



# Bayer Australia 2022-23 Pre-Budget Submission

## Introduction

Bayer is guided by the principle of Science for a Better Life.

We are a Life Science company with a more than 150-year history and core competencies in health care and agriculture. With our innovative products, we are contributing to finding solutions to some of the significant challenges of our time.

Our mission is to contribute to a world where:

- Diseases are not only treated but effectively prevented or cured.
- People can take care of their own health more effectively.
- Enough food is produced for all while respecting our planet's natural resources
- Business growth and sustainability go together

In Australia, we contribute to these aims through our industry-leading pharmaceutical product pipeline, our support for Australia's farmers through innovative crop science, trusted consumer health products and our whole of business sustainability priorities. Globally, we invest around \$A8 billion in research and development each year<sup>1</sup>. We are proud to employ around 900 people in Australia and New Zealand.

Bayer strives for gender parity at all levels of its business by the 2030s and remains committed to our workforce by offering 12 weeks of paid parental leave.

Bayer also recently extended superannuation payments for employees on parental leave for up to 1 year.

## Bayer Sites

### Pinkenba, QLD

Formulates and distributes leading crop protection products for local and international markets (three million litres exported in 2020).

### Eight Mile Plains, QLD

Crop Science Residues Laboratory that generates local data for product development.

### Toowoomba, QLD

Crop Science Biotechnology Research Centre that develops biotechnology solutions and resistance systems.

### Locharba near Narrabri, NSW

Crop Science R&D Centre that conducts Cotton Agronomy trials.

### Rydalmere, NSW

Radiology Manufacturing Site for local and international markets.

### Melbourne, VIC

Crop Science Office.

### Sydney, NSW

Corporate Office.



<sup>1</sup> <https://www.bayer.com.au/en/research-at-bayer>

Bayer Australia is committed to continuing our strong and trusted relationship with the Federal Government in the pursuit of developing strong frameworks for public policy. As many of these proposals cross portfolio areas Bayer has contacted each relevant Minister alongside the centralised process for Budget Submissions.

The below proposals for the consideration of the Federal Government encapsulate where Bayer seeing opportunities for positive policy development relating to our company's business divisions.

## 1: Health and Medicines

Within Australia and on the global stage, Bayer invests significantly in R&D and future innovation, including cell and gene therapy, which can radically improve patient care and treatment. Bayer achieves this through internal innovation and external partnerships and acquisitions. Examples include AskBio, KaNDy Therapeutics, One Drop (digital). Globally, we invest around \$A8 billion in research and development each year<sup>2</sup>.

As a long-standing member of Medicines Australia, Bayer welcomes the recent House of Representatives *Parliamentary Inquiry into Approval Processes for New Drugs and Novel Medical Technologies in Australia* and the upcoming *National Medicines Policy* review as potential opportunities to evolve the current approval process for new therapies and enable future, innovative treatments to become more accessible for Australians.

Bayer was pleased to list Nubeqa (darolutamide) for men living with non-metastatic prostate Cancer on the Pharmaceutical Benefits Scheme in November 2021. We look forward to continued dialogue with the Department of Health and the Pharmaceutical Benefits Advisory Committee on future listings.

Bayer also celebrates 60 Years of the Pill. Six decades ago, a new method of family planning drove a shift in society, providing the Australian population with improved health outcomes. Access to family planning information and contraceptives has changed Australian women's lives, giving them the opportunity to determine their own future in our society. Bayer aims to support women's family planning choices, and physicians to meet the needs of their female patients through education programs. Our product portfolio spans oral contraceptives as well as long-acting reversible contraceptives (LARCs).

We were delighted to see that this year's Budget provided \$354 million to support the wellbeing of Australia's women, including \$21.6 million for improved reproductive health outcomes. We were also pleased to see Government commitment to increase funding for patient access and safety to LARCs through updates to the Medicare Benefits Schedule, aligning well with the commitment of Government to the National Women's Health Strategy 2020-2030 to increase the take-up of LARCs. The expected return to Government and society from these initiatives is substantial, reducing unnecessary costs, unplanned pregnancies and terminations.

### Proposal 1: Precision Medicine Reform

**The Federal Government investigate the viability of further support for access to genomic testing and consider the equity implications for existing genomic testing on Australians who live with genetic disease such as cancer.**

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<sup>2</sup> <https://www.bayer.com.au/en/research-at-bayer>

Fortunately, in Australia, some children with cancer will gain access to genomic testing through the Zero Childhood Cancer program. Ideally, this would be expanded to include all children, not just those participating in clinical trials, as well as including adult patients, who represent the vast majority of incidence in many cases. This would bring Australia in step with countries such as UK, US, Belgium, Denmark, France, Germany and the Netherlands which have superior levels of access for patients to genomic testing.

**Further to this, the Federal Government consider recommendations made by the Standing Committee on Aged Care and Sport's Inquiry into Approval Processes for New Drugs and Novel Medical Technologies in Australia, including:**

- **Recommendation 2:** Building on the Medical Research Fund Genomics Mission, the Federal Government and State and Territory governments should establish a jointly funded national genomics testing program to provide equitable access to genomic testing nationwide. As part of the program, governments should ensure the provision of genomics counselling for all patients.

#### **Proposal 2: Pharmaceutical Benefits Scheme Reform**

**The Federal Government maintain and invest in resources for the Department of Health to support the policy work committed to in the 2022-2027 Medicines Australia Strategic Agreement, such as;**

- The Health Technology Assessment Review
- Horizon Scanning Forum
- Evolution of the broad policy framework to support new medicines and novel technologies
- Digital transformation
- Implementation of the Preventative Health Strategy and self-care policy development.

#### **Proposal 3: Women's Health**

**The Federal Government invests in a public health campaign to raise awareness of the variety of contraceptive options available to prevent instances of terminated pregnancies, reducing the emotional, financial, and health costs to women.**

We welcome government efforts to support women's health choices including the recent Medicare funding increase from \$55 to \$82 for health professionals to insert an intrauterine device (IUD). To build on this further there is an opportunity for government to raise awareness of the variety of contraceptive options available which will, in turn, minimise abortions and return greater financial savings to the economy.

#### **Proposal 4: Consumer Health**

**The Federal Government complete the process to deliver the National Preventative Health Strategy as part of Australia's Long Term National Health Plan.**

Bayer is eagerly anticipating the policy reform following consultation in 2019 and 2020 and looks forward to providing feedback on policy proposals from this process.

## 2: Crop Science

Bayer has been investing in Australian agriculture for almost 100 years, supplying leading brands backed by expert advice in the areas of seeds and plant biotechnology, crop protection and non-agricultural pest control. Bayer is the only global research and development company formulating crop protection products in Australia, and we export to a number of markets in the Asia-Pacific.

As a company, Bayer is increasing our commitment to local manufacturing by upgrading plant facilities and bringing on new lines in 2021-22. Furthermore, Bayer supports the Federal Government's commitment to manufacturing through the Modern Manufacturing Initiative, reducing volatility in supply chains and providing more predictable patterns of supply to the Australian agriculture sector.

Our agriculture industry has an important ambition to grow exports of agriculture to AUD\$100M. At the same time, Government, industry groups, and Bayer have committed to net zero carbon by 2050. Innovation is critical to reaching these dual ambitions. Bayer is a global company investing in expertise for Australia and with Australia through our partnership with the Grains Research and Development Corporation. Our partnerships with local industry and researchers mean we are directly supporting the future productivity and sustainability of Australian agriculture and farming.

Australia's rural research and development system is unique, and the agricultural sector has derived significant benefits from the work of our rural research and development corporations (RDCs). Bayer encourages collaboration across RDCs, including through Agricultural Innovation Australia (AIA). We are interested in seeing how AIA's work plan will provide strategic coordination across RDCs and offer further opportunities for engagement with the private sector.

We welcome the increased focus on commercialising R&D through growAG and look forward to working with RDCs on public-private partnerships. We encourage RDCs to undertake projects with an extension, adoption and commercialisation mindset.

As referenced above, Bayer has an agreement with the GRDC through our Herbicide Innovation Project (HIP), which prioritises Australian weeds in developing new chemistries by our international R&D teams. The project aims to shorten global chemistry development and product commercialisation in Australia and is an example of our long-term commitment to the Australian market, where there are significant growth opportunities in innovative and sustainable agriculture. Bayer is pleased to partner with Australia's farmers, researchers and governments to maximise profitability, reduce our environmental footprint, and support local communities through increased employment.

### Proposal 5: Agricultural Skills and Labour Market

**The Federal Government considers a range of supply chain participants when considering an agricultural policy. It ensures that when the Government implements agricultural priority immigration streams, consideration is given to agricultural manufacturing.**

Bayer is the only global research and development company formulating crop protection products in Australia. We export product from our Pinkenba plant to countries in the Asia-Pacific region, including China, New Zealand, South Africa, Japan and Vietnam. Bayer supports the Federal Government's Modern Manufacturing Initiative, and we note that more could be done to ensure an increase in local manufacturing capacity delivers

economic benefit to communities through increased employment in the construction phase.

A shortage of local fabrication professionals impact Bayer's ability to maintain agile manufacturing capabilities to support the agricultural sector in Australia. While the opening of borders generally may mitigate this issue, increasing post-school pathways and skilled migration in fabrication and installation will result in greater productivity and local economic benefit.

#### **Proposal 6: Gene Technology Regulation**

**The Federal Government prioritise implementing the 27 recommendations from the Third Review of the National Gene Technology Scheme.** Further to this, Bayer asks that the Government investigate potential further policy solutions to ensure that decisions made are nationally consistent and be evidence-based; any such scheme allows for nationally uniform processes which are predictable and incorporating regulatory best practices.

Crop protection products and genetically modified organisms (GMO) are among the most heavily regulated products in any industry. They require extensive environmental safety testing to ensure they will not pose any unreasonable risks to human health, wildlife, plants, and the environment. Each new crop protection product or plant trait requires many years of testing to meet the highest safety standards, at the cost of hundreds of millions of dollars, before being used. Bayer supports science-based, independent regulatory schemes while noting the need to reduce unnecessary regulatory burdens that discourage innovation investment. Our regulatory systems must be reviewed regularly to ensure that our national gene technology and crop protection regulatory scheme can deal with new technologies and provide investment certainty for business.

#### **Proposal 7: Trade**

**The Federal Government continues to pursue a breadth of markets for Australia's agricultural produce, which will help mitigate changes to single-market requirements and increase the resilience of our exports and propose that the Government investigate opening new export markets for Australia's agriculture, particularly barley.**

Unexpected obstacles to export markets can have a significant aftershock in the wider agricultural industry – all parts of the supply chain, including growers, input providers, retailers and seed producers are trade-exposed and, in turn, rely on continuity of Australia's trade relationships. A wide breadth of export markets means that technical or non-technical trade barriers can be mitigated through risk-spreading. Opening new barley markets in Mexico and Saudi Arabia were good examples, and the industry and Australian Government should be prepared for changes to the demands of our trading partners – whether they are due to tariffs, climate requirements, or methods of on-farm production. Continued investment in the overseas counsellor network and engagement with the private sector will help develop commodity markets.

### **3: Sustainability and Climate Action**

Bayer is committed to protecting the health of people, animals and plants, and to conserving ecosystems.

Our climate protection targets correspond to the objective of the Paris Agreement to limit global warming to 1.5 degrees Celsius. Bayer plans to be a climate-neutral company by

2030. As a signatory to the Business Ambition for 1.5C initiative, Bayer intends to gain net-zero emissions in our entire value chain by 2050.

Bayer is also working to offset remaining emissions with a growing share of CO<sub>2</sub>-neutralizing projects by acquiring certificates from audited climate protection projects that meet externally recognised quality standards.

We also participate in industry schemes including drumMUSTER, ChemClear and the Australian Packaging Council. As a large consumer-goods producer in Australia, Bayer is committed to working with industry and Government at the Local, State and Federal levels.

#### **Proposal 8: Sustainability – Crop Science and Climate Change**

**The Federal Government works with businesses in the agricultural sector to develop on-farm tools to help producers tap into carbon markets, ensuring that the technology underpinning our global emissions commitments is farmer-friendly, digitally connected, and makes appropriate use of farm data to enable better decisions.**

Bayer shares the Federal Government's ambition on meaningful action on climate change, including creating a national market for environmental services. The Bayer Crop Science division, globally, is working to reduce greenhouse gas emissions from our highest-emitting crops by 30% in our sales regions.

We are also working to reduce the environmental impact of our crop protection products in important crops by 30% and expect this to impact biodiversity positively. Bayer promotes appropriate use of our crop protection products, developing new biotechnology products and deploying targeted herbicide technology.

Bayer Australia's crop science sustainability initiatives include supporting minimum tillage, water efficiency, product stewardship and promoting integrated pest management.

#### **Proposal 9: Sustainability – Technology**

**The Federal Government continues to improve connectivity in rural and remote areas through meaningful investment for digital tools to be effective in the field.**

**The Federal Government investigates the role of gene technology in climate change and drought preparedness policy, such as the Federal Government Drought Response, Resilience and Preparedness Plan, which does not currently reference the role of gene technology.**

Bayer invests in innovative tools to help Australian farmers meet the challenges of growing more with less. Since 1992, Bayer has supported Australian cotton growers to reduce insecticide use by 97 per cent through the introduction of genetically modified (GM) cotton seed. Future applications of gene technology could help mitigate crop damage through heat stress tolerance and can help fight the impacts of climate change by managing disease, increasing yields and enhancing nutrition.

Innovation in genetically modified crops, including drought and pest resistance<sup>[1]</sup> <sup>[2]</sup>, should be crucial for championing scarce resources such as water, alongside the added benefits of reducing net water usage by combating pest and disease incursions.

Bayer asks that the Government investigate opportunities to integrate this technology in future policy including engaging with Department of Agriculture, Water and the Environment on this matter.

## **Conclusion**

Bayer is pleased to provide the Federal Government with the above proposals for the 2021-22 Budget across our business operations. The above proposals present substantial reform opportunities and Bayer is available to provide further submissions on any of the above policy proposals if required. Through our employment of Australians across a range of sectors and our experience globally, we believe that Bayer is well-placed to provide input on many of the policy proposals above and welcome feedback from the Federal Government.

## **Contacts**

For any queries on the above policy proposals or if you would like to coordinate a briefing with Bayer, please do not hesitate to contact Ailish Hanley, Head of Public Affairs, Sustainability and Communications, Bayer Group, ANZ at [ailish.hanley@bayer.com](mailto:ailish.hanley@bayer.com).

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<sup>[1]</sup> <https://traits.bayer.com/corn/Pages/DroughtGard-Hybrids.aspx>

<sup>[2]</sup> <https://www.cropscience.bayer.com/innovations/seeds-traits/gmo-biotechnology>