

Tony Burke - Address to the National Press Club - Food, Making it and moving it

2 December 2009

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Address to the National Press Club of Australia
Canberra

E&OE

"Food: Making it and moving it"

Thank you very much Ken Randall for that introduction. I want to begin by acknowledging the Ngunnawal people, the traditional owners of the land that we're on today and their elders past and present.

I want to begin by welcoming each and every one of you to what is clearly the media event of the week. In the issues running this week, agriculture has in many ways been part of the discussion and a critical part of the different debates which have dominated the Parliamentary chambers. One of those debates, as I understand it, was just coming to a conclusion as I left.

But the role of this portfolio in Australia, in some ways, is quite different to how the portfolio is perceived by my counterparts overseas. In Australia the portfolio of agriculture, fisheries, and forestry is very much seen as a production and export trade, industry-style portfolio. Overseas, for most countries of the world the minister with my portfolio is in charge of making sure that they can feed their population. And so while over the last year and a half or so while Australians have been talking about the global financial crisis, overseas my counterpart ministers have been talking about the global food crisis.

At the moment around the world the two GFCs are beginning to move in opposite directions. One in the direction of optimism and the other in the direction of pessimism. The global financial crisis is now starting to move into a period of recovery, along the advice of many of the commentators. At the same time optimism is beginning to grow in world markets. For the global food crisis there was a moment of relief when some of the pricing pressures started to come off, particularly when the impact of fuel prices started to ease and food prices started to come within reach. But to work out the extent of the reprieve, you have to get back to those first questions of, "Why did we have a global food crisis in the first place?"

It was originally described, quite simplistically, as caused by North American policies on biofuels. While that was a contributing factor, any attempt to say that's what gave us a global food crisis is dangerously simplistic. A number of issues came to a head and most of them are still there. We had the challenges of global population growth and the growing wealth of much of the world's population which brings with it a growing demand for protein in the diet. We had the impacts of climate change; different around the world, but all of them bad for agriculture.

Here, the challenges of climate change include warmer temperatures, more major weather

events, longer and deeper droughts and increased biosecurity challenges. In countries like Bangladesh, the sorts of challenges include a very direct impact on food production caused by rising sea levels, not only in the loss of arable land but also in river systems where the tidal portion of the river is going further and further upstream so that irrigation equipment begins to have access to salt water instead of fresh water.

These pressures on food supply, by and large, remain. So we need to look at those challenges and work out how that fits into the international context and the Australian context and then ask ourselves which of these levers can we have an impact on. While the debate continues over what we need to do to combat the causes of climate change, Australia is being well positioned for adaptation to deal with climate change we are already facing.

Ban Ki Moon put it best at the World Food Summit a couple of weeks ago when the UN Secretary General said, "There is no food security without climate security". So in focusing today on adaptation I am not stepping away from acknowledging the real need for global action on the causes of climate change. But today let me focus on the adaptation path.

The challenges for Australia were put out about 18 months ago by ABARE, when it compared across global wheat, beef, dairy, and sugar production where the world and Australia would be at by 2030 on current projections, compared to where we be were it not for climate change. The world is projected to take a 2% to 6% hit in production. Australia is projected to take a 9% to 10% hit in production. The challenges that we face match the rest of the world. They're just harder, they're more severe, they're most serious.

Realistically, it's hard for us to do something about a number of the pressures that I mentioned on world food security. We're not going to be in a situation where people, as they become wealthier, stop wanting more protein in their diet. We're not going to be in a situation where world population suddenly stops increasing. But there are a couple of issues that we can do something about and they're good for the world and for Australia.

One issue is how we can have an agenda to drive productivity, so that even in the face of the challenges that make it harder to get food out of the land and the ocean, we can continue to have a clear path forward on a productivity agenda. The second issue is the concept of allowing that food to move. At the World Food Summit I co-chaired, with the Prime Minister of Bangladesh the Hon. Sheikh Hasina, a roundtable on the links between climate change and agriculture. It was unsurprisingly the best attended of the roundtables that took place at the World Food Summit, given the nature and the urgency of the challenges that people are facing.

More major weather events means it is more likely in the future that entire crops and entire plantations find themselves wiped out in one season. It's always happened from time to time. With the projections, it will happen more often and it will be more likely that it happens in a number of places around the world in the same season. Those sorts of challenges mean that it is no longer good enough, in the developing world, to just aim for subsistence. Work needs to be done to help them produce surpluses and have access to our markets. This would mean that in the bad years they have the capacity to have food moving back to them and in the good years they have a surplus of food to move to other places.

Let me first deal with the need to drive productivity. For a long time, one of the challenges in agricultural policy and primary industries policy in Australia has been that we tend to view

what is good for the sector as being entirely within the boundaries of the farm-gate. One of the things that the Government has been pushing very hard – and many of the research bodies have been very responsive to – is the need for us to look the whole way along the value chain to find where productivity improvements can be made, where efficiencies can be driven and to create the opportunity to do so. For example, the reforms we brought into place in wheat marketing did not change in direct terms what was going on inside the farm-gate. It did provide a path to market and an option for an increasing engagement between the grower and the customer.

Those changes with productivity are as much about improving the situation for Australia's farmers on the land as any research that occurs directly within the farm-gate. This is why we have changed the guidelines for the next round of the Climate Change Research Program, which will be publicly advertised next week. The Climate Change Research Program was an election promise which some would argue that we broke; we promised we would provide \$15 million and we ended up providing \$46.2 million – a good way to break a promise, by more than tripling the amount. And as part of the agreement that was reached with what I should probably describe as the then-Opposition, a further \$50 million was put on the table as part of the package with the Carbon Pollution Reduction Scheme.

The first round involved research purely within the farm-gate. The round which will come out next week will allow food processors to be part of that R&D as well. The very simple reason is that if you can improve efficiency further down the value chain – whether for meat processing, dairy, wine, or in the different areas such as horticulture – that will carry a benefit the whole way along the value chain. While the politics of my portfolio are probably always easier to manage if you just deal within the farm-gate – you get better pictures of what you're doing on the farm – the truth is, value chains, the whole way along, have real and positive outcomes and interlink in a very direct way. That's why we made the decision for the Climate Change Research Program now to open up, for the first time, to food processors as well.

Much of the outcomes, though, in delivering good research and development in this sector is driven not by the work of my Department, but by other agencies contained within my portfolio. Within my portfolio much of the research is managed by groups known as the RDCs – the research and development corporations. Six of these are statutory authorities, nine of these are industry-owned companies, one is a marketing-only body. Between them, they collect \$200 million from Government contributions and \$260 million from levy-payers so the total amount of money going to these organisations is \$460 million on an annual basis. As production levels go up, the matching contributions in turn go up and the levies go up as well, but at the moment we're tracking in the order of \$460 million a year.

Much of the work done by these organisations is absolutely critical. You will not find me criticising the model, for two reasons. The way the model works at the moment allows a direct engagement between the stakeholders themselves – the producers – and the scientists. This guarantees two things. Firstly, it guarantees that the science that is being funded for agricultural, fisheries and forestry purposes and is considered to be completely relevant to the needs of producers. Secondly, with that sense of ownership you are much more likely to get the best information making its way from the lab to the farm. So the model itself works and works well.

I will say though there is a level of frustration at a number of issues where I believe it could work better and where progress has been slow. When the Government funds research and

development corporations, with levy-payers' money and with taxpayers' money, we expect money for research to be spent on research and we expect money for marketing to be spent on marketing. We don't want money spent on duplication, on obscene executive salaries, or on agri-political activity.

Duplication is an issue that I have raised with the Council of Chairs of the research and development corporations on the second of March of this year. Avoiding duplication is a pretty simple way of trying to make sure that we maximise the research dollar. At the moment each of these organisations that I referred to run their own offices with their own premises. They have their own CEOs, their own independent payroll, their own reception, and their own conference room. I have no doubt that there are ways of avoiding the duplication and freeing up more dollars for research. I raised this with the Council of Chairs on March of this year and to-date have seen no progress on that issue.

I've also had a concern that a minority – and I want to stress that this is a minority – of research and development corporations are paying their senior executives salaries which I believe do not pass the test of credibility for use of taxpayers' money. Of the different research and development corporations the majority – indeed the vast majority – have salary levels which are appropriate to the enormity of the task before them. However, I wrote on the 29th of April this year to each of the RDCs asking them to meet public expectations in terms of executive salaries and there are a handful which have not come to the mark on that question. We have one of these organisations where the CEO earns more than half a million dollars a year; we have five earning more than the Prime Minister of Australia. Of these five, three of them are organisations that employ fewer than 100 people.

I can't justify to a drought-stricken farmer that this is a good use of the compulsory levies they are being made to pay. I can justify professional salaries that are required to do a professional job and the organisations that I refer to are run professionally. But I cannot justify half a million dollars a year. I have asked on different occasions for someone to explain to me why the responsibility taken on by people in these jobs is seen as being more important or more significant than the job of being Prime Minister of Australia. And no one has been able to come back with an argument which I believe is halfway credible.

I want to make sure that if we're going to have a system where farmers are paying levies, even in the worst of times, that they can see absolute efficiency in their levy dollars going to research and development and to marketing. Compulsory levies, especially in hard times, amounts to a tax in their view and I want them to see value for money and to know that no one is taking advantage of that situation.

Similarly there has been a frustration which I have raised from time to time about the RDCs and agri-political activity – and once again I'm talking about a minority of them. There is a story I can tell you with AWI (Australian Wool Innovation) where over the last two years I have had two different groups of people on different occasions come to me and suggest that the body be wound up. On each occasion the groups have reflected the power base that had just lost the previous election. And whenever they have been successful in an election, then whoever has won the election unsurprisingly thinks the organisation is well-run, well-managed and the governance has no problems at all. I can't justify that.

Even this year the AWI elections went through uncontested. But as long as we have a system where a significant amount of resources that are principally meant to be there for a research

and development body are being used to fight campaigns with a whole series of mandates attached to the back of them, I can't see that we're providing the best possible value for levy-payers. This is not the fault of the organisations, this is a legislative problem that they face. For example, the pork body APL limited faces a very real challenge. Constitutionally, they are expected to be the industry representative body and yet they are not able to affiliate to the National Farmers Federation and play the role they are expected to play. And because they are constitutionally compelled to have this role, it prevents any other body from coming forward and taking that role.

These issues need to be resolved. I do not in any way want to be critical of the model itself. But I am determined to ensure that it works as effectively as possible in the interests of levy-payers. In the face of these examples, I decided to raise it early in the year with the Council of Chairs. In the face of very little progress in these areas it is necessary now, I believe, to take a more external and public approach to these issues.

Next year the Productivity Commission will conduct a review into the governance, efficiency, and duplication issues surrounding the research and development corporations. The precise terms of reference of that review and the timing will be announced in the near future. The challenge is not one of the model itself. Certainly other research issues including investment are already being dealt with through work being done under the leadership of Kate Grenot and my Rural Research and Development Council. Those issues need to be looked at and are being looked at in terms of all agricultural research.

But I believe the issue of getting the best possible value for money for levy-payers from research and development corporations needs the rigour of a Productivity Commission Review. I'm pleased to announce to you today that that will be going forward. I want to make clear that these organisations, by and large, do very good work and exist for the benefit of the levy-payers and the taxpayers. They do not exist for the financial gain of someone employing fewer than 60 people. I do support the model. I want to see it work as effectively as possible.

The next challenge as we push research and development is to make sure that we open our minds to all the science. You will find a growing campaign as well as a widely publicised documentary doing the rounds that push two principles in terms of food – one, they push the principle that they believe that food shouldn't move; and two, they oppose food technology. In the face of the challenges for global food production we must not close our eyes to any of the science. That includes genetically modified food. It will be a subset of biotechnology. It will not be the biggest subset of biotechnology but it is part of the science and it needs to be explored in full. When people come and put a moral case against genetically modified food they need to pit that against a moral case which is called dealing with hunger. And when you put those side-by-side I have a very strong view about which of those moral cases wins.

But to move to that other issue – allowing food to move. This is where you find the challenges of the developing world working precisely the same way for a nation like Australia. In a paper produced earlier this year, the International Food and Policy Research Institute talked about what needed to be done to deal with agriculture and climate change for the developing world. They referred to something in the order of \$7 billion a year needed to be provided. Most of that money is actually for transport links to make sure that food can move in the face of climate change. Once you establish the need to move food within nations it is logical to also support the movement of food between nations.

This is where a report being released today by ABARE makes clear the case against the campaign on food miles. The principles of putting a food mile stamp on food is a way of misleading the consumer. It places a green cloak over protectionist greed and it is a green cloak where the colour comes out in the wash. When you look at a food miles campaign it has been nothing but an excuse for wealthy nations to prevent anyone else from being able to sell food in their countries.

The ABARE report, I believe, makes the case clear. It refers to a report from the United Kingdom Cabinet Office and it states: "Evidence suggests that at some times during the year, transporting produce from other countries may have a lower impact than heating or refrigerating produce grown in Britain. For consumers, driving six and a half miles to a shop to buy food emits more carbon than flying a pack of green beans from Kenya to the United Kingdom. The United Kingdom demand for fresh produce from Africa supports over 700,000 workers and their dependents."

The report being released today concludes food miles is a misleading indicator of the carbon footprint of food products that, if widely used, would distort international agricultural markets and possibly increase global carbon emissions.

We need to fight the protectionist arguments that, from time to time, are used and need to be seen for exactly what they are. We also need to continue our work in opening up our produce to international markets. That's why the work of Simon Crean, in pursuing both DOHA and various free trade agreements is so important. It's also why the work of my officials in dealing with technical market access has been important and has resulted in us having improved market access, in the short time that I have held this portfolio, in China, Japan, the Middle East, the Pacific, Korea, Russia, New Zealand, Indonesia, Thailand, the United States, and the Sudan. It's a fairly comprehensive list over a reasonably short period of time. And it's something that we need to continue to pursue.

We also need to ensure as we pursue international markets that we spread our risk. If there was ever an example of us not spreading our risk appropriately enough it was discovered when our kangaroo meat industry lost access to the Russian market. When that occurred we discovered that kangaroo plants around the country shut down all together for the very simple reason that we had been too reliant on a single market. Since that time work has been done in gaining access to the market in China. There's still some processes to go through before we start the first shipment but that is an important part in allowing that industry to spread its risk.

We have now reached and formalised discussions with Russia and we know what we need to change to meet their standards. I'm pleased to announce that we have signed off on some variations in the Farm Ready program to make sure that we, as a Government, can assist in the training required for Australia's kangaroo meat industry to be able to find its way back into the Russian market.

A similar challenge that I believe is on the horizon for our live cattle exports where we are overwhelmingly too reliant on a single market in Indonesia. For that reason we have varied the guidelines for the Promoting Australian Produce program to try to make sure that some of the work that industry there is trying to do to open the live export market into Vietnam is able to go ahead in a way that they would be eligible for Government assistance.

Essentially, all of these issues go back to our original challenge. And it is where the global

food crisis was seen in the developing world as an issue of hunger and was reflected here in Australian supermarkets by higher prices. Even though some people may believe these pressures have eased, we need to see that for what it is – a temporary reprieve and nothing more.

There are two levers that we clearly can act on. We can clearly act on driving a productivity agenda and we can clearly act on improving the capacity for food to move. Being well positioned on these issues helps to set Australia up for the future – as part of the answer to global food security and with agriculture as a significant and profitable part of the Australian economy.

ENDS

QUESTIONS

KEN RANDALL:—Thank you very much Minister. As usual we have a period of questions from our media members today starting with Lucy Knight.

JOURNALIST:—Thanks for your presentation. I just wanted to ask, you made no mention today of the Government's concession to exclude agriculture in the Emissions Trading Scheme, and I understand that that is now Labor policy despite what has happened today. Do you acknowledge that that decision has some merit, to exclude agriculture on the basis of food protection and wasn't just a political decision to appease the Opposition?

TONY BURKE:—Thanks very much, Lucy. I've essentially made no mention of anything in the Carbon Pollution Reduction Scheme because the processes were still in play while I left the building and I imagine those of you who've arrived or received text messages – I'm getting a graphic description on a thumbs down symbol from Steve Lewis – have been more up-to-date than me. So that's why I didn't deal with any of those issues.

It needs to be remembered that when we first put out the Green Paper for the Carbon Pollution Reduction Scheme, many advocates and representative bodies within the farming sector were arguing that they wanted to be in. Our original decision was simply we didn't believe the science was yet in on whether or not that could be done.

What started to emerge following that was two challenges which we weren't sure we'd ever be able to meet. The first of those challenges was the science of measurement in a way that would be meaningful at the farm level. The second challenge was where do you put the point of obligation? At the moment the Carbon Pollution Reduction Scheme deals with the 1000 biggest emitters in the nation. You include agriculture then you would add something in the order of 140,000 properties. And there were always logistical difficulties in that. So our position was never guaranteeing that agriculture was in. It was simply that at the time of the Green Paper we were not in a position to arrive at that decision and that's why we had the original formulation to make a decision in 2013 about 2015.

There's no doubt, in discussions with the Opposition, it was a very early sign of good faith in the bargaining process that we showed. That remains the Government's position. Whether or not we were going to arrive at that anyway is something that I guess we would have found out in 2013. But there were always arguments for reaching this decision. Now, having agreed

with the Opposition on it, it remains our position but not necessarily the position of those who sought it in those negotiations.

KEN RANDALL:—Thank you. The next question's from Simon Grose.

JOURNALIST:—Just going to the FAO summit on food security, you talked about the projected losses of production due to climate change, but the summit also projected that by 2050 world agricultural production will have to rise by 70 per cent, going against the trend projected from climate change.

The declaration from the summit is basically what you'd expect: a hopeful list of objectives. I wondered if you could characterise to us though the mood, the feel and the optimism and pessimism, a meter on that. And secondly, you obviously embrace GM as a technological part of the solution to this problem. I wonder what your attitude is to nuclear power as a part of the technological solution to climate change.

TONY BURKE:—To deal with the last issue first, just in case I don't get to it: in terms of nuclear power, the Government continues to argue that we don't believe the numbers stack up for nuclear power in Australia. We have an abundance of coal here, and in terms of climate change we have been the global leader in pushing forward with CCS technology to try to make sure that we can find a pathway through where that coal can continue to be used, as clean coal. That is massively in Australia's interests for us to go down that path.

On the GM technology itself - I don't want to overstate it. As I say, I don't believe it's the be-all-and-end-all. I simply believe we have massive challenges in front of us on global food supply and you need a really good reason to turn a blind eye to any technology. I don't think there's a good enough reason on that one.

On the original part of the question: what was the general mood of optimism, pessimism at the event? I have to say, there have been a couple of changes from what I've seen at previous meetings of agricultural ministers. Firstly, the level of engagement with climate change as an issue was much stronger than it's ever been before. I cannot emphasise enough the extent to which it was a marked contrast to even meetings in Madrid at the beginning of this year. It was a real shift.

Secondly, the great area of optimism that came out of that was New Zealand's announcement of their intention to establish a global alliance so that we start to coordinate internationally the best research and development outcomes that do a few things all at once: that help mitigate and be part of the climate change solution in terms of carbon sequestration, but at the same time carry with them productivity improvements.

KEN RANDALL:—Question from Simon Jenkins.

JOURNALIST:—Minister, you've obviously spoken about the need to look at GM food as part of the solution for the future. What would you say to those farmers out there who are against the idea of the practice on the basis that it is likely to contaminate their farms, is likely to cause all sorts of problems and have general concerns relating to the regulations surrounding the administration of GM crops?

TONY BURKE:—Any questions about whether or not our regulatory system is robust enough are discussions that I don't intend to shut down. I think they are valid, proper discussions to have. In terms of asking what if these species spread, we need to remember that very few of the crops we grow in Australia are native to Australia. So the concept that something being imported and not native to Australia is somehow by definition going to be an immediate massive problem would actually have prevented most of our crops, GM or not.

So that argument I think needs to be borne in mind.

KEN RANDALL:—Question from Steve Lewis.

JOURNALIST:—Minister, I was going to ask you a follow up question on nuclear power, but last time I raised nuclear power here your esteemed colleague Peter Garrett dressed me down, so I'm going to bypass that.

TONY BURKE:—That's your way of not mentioning nuclear power.

JOURNALIST:—Thank you very much. Could I ask you a question about the politics of the Emissions Trading Scheme. The Senate has just voted it down. The Nationals have just put out a press release, 'Regional Australia saved from massive new tax'. Pretty obvious that the new Liberal leader Tony Abbott is going to run the mother of all scare campaigns on the energy tax as he calls it, \$120 billion tax on everything.

You spend a lot of your time in regional Australia. The Nationals are pretty confident, pretty cocky that they can run a very effective scare campaign and do very well at the next election whenever it's held. Isn't the Government vulnerable now to the mother of all scare campaigns on the ETS, now that it's got a leader who is fair dinkum in imposing it?

TONY BURKE:—Thanks, for the question. Sometimes you get a phenomenon where as something gets bigger it starts to generate itself and gets bigger and bigger and bigger, and that tends to be Barnaby Joyce's rhetorical style.

If there's one thing I've found – and as you know I spend as much time as I possibly can with people who work the land on their own land – If you were to try to lie to them they work it out and they work it out quickly.

And so much of what Barnaby and others have said so far is simply untrue; the hundred dollar lamb roast and these sorts of concepts. Telling people that agriculture is in, when it's out. Telling people that nothing is being done for food production when significant concessions have been made for food production. But you wouldn't know it from the speeches you might have heard in the Senate.

So, is the scare campaign getting a bit of a run at the moment? Yeah, it is. But I've got to say, if the scare campaign was based on fact, I would probably be more afraid of it. But if a scare campaign can be beaten with facts - and this one can - then I'm looking forward to engaging.

KEN RANDALL:—Question from Sophie Morris.

JOURNALIST:—You've mentioned how ABARE has outlined that Australia is particularly vulnerable to climate change, Australian agriculture is vulnerable to climate change. Given

what's happened today in the Senate, how dedicated should the Government be to getting this scheme through to ensuring there is action on climate change in Australia? Should it consider going to an early election?

And in the absence of this scheme and until such time as it may be reconsidered or passed, do you consider there's scope for continuing to work on offsets for agriculture or a voluntary offsets scheme? Will the Government still be pushing for those changes to the Kyoto accounting rules in Copenhagen next week? What do you see as the outlook for agriculture?

TONY BURKE:—In terms of the middle part of the question – as to what the political pathway forward or the legislative pathway forward is after the events of today - while I've been speaking, possibly while I'm speaking now, the Deputy or Acting Prime Minister is outlining that. So I'm not going to cut across those issues. But Julia's making a statement while we're here, on that.

On the issue of where to, what other things can we do? The Climate Change Research Program that I spoke about before has been making sure that we are aligning a productivity path with a lower emissions path in all the research that we're doing.

I have always been determined that the best way to make sure that you get take-up on-farm of a lower emissions form of agriculture is to make sure it's profitable. That's the best way of doing it.

And even though no-one was talking about it having a positive impact on carbon sequestration, when we look back now, no-till, minimum till, in the grains industry provided exactly that: a massive change in getting carbon into the soil.

And because we didn't really know as much about carbon then, it was very much driven by profit. The more we can find those sorts of answers, the more we will be able to get the sort of take-up that we want.

The final part of your question though goes to what we are pursuing internationally. We continue to pursue internationally a couple of key things within my portfolio. For the forestry industry, we are trying to pursue the principle of stored carbon in wood products. At the moment, under Kyoto accounting rules, when a tree is upright we acknowledge that it's full of carbon. The moment it's harvested we pretend all the carbon has rushed out the door. We know scientifically that's not true. And we want to have a method of accounting that matches the science. That's the best way of being able to do something about storing carbon.

So we continue to pursue that. We also continue to pursue the principle of trying to separate out or decouple emissions that occur on land use from human interaction to those that occur through natural causes. You can, technically, at the moment, count your soil carbon. But if you're going to do it, you've got to count your entire land mass. And that means Australia would have penalties every time we have a bushfire.

Now, on a continent like ours, that simply prevents us from including the land use sector in that way. So creating that separation between human intervention and natural cause remains one of our frontline principles for both the negotiations leading up to Copenhagen and the technical discussions that follow it.

KEN RANDALL:—Question from Jane Milburn

JOURNALIST:—You mentioned your review of the Research and Development Corporations. Obviously, with the global food demand, research is really important. So I'm just wondering what other models might be considered by the Productivity Commission or whether you have any up your sleeve that you're thinking about might be best to achieve that?

TONY BURKE:—When I say that I support the model, at one level on the current design of Research and Development Corporations there is no the model. Every sector has some slight differences, some major differences. And I suspect it will be ever thus. I would be surprised if we ever ended up with every Research and Development Corporation operating in an identical fashion.

They do have different roles. For example, RIRDC – the Rural Industries Research and Development Corporation represented here today – has a broad ambit of jobs that go well beyond the levy-payers who directly engage with them for R and D. The Fisheries Research and Development Corporation has a role with recreational fishing and providing information to them which goes beyond their levy-payers as well.

So, I suspect there always will be a variety of ways that the organisations operate. My preference remains very strongly that we keep processes. And I think the key value with Research and Development Corporations is that we have a sense from the producer of ownership; that's essential. That is why we have some models that are statutory corporations and some which are industry owned corporations. I'd be amazed if there were ever anything but a mix of the two.

So the principle of wanting to have that remains. I'm just wanting to make that we run them as efficiently as we possibly can. And that when you get a levy-payer complain – as I often do – asking why can't it be voluntary, why should I have to pay this, I'm doing it tough at the moment, I want to be able to easily defend every action of the body that they're paying.

And at the moment there are some things which I find really hard to defend. The [Productivity Commission] review will provide a way of getting a fresh set of eyes to assess that.

KEN RANDALL:—Minister, I'd like to ask you a question about technology too. You've referred to it in a number of ways today. As I understand the current figures, improvements in technology in food production will account for an increase of about one per cent a year. Is that enough to achieve what you want? And have - how much could that be improved?

TONY BURKE:—For Australia, our productivity story is actually quite a good one and a good deal better than most other parts of the economy.

Over the course of the last 20 years the productivity figure year-on-year for agriculture has basically doubled what the productivity figure year-on-year has been for the rest of the economy.

It's actually precisely doubled: national productivity growth over the last 20 years – 1.4 per cent. Agricultural annual productivity growth: 2.8 per cent.

So, in productivity terms, we have a good story to tell. The challenge, though, is that global demand is increasing well beyond that. So I believe we have to drive that a lot harder than we have been if we're going to take full advantage of the opportunities that will shortly present themselves to food exporting nations.

KEN RANDALL:—So what are the alternatives to increasing total global production?

TONY BURKE:—Well, total global production, I believe, can do it through productivity improvements. I do believe that.

I believe the climate change debate will actually provide some new mechanisms that will assist with that. Once you get around your mind around the concept that emissions are a form of farm waste – for which we get no money – then anything you do that provides lower emissions pathways ought, logically, to also provide a productivity outcome.

So, I do believe there will be some new ways of driving productivity. I believe that with genetic research and genetic modification, we will find, in the general biotechnology space, some new areas where we're able to make significant improvements. In the fisheries space, for wild catch, there is an ongoing problem in the extent to which you can improve your productivity there, obviously, because you're always up against sustainability issue on your fisheries.

And that will create an opportunity for aquaculture in Australia, where we have a growing demand for seafood. While we are still a net importer of seafood, we manage to export a good deal of high-value seafood, and I reckon there's some big opportunities on the way in the aquaculture area as well.

TONY BURKE:—Thank you, here is a question from Laurie Wilson.

JOURNALIST:—In a sense, that last question went to the issue I want to raise with you. I'm just wondering in terms of that nine to ten per cent hit that you talked about that we're going to suffer in productivity in the sector, have you set any targets? I mean, you mentioned the 2.8 per cent average growth in terms of productivity, but any targets you want to achieve to, if you like, claw that back? Realistically, how long do you think it might take?

And a second component to the question, in terms of those recalcitrant R and D corporations that you referred to earlier, and their salaries, I mean, what makes say a \$400,000 CEO salary unacceptable with one organisation but perhaps acceptable with another, or \$350,000 acceptable but not \$400,000?

I know you've referred it off to the Productivity Commission to make these judgements, but you've obviously got some thoughts in your mind as well.

TONY BURKE:—Well, on the last issue first, the benchmark on this, I think, doesn't go back to me; it goes back to the levy-payers, and what's reasonable to the levy-payers. And I think once you hit a benchmark where you're starting to talk in excess of the salary of the Prime Minister of Australia, it's a bit hard to run an argument that the level of responsibility is higher. I find that hard to argue. And I've had those arguments put to me directly by farmers, and I haven't been all that good at arguing back.

So I think on these sorts of issues you're back to a person on the street, or more likely farmer in the paddock, argument as being the benchmark test. And, you know, even after I'd asked them to moderate these issues, one of them is still being paid in excess of \$500,000 a year. Then the request that I made is effectively being ignored, and that's why I want there to be an external set of eyes on it.

On the earlier issue about targets, there's a problem in my portfolio about setting targets and it's called drought. Any targets that take into account the likelihood of drought will be way lower than they should be in a good year. If you set them based on good seasons, then if you get a drought you have fallen way behind where you could have been. And if you set them on what you think the long-term average should be, then for decades at a time your targets will be irrelevant.

This is why I don't think it's an area where I can deliver on hard targets year-on-year. We are too climate-dependent. And while climate change will give us long-term averages and likelihoods of events in which individual years any of those events occur, this is something that you know in hindsight and not before.

So there are many areas of the economy where the targets that you've described are good public policy and the right way to do things. I would find it very hard to adopt that sort of approach in this portfolio.

KEN RANDALL:—Tony Melville.

JOURNALIST:—Tony Melville, director of the National Press Club. We've got plenty of water in Australia, it's just in the wrong places. And previous governments going back many years have looked at ways of dealing with that, such as the Ord River scheme.

This Government talks a lot about nation building. I'm just wondering about a big picture approach. Have you thought about how we can get more food out of doing things, you know, on a bigger scale, more differently?

TONY BURKE:—I think we need to remember two things when we talk about areas where there's more rain. It's not only in the north, it's also in Tasmania actually. There's two areas where there's significant increases of rainfall that have been going on for some time.

In terms of the north though, consistently people say: all the water is up there, why can't we either bring the water south or move the agriculture north? There is an extent to which there will be more agriculture in the north in the future than there has been in the past. There's no doubt about that. And the Government's commitment through the expansion of Ord, going through to Ord Stage Two – and I was with the PM up there a Kununurra when that was announced – is going to be part of what gets done.

But there are challenges in the north that need to be remembered. The first of these is that, while when you look at annual rainfall and you get a massive figure, pretty much all of it occurs in three months of the year. Secondly, there are very few places in the north where you can dam. It's just that the topography throughout most of that area prevents you from being able to store the water.

And added to that you have the challenge of the soil types and the tropical nature of what you have up there. The tropical nature goes to biosecurity challenges, which always get worse in the climate change discussions. This was best put to me by a farmer out near Broome - Jack Burton his name was - I went out to his property, called Kilty Station. And I was with the then-WA agriculture minister, of the previous WA government. And Kim Chance said to him, "Well, the problem up here is there's 100 things you can grow and a 1000 things that will eat it." And Jack Burton snapped back at him, "Yeah, but one of those 1000 things is called people."

And there will be more opportunities in the north, I have no doubt. But it can be naïve for us to presume that it's capable of delivering a total answer for us. The challenges of the timing of the water, the soil type, and the typography, with biosecurity issues, all mean it's a tough place to grow anything, but we probably can do more than we're currently doing.

KEN RANDALL:—Minister, thank you very much.