

Submission Cover Sheet

Review of the Moratorium on GM Canola

Submission Number: 62

Name of Individual/Organisation: Shire of Yarra Ranges

Date Received: 17 August 2007

Number of Pages: 4

Attachments Submitted with this Submission:

To obtain copies of these attachments please call the Review Panel Secretariat on
(03) 9658 4874 or (03) 9658 4871

Document No. 1372675
Enquiries: Mayor – Cr Tim Heenan
Telephone No: 9294 6106

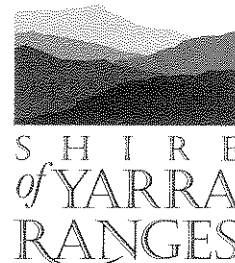
Shire of Yarra Ranges
Anderson Street,
P.O. Box 105,
Lilydale 3140
DX 34051

Mayoral Office

Telephone 1300 368 333
Facsimile (03) 9294 6181

13 August 2007

GM Canola Review Panel Secretariat
Department of Primary Industries
Level 19, 1 Spring St
GPO Box 4440
MELBOURNE VIC 3001



Dear Sir/Madam

Review of the Moratorium on Genetically Modified Canola

Yarra Ranges Shire Council has had a very strong Genetically Modified Organisms (GMO) Policy since 2001 (see Attachment 1). Council has adopted a precautionary approach to the introduction of GMO's and a number of components of this Policy relate to the terms of reference of the above Review. These are:

- mandatory labelling on all products produced using gene technology
- GE free zones have been established where GE free crops can be grown safely
- a strong and enforceable liability and insurance regime is in place for GMO products.

Assess the economic impacts of the moratorium on GM canola

By having a moratorium in place, premiums have been obtained for GM free canola of up to A\$120 per tonne (ABARE, 2007). With 19% of world trade in canola seed and oil, Australia is the larger of the two main exporters who supply most the GM-free canola. This gives us a significant competitive advantage in world canola markets, aided by moratoriums in other countries such as the EU. *"As a result,.....GM adopting countries have lost market share to GM free suppliers (particularly.... Australia and Central Europe in the case of canola)"*¹

As well as the benefits of a higher price for GE free canola, Australia has saved the costs of segregation, identity preservation and increased shipping costs. We have saved the cost of the increased insurance required to ensure segregation, and cover the costs of defending litigation if seeds are found to be contaminated. We have also saved the cost of increased food labelling that would be required to identify GM or GM free canola.

¹ Anderson and Jackson (2005) "Global Responses to GM Food Technology: Implications for Australia", RIRDC Publication No. 05/016

Expected economic impacts of allowing the moratorium to expire

Anderson and Jackson (quoted above) used a model of the global economy to estimate the production, trade, national economic welfare and real farm household income effects in Australia and other countries of GM adoption. They found that *“as an exporter Australia would gain, but only slightly, from adopting GM varieties of these (maize, soybean and canola) crops because the gain from higher crop productivity would be almost fully offset by an adverse terms of trade change. The EU moratorium.....reduces by two-thirds the gain to the GM adopters”*.

Safeguards would have to be put in place to guard against contamination of crops in the field. The required distances between susceptible crops can interfere with the optimum rotations desired by neighbouring farmers.

There would also be the higher costs of segregation and identity preservation; testing when there are claims of contamination; and insurance to cover the risks of successful claims.

Herbicide tolerant weeds (eg. wild radish, turnip, charlock, ryegrass and barnyard grass) would result from outcrossing with herbicide tolerant GM canola, and purely from repeated use of the chemicals to which they are tolerant. Establishment of such weeds puts a cost on the whole community who need to deal with them – public land managers, local government, farmers, Landcare groups and householders.

There would be higher costs of food labelling, and greater difficulty for organic, biodynamic and conventional farmers to sell their product, as consumers may remain suspicious that segregation and labelling has not been completely accurate.

For the same reason there would be expected losses from a downgrading of Australia's status as a “clean, green, safe” food supplier, domestically and abroad.

This option will place greater power in the hands of the companies that own the intellectual property associated with the crops, making farmers more vulnerable to market manipulation and potential legal action where there is inadvertent cross-pollination of crops.

There will also be an economic cost to organic livestock and dairy producers, having to ensure that the feed supplied to their stock is GM free.

Extending the moratorium

Extending the moratorium would mean that Australia could still sell all of its canola into any market, often at premium prices in markets that want a differentiated product, or have moratoriums of their own.

Canadian farmers are supportive of a careful Australian approach to introducing genetically modified crops. Canada has lost its GE status in canola due to across the board contamination, and the level of exports is solely to those countries that do not have mandatory labelling². Ms Ross believed Canada had lost its export edge as they no longer have GE free status. She encouraged Australia to remain GE free, and maintain the marketing edge we now have. Ms Ross added that *"with grain handling systems, which are very similar in Australia as they are to Canada, segregation is something that you will not be able to guarantee"*.

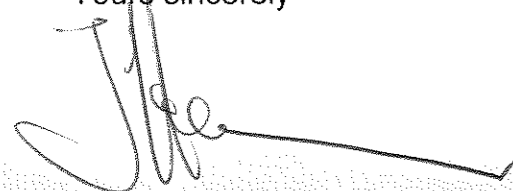
Extending the moratorium will allow Australia to continue to develop its GM free conventional and organic farming systems and food supply with confidence.

Recommendation on allowing the moratorium to expire or be extended

Yarra Ranges Shire Council considers that the moratorium should be extended for a further five years because:

- while about 15 GM crop trials are being developed in nine crop species in Australia, none are expected to be available in the next five years. Is it worth destroying all the current benefits we have in being GE free to possibly get some benefits from around 1 million tonnes of one crop?
- Australia currently has a competitive advantage in supplying markets with GE free canola, receiving premiums of up to \$120 per tonne.
- we still cannot not ensure the required levels of tolerance in segregating and protecting the identity of GM and GM free crops.
- much of the economic benefit in GM crops is going to multi-national companies in royalties on seed, and not to the whole community in any cheaper food

Yours sincerely



Cr Tim Heenan
Mayor

ATTACHMENT 1: YARRA RANGES SHIRE COUNCIL POLICY ON GENETICALLY MODIFIED ORGANISMS

1. That council adopt a precautionary approach to the introduction of GMO's until the long-term benefits and risks are resolved by:

- Opposing the introduction of GMO crops into the Shire; and
- Advocating for the mandatory labelling of all GMO products.

This precautionary approach will remain until the following safeguards are in place:

- An Office of the Gene Regulator General and strong national laws are in place
- Mandatory labelling on all products produced using gene technology
- GE free zones have been established where GE free crops can be grown safely
- Independent research results showing GMOs are harmless to health and environment
- A strong and enforceable liability and insurance regime is in place for GMO products.

2. That council write to contractors providing food to council services and functions encouraging them to provide GM free produce.

3. 3. That council adopt a strong advocacy role with other levels of governments and stakeholders to establish this Shire as a GE Free Zone.

² Colleen Ross, Vice-President, National Farmers Union of Canada, "The World Today" ABC Archive, 6 April 2004.