territories due to regulatory barriers. The easiest way but more time consuming and costly is to export the seeds (say to IRRI in the Philippines) and then import the germplasm (resulting in loss of time in quarantine not to mention the cost of quarantine).

The proposed solution is to have such regulations completely abolished for research purposes at a minimum. This would result in net benefit to Australia.

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2. The draft report should be expanded to include the impacts of technological change on the regulatory environment. The report does mention drones and biotechnology in the context of animal welfare. Other technologies that will have immense impact on agriculture include robotics, sensors, GPS, genomics, metabolomics, 3-D printing etc. Attached to this submission is my submission to a recent Senate inquiry to which I was invited to speak. That submission outlines some of the productivity gains that can be made. In particular, I highlight to this commission the importance of sensors, metabolomics and 3-D printing.

These new technologies will make many existing regulations superfluous but some new areas of regulation and compliance must be made to ensure (i) quality of product or produce (ii) authenticity of the product, produce or service[1] and (iii) appropriately trained (qualified) personnel are operating, supervising, interpreting and making decisions from these exciting new technologies[2].

3. The attention of the commission is drawn to ABS (and ABARES) statistics with respect to farm holdings. Some data are skewed and may lead to erroneous conclusions. For example, ABS data clearly shows that large farms are more productive and that many small holdings are not really viable. This trend will become accentuated with new technologies being employed. Thus it is proposed that the number of agricultural holdings be adjusted: one method of achieving this is to increase markedly the value of production to count as a proper viable agricultural producer (business). This may influence the commission's recommendations on some regulatory matters, especially where large or small holdings are dominant.

4. The draft report makes mention of the Rural Development Corporations (RDC's). May I mention that the value of the RDC's to Australia's economy is immense: the RDC's underpin Australia's research and capacity building for agriculture. Without their and, by implication government support, Australian agriculture would be in substantial decline.

Although outside the immediate terms of reference of the commission, I draw attention to the relative stagnation in Australia's agricultural productivity during this century whereas this has not been the case in North America and Europe. Although many reasons can be advanced as to this stagnation, I believe three major contributors are (i) an over-emphasis on short term research thus providing few advancements for the long term (ii) innovation using new technology is frequently lacking due to a culture of fear of failure and (iii) the relatively static funds available through RDC's.

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[1] This will become very important especially for niche markets.

[2] As an adjunct to this submission, I must add that new technologies are going to displace people from traditional agriculture. Therefore policies need to be developed to retrain [unemployed] farm workers and to deal with demographic changes as people leave small towns for large rural towns or cities.

Furthermore, I draw the commission's attention to the excellent returns from investment from agricultural research noting that the benefits are usually captured over decades.

5. Some agricultural industries, notably dairy, sugarcane and wine, are often subject to wild upwards and downwards swings in the value of the commodity on the world market. This often leads to poor policy decisions when one of the inevitable declines in the value of the commodity occurs. Rather than regulation, the policy setting with its consequent flow to the financial sector needs to be defined in terms of equity and debt servicing in both good and bad times.

Yours sincerely,

Dr Lindsay C. Campbell.