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REVIEW OF GENETICALLY MODIFIED CROPS MANAGEMENT ACT 2004

Summary of Submissions

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SEPTEMBER 2007

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REVIEW OF GENETICALLY MODIFIED CROPS MANAGEMENT ACT 2004

SUMMARY OF PUBLIC SUBMISSIONS RECEIVED AUGUST/SEPTEMBER 2007

1.0 INTRODUCTION

The **Genetically Modified Crops Management Act SA** was enacted in 2004, at which time a moratorium was placed on the planting of any GM crops, including Canola, in South Australia. In particular Kangaroo Island and Eyre Peninsula were declared to be GM free zones.

The Act is to be reviewed by April 2008 and public submissions on this matter were called in August 2007. 234 Submissions were assessed for this summary.

Submissions were received from growers, private individuals, organisations representing the grains, cotton, dairy and feedlot industries, farming and regional organisations, scientific and research organisations and a range of manufacturing, supply and service industries.

The purpose of this Summarising Report is to assess only those submissions which addressed marketing and trade issues. I was provided with background reading which is listed in the Appendix and was requested to take this into account when assessing respondents' submissions as well as referring to my own general agribusiness knowledge and experience.

2.0 SUMMARY

2.1 SOUTH AUSTRALIAN RESPONSE

2.1.1. Kangaroo Island

Of the sixteen (16) submissions received, thirteen (13) were from farmers and one (1) was from the Kangaroo Island Beekeepers Association. The apiarists clearly request KI to remain GM free, as do the farmers. However, two (2) farmers and the Kangaroo Island Development Board, suggested that if keeping KI free resulted in a major market/ trade disadvantage to the Island, they would reconsider their stance. They suggested continuing the status quo for another two (2) years before further review. From the submissions it is clear that there is significant support for Kangaroo Island to remain GM free into the foreseeable future.

2.1.2. Eyre Peninsula

Among the thirty-seven (37) submissions received, it is clear that there is significant support for lifting the moratorium on GM crops on Eyre Peninsula on the basis of opening up marketing and trade opportunities. Submissions in favour of lifting the moratorium appear to be well informed and the farmers expressed a very clear desire “not to be left behind”. All submissions referred to current market information, commenting particularly on the lack of premium for non-GM crops. These people see the Eyre Peninsula, and South Australia, as suffering a major competitive disadvantage under the current Act and moratoria.

2.1.3. Other Regions

Sixteen (16) submissions, predominantly from the South East, expressed a wish generally to maintain the status quo – especially suppliers to niche markets provided by Blue Lake Flour Milling with Japan.

However, one (1) Producer from the Bordertown area cited trade disadvantage in being GM-free and sought a lifting of all bans on GM-crops.

Other submissions from the mid north and Murray Bridge, did not assess market or trade conditions, and were in favour of the status quo.

2.1.4. Other Individuals

These submissions did not support the production of GM food. The comments ranged widely across health, genetics, contamination and philosophical areas. They did not address current market and trade circumstances and knowledge.

2.1.5. ABB Grain Ltd

ABB Grain Limited (ABB) a publicly listed company based in South Australia and a leading member of the Australian Grain Industry provided a very detailed submission. A key point of that submission is that the Act should be retained within South Australia as the government must retain the ability to regulate the commercial cultivation of future GM crops until the conditions outlined in the Act are met. The submission expresses the view that the purposes and objectives of the Act are still valid and necessary. Further, it considers the Act in its current form to have a vital role in ensuring that genetically modified crops are only released for commercial production when the market is satisfied that they are not going to significantly impact on Australia's ability to market grain.

In its submission, ABB commented upon the moratoria currently in place for Kangaroo Island and Eyre Peninsula. Whilst recognising that this is an issue for growers to determine themselves, ABB does have concerns about grain from these areas possibly being marketed as GM free, because since the detection of the GM trait Topas 19/2 in Canola in 2004, ABB will not market any product as GM free. The implication of this statement, particularly from a commercial point of view, is that no GM

material at any level will be detected in the grain. This is a very stringent limit and does not recognise any Adventitious Presence (AP) limits.

ABB's current position is that it will, if required, sell on a non GMO basis which implies the grain is within existing (AP) limits.

ABB also observes the difficulty with the current legislation in that there is no formalized process by which a regulation that prohibits or regulates the cultivation of a GM crop can be amended or appealed. ABB believes there must be a formalized process to ensure that market agreement in respect of the commercial release of GM crops is more easily facilitated than under the current regulations in The Act – subsection (8). Further, ABB submits that “consistent with recommendation 9.1 of the Report on the Review of the Commonwealth Gene Technology Act 2000 that a formal “Nationally consistent transparent” market review process be established that is objective and has clear measurable criteria so that agreed market approval can be given.”

2.1.6. General Comments

There is generally, across all South Australian submissions, no real distinction between Canola and ‘all crops’. Those who support the production of GM Canola consider similar arguments to apply to market acceptance of all GM crops.

With the exception of Kangaroo Island, there is amongst grain producers who presented a submission, a clear majority who wish to become competitive in the market place with a choice to grow GM or non GM, and who wish to enjoy the reported agronomic and economic benefits.

With the exception of Kangaroo Island, the remaining submissions were roughly equally split between those who “wished to extend the moratorium for a further 5 years” (mostly grain growers) and those who are opposed to GM crop production on philosophical grounds.

Most submissions did not refer in a systematic fashion, if at all, to the Genetically Modified Crops Act 2004. Most submissions against the cultivation of any GM crops expressed the view the Act should stay in place in its current form for the very long term. Those submissions supporting a removal of the moratoria from Eyre Peninsula and Kangaroo Island generally did not address the issue of the Act in detail, but rather the lifting of the moratoria in order to allow growers to enter the market place.

Other submissions which referred to the Act generally took the view that it should be retained so that the government retains the ability to regulate and oversee any commercial developments of GM crops. In summary reference to the Act in most submissions was in the sense that it is still a valid and necessary instrument.

2.2 MARKET AND TRADE ISSUES

2.2.1 Individual Submissions

Submissions from individuals or farming enterprises who addressed market and trade issues were generally well referenced and made the following points:

- There is a possible/probable financial loss to Australia if GM crop technology is not advanced and global market access not sought.
- The earlier perceptions of a premium for non-GM Canola does not really exist. Further, the financial benefits which are reported to exist with non-GM Canola do not take into account the Gross Margin in production whereby better returns can be obtained with GM Canola, even if the price per tonne is less.
- Markets already exist for both GM and non-GM products.
- Consumers and producers/farmers must have choice.
- Whilst acknowledging the risk of contamination and lack of segregation of GM and non GM grain, there was a general view that the Grains Industry is able to minimise the risk. On balance those who made submissions considered this risk to be of lower import than

the risk of being excluded from the opportunity to participate in global marketing and trade.

2.2.2. The Grains Industry

Submissions from the Grains Industry are cross-referenced to the specialist reports by ABARE as well as to international reports and internal industry reports. The Industry stresses its ability to maintain acceptable segregation between GM and non-GM grains, and its ability to manage requirements to different markets – particularly Japan and Europe where there is a greater sensitivity to GM imports. However, the use of Adventitious Presence (AP) limits recognises the risk of contamination.

The ABB submission stresses its confidence that *“the grains industry has the ability to manage segregations for the two OGTR approved GM Canola crops in accordance with existing industry demands and legislative AP (Adventitious Presence) limits. The management of segregations will be based on existing grain handling protocols and will be consistent with the currently prescribed AP limits for GM Canola in other crops.”*

This does not stop marketers entering into commercial negotiations with grain storage companies for different levels of service, assurance and price.

There are also several submissions from seed suppliers which whilst having a clear commercial interest, express the ability of that industry to manage supply and distribution of seed under strictly regulated conditions.

With regard to segregation, it is noted in the Grain Industry’s submissions that it would be extremely difficult to regulate a supply chain system given the complexity of market arrangements that might be put in place. If there is a market demand for segregation then the market will need to deliver prices to growers that will make it attractive for growers to produce grain

that meets that market need. Those prices would need to be competitive with prices offered for other crops and would need to cover the costs of segregation after harvest.

2.2.3. Market Protection Submissions

There were three (3) submissions from food companies which specifically market organic produce – Four Leaf Milling Pty Ltd (SA), Millewa Mustards (Victoria) and Ceres Natural Foods (Victoria). The submissions from these three (3) businesses were similar to those from the Biodynamic and Organic Agricultural Bureau and the Organic Federation of Australia, in that they fear loss of market and contamination of their produce by GM crops.

A strong argument put by most of the Kangaroo Island respondents (growers, tourist industry and KI Development Board) was that the Island market opportunities and reputation for “pure foods”, especially organic honey, would be seriously impacted by any introduction of GM crops.

2.2.4. Stockfeed and Dairy

Submissions from the Australian Dairy Industry Council and Stockfeed Manufacturers' Council of Australia, recommend the lifting of the moratoria on South Australian GM Crops, believing that Australia has the regulatory and supply chain processes to effectively manage any market concerns or requirements.

2.2.5. Scientific and Research Communities

All submissions from the scientific and research communities supported increased Research and Development into GM crops and the lifting of the prohibition on GM Canola in the short term, and from “other crops” in the longer term.

APPENDIX 1

REFERENCE PAPERS

- ABARE Research Report:** *GM Grains in Australia
- Identity Preservation
Foster December 2006*
- ABARE Research Report:** *Market Acceptance of GM Canola
Foster & French March 2007*
- ABARE Research Report:** *Organic Farming in Australia
Apted & Mazur May 2007*
- GRDC:** *Future Crop – Biotechnology & the
Grains Industry
August 2007*
- Genomic Age Series:** *Agricultural Science, Vol. 20 No 1
May 2007*