



14 April 2014

Agricultural Competitiveness Taskforce  
Department of Prime Minister and Cabinet  
PO Box 6500  
CANBERRA ACT 2600

**Nufarm Limited**  
ACN 091 323 312  
103-105 Pipe Road  
Laverton North VIC 3026  
Australia  
P: +61 3 9282 1000  
F: +61 3 9282 1001  
[nufarm.com](http://nufarm.com)

Dear Sir/Madam

### **Agricultural Competitiveness Issue Paper – Submission by Nufarm Ltd**

Nufarm welcomes the opportunity to provide input to the development of the Agricultural Competitiveness White Paper. Agriculture plays a critical role in the Australian economy and the lives of all Australians. A competitive and vibrant agricultural sector operating across the broad range of agricultural industries is important for the on-going prosperity of the Nation. Agriculture and its associated upstream and downstream industries provide opportunities for jobs, investment, innovation export income and the establishment of key strategic relationships with our trading partners. While the principles of open markets and competition must underpin Australian agricultural policy, governments have an important role in establishing a framework that fosters competitiveness, growth, investment, and innovation in Australian agriculture. Inappropriate and poor regulation is a barrier to competitiveness, growth, investment and innovation.

Nufarm is an Australian publicly listed multi-national enterprise with its global headquarters at Laverton North in the western suburbs of Melbourne. As one of the few Australian global-scale agribusinesses, Nufarm has manufacturing operations in 14 countries and marketing operations worldwide - selling products in more than 100 countries. Nufarm manufactures and supplies a range of crop protection chemicals used by farmers to protect crops from damage caused by weeds, pests and disease. In recent years Nufarm has diversified, establishing a global seed and traits business under the brand Nuseed.

The Nufarm story demonstrates that global opportunities are available for Australian agribusinesses. Nufarm started in the early 1950's as a one-man operation in a suburban backyard in the northern suburbs of Melbourne. Today, the Nufarm Group has a global turnover of \$2.2 billion and has more than 3000 employees worldwide. Nufarm's manufacturing plant at Laverton North exports agricultural chemical inputs to customers around the globe.

Nuseed is partnering with the CSIRO on the development of canola varieties enriched with omega-3. Oil derived from Nuseed's innovative Monola® canola variety has replaced palm oil in fast food establishments across Australia; providing a healthier and more sustainable oil option while maintaining quality and taste. These Australian innovations offer Australian farmers the opportunity to grow higher value crops with worldwide appeal.

A recent study conducted by Deloitte Access Economics for Croplife Australia made some key findings about the contribution of Australia's crop protection sector to the Australian economy and Australian agricultural output. The report estimated that up to \$17.6 billion of Australia's total annual agricultural output is attributable to the use of crop protection products. Crop protection products are a key element of Australia's agricultural value chain, helping to improve on-farm yields and preserving crops after harvest to the point of consumption. Seen in this context, crop protection products are central to Australia's food security and agricultural export income.

Conservation tillage has revolutionised Australian cropping delivering improved yields; allowing the cultivation of crops on marginal land in drier zones and during periods of low rainfall; preventing soil erosion; and contributing to a reduction in agricultural CO2 emissions. Conservation tillage is an



innovation pioneered and championed by the crop protection industry that has improved the competitiveness of Australian agriculture.

In terms of the issues paper Nufarm would make the following comments:

- There is an important nexus between the issues of food security, the cost of inputs to agricultural and ineffective and inefficient regulation in respect of crop protection products in the Australian context. The use of crop protection products underpins Australia's agricultural production and food security. Crop protection products are necessarily regulated to protect the environment, trade and human health, including farm worker exposure. However, ineffective and inconsistent regulation of crop protection products across Australia represents a threat to food security and trade.

Effective regulation requires the establishment of standards and enforcement of those standards. Unfortunately, there are failures at the Commonwealth level in terms of setting and ensuring compliance with regulatory standards and at the State level in terms of ensuring that crop protection products are used in accordance with label directions. These failures create undesirable risks for human health, the environment, market access/trade and food security.

The risks relating to adherence with standards have increased in recent years due to a significant growth in the number of traders participating in the crop protection market. While traders have certainly made the crop protection market more competitive and reduced costs for farmers, most traders do not have the resources or capability to ensure that the products they trade meet regulatory standards – they rely on their overseas suppliers to do-the-right-thing<sup>1</sup>. Farmers, farm workers and their families as well as the broader community have the right to expect that all of the crop protection products offered for sale meet regulatory standards. Recent incidents relating to the quality of imported 2,4-D and trifluralin products being used by Australian farmers highlight the need for increased compliance activity on the part of the Australian Pesticide and Veterinary Medicines Authority (APVMA) to provide confidence in products in use.

A co-ordinated and consistent approach to control of use by State governments is essential to make sure that crop protection products are used in accordance with label directions.

- Delays to the introduction of innovation in the crop protection sector delay farmers' access to solutions that have potential to improve agricultural competitiveness. The introduction of the National Registration Scheme for agricultural and veterinary chemicals in the early 1990's simplified the process for bringing innovation to Australian agriculture. However, certain aspects of the current scheme could be improved to speed up the process for assessing and registering crop protection products.

The APVMA is responsible for assessing the human health, environmental and trade risks associated with the approval, registration and use of agricultural chemicals. The APVMA uses the Office of Chemical Safety (OCS) and Department of Environment (DE) to assist it carrying out its assessments. Delays are often encountered in the handling of assessments by OCS and DE which result in delays to the approval of active ingredients, product registrations and label changes.

The regulatory regime would be enhanced by expanding the panel of organisations that assist the APVMA beyond OCS and DE. A panel of independent expert organisations could include universities and private sector organisations with expertise in human health and environmental assessment. Broadening the pool of experts beyond OCS and DE would

---

<sup>1</sup> Incidents like the discovery of melamine in infant formula, lead paints on imported children's toys, asbestos brake pad in imported cars and banned "azo dyes" in imported garments all highlight that some foreign suppliers unfortunately do not always comply with Australian and/or international standards.



foster a growth in expertise; provide scope for peer review and scientific debate; and deliver a degree of contestability in terms of fees and costs incurred by the APVMA when it outsources work. A broader panel of experts would also provide greater flexibility in scheduling workload and speed up the assessment process without compromising its integrity.

- One of the challenges facing Australian agriculture is difficulties in the commercialisation and uptake of agricultural innovation. The loss of State government run extension services is often identified as a major cause. In the absence of government extension programs, commercial enterprises need to fill-the-void. A lack of capital, finance and concerns about returns on investment are all obstacles to commercialisation. Incentives to encourage investment in agricultural innovation and its commercialisation need to be identified.

One model that might be considered is a taxation initiative along the lines of the “Patent Box” initiative that operates in the United Kingdom. In essence the Patent Box provides for the application of a lower rate of income tax on income derived from approved intellectual property and certain other innovations. Better returns from agricultural innovation will attract investment and encourage commercialisation. A Patent Box type scheme could be specifically targeted at and adapted to the Australian agricultural context.

- Significant investment in agriculture will be required to ensure that Australia reaps the benefits of the growing global demand for food and fibre. It is an unfortunate reality, but this investment is unlikely to be domestically sourced - agriculture simply does not enjoy sufficient support from Australian investors. Australia must embrace foreign investment in agriculture, including investment in upstream and downstream elements of the value and supply chains. Obstacles to foreign investment will ultimately hinder the competitiveness of Australian agriculture unless mechanisms are established to attract that investment from domestic sources. Foreign investment funds shunned by Australia may well finance the establishment and growth of agriculture in other countries to the detriment of Australian farmers.

The Agricultural Competitiveness White Paper represents a unique opportunity to evaluate and improve Australian agriculture. Nufarm looks forward to receiving the Green Paper and to further participation in the White Paper process.

If you have any questions regarding this submission, please contact me on 03 9282 1444.

Yours faithfully

*Signed on original*

Bernard Lee  
Manager  
Industry and Government Affairs