

10 February 2011

Senate Community Affairs Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

**Inquiry into the Food Standards Amendment
(Truth in Labelling—Genetically Modified Material) Bill 2010**

The National Farmers' Federation (NFF) is the peak national body representing farmers and, more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF. Through an associate category the NFF's membership also encompasses a broader cross section of the agricultural sector to become members of the NFF, including organisations in the agricultural supply chain.

Australian farming is world-leading and internationally-competitive. Australian farmers increased the real gross value of production from \$10.6 billion in 1960-61 to \$41.8 billion in 2008-09¹. Australian farmers have maintained our competitive position by accessing and adopting new technologies to achieve productivity and efficiency gains. This has enabled Australian agriculture to stay a step ahead of our competitors, returning average productivity growth of 2.8%-a-year over a 30-year period. Key to this productivity growth has been the integration of new knowledge and technology into farming systems².

Australia exports 60% (in volume) of its total agricultural production. In terms of value, this represents around 76% of the total gross value of Australian agricultural production. In 2008/09 Australia's farm exports earned the country \$32.1 billion, despite a significant drought³. These exports were achieved as a consequence of the productivity and efficiency of the farming systems used in Australia. Whilst exports of agricultural produce make a significant contribution to the Australian economy, Australian farmers produce almost 93% of Australia's daily domestic food supply⁴.

¹ Australian Bureau of Statistics, Value of Principal Agricultural Commodities Produced 2008/09

² Australian Government Productivity Commission, Trends in Australian Agriculture 2005

³ ABARE, Australian Commodity Statistics, 2009 and Australian Government Department of Agriculture, Fisheries and Forestry, At a Glance, 2010

⁴ Australian Government Department of Agriculture, Forestry and Fisheries, Australian Food Statistics 2007

Genetically Modified (GM) crops are one of the technological advances that will assist Australian farmers in maintaining their competitiveness in both the international and Australian market place.

The NFF recognises the potential of biotechnology (including gene technology) as a valuable tool within agricultural production systems, and these technologies are being applied both in Australia and internationally.

The responsible and strategic application of biotechnology within Australia's production systems will result in significant benefits for Australian farmers, the environment, consumers and the Australian economy as a whole.

The NFF advocates that Australian farmers should have the opportunity to adopt production methods best suited to their business and production system needs, be that the use of GM crops and/or the use of conventional, organic or any other practices. The NFF has also strongly supported the principle that the production decisions of one farmer should not unreasonably impinge on the ability of another farmer to meet the requirements and expectations of their chosen market.

The NFF has been supportive of efforts to improve truth in labelling of food purchased by Australian consumers and agrees that Australian consumers should be provided with clear information to enable them to make informed choices about the food they purchase and consume. Indeed, we believe that Australian farmers should have every opportunity to capitalise on their reputation as being one of the world's best suppliers of clean, green and quality food produce, and indeed, generate premiums for this reputation wherever possible.

While the NFF recognises that predominant driver of food labelling is in relation to the intent to provide consumer information in relation to health, our focus in the labelling policy debate has been on the issue of country of origin labelling (CoOL) and to a lesser extent on attributes of consumer interest such as GM, environmental claims and farm production method claims. On issues related to labelling policy, the NFF has consistently advocated that:

- Labelling laws should not impose unreasonable costs;
- Labelling laws must be practical to implement; and
- Labelling laws must not lead to adverse trade implications.

The NFF seeks assurances that the labelling requirements as described in the *Amendment of the Food Standards Australia New Zealand Act 1991* will not increase the cost and complexity of handling and transport as a consequence of the additional testing, traceability and labelling required.

Experience has shown that when additional costs are incurred in the value chain, these costs are merely be passed back to farmers in the form of lower prices for their produce. The cost and practicalities of the proposed requirements for Australian farmers as well as the implications for the competitiveness of Australian produce in the international and Australian market place need to be understood before considering the proposed Amendment.

As you will be aware, the Council of Australian Governments (COAG) and the Australia and New Zealand Food Regulation Ministerial Council (Ministerial Council) have undertaken a comprehensive review of food labelling law and policy. The Final Report “Labelling Logic” was released in late January, and the NFF has been working to understand the findings of this report and its implications for the agricultural sector. The NFF will continue to maintain an interest in this important issue.

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DENITA WAWN
Chief Executive Officer (Acting)