

Submission Cover Sheet

Review of the Moratorium on GM Canola

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17 August 2007

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

Dear Sir

Review of the Moratorium on Genetically Modified Canola

On behalf of the members of the Grain Growers Association (GGA), I provide this submission to the Victorian review of the Moratorium on Genetically Modified Canola.

GGA is a member service Association with 17,000 farmer members across Queensland, New South Wales and Victoria.

GGA has played an active role in thought leadership and stimulating debate amongst its members on the subject of genetic engineering in agriculture. It has provided access to the Gene Technology Grain Workshops for farmers. These workshops have been hosted by Agrifood Awareness Australia and CSIRO Industry Link. These workshops aim to provide an overview of gene technology issues including the science involved, the world status of GM crops and hands-on laboratory work.

In 2004, GGA funded a lecture tour by Dr Andy Tommey, a senior policy adviser with the European Commission. His role was within the Directorate General's environment division, developing policy on the importation and cultivation of GM crops in the EU.

The broader industry in Australia now has the expertise, systems and capacity to transport, store, handle and market GM grains whilst ensuring the integrity of the product delivered to customers.

GGA support farmers having choice as to whether they wish to use the technology on their own farms. This policy will be best served by allowing the repeal of the moratorium on the growing of genetically modified canola in Victoria.

Yours sincerely

Dan Mangelsdorf
Chairman

Economic Impact on Victoria of the moratorium on GM canola

It is difficult for GGA to fully assess the economic impact of the moratorium as we do not know what opportunities have passed by the grains industry, since 2004.

Industry competitiveness, profitability and environmental sustainability have been impacted over the past four years as Victorian scientists, agronomists and farmers have been denied a plant breeding tool they may have helped them cope with the low rainfall years.

Nationally

A more precise attempt has been made by ABARE to quantify the costs to Australia of the moratorium. In September 2005, ABARE concluded that, 'a continuance of the current moratoriums, and extension to other transgenic broadacre crops, is expected to result in a loss of gross national product of \$3 billion, in net present value terms, over the next ten years'.

One of the justifications for the moratoria has been that Australia's non-GM produce would gain market premiums around the world. This claim has been illusory at best.

In March 2007, ABARE released a report on the *Market Acceptance of GM Canola*. This report concluded that;

'the marketers of GM canola and of products based on livestock fed on GM materials, including GM canola, do not appear to be disadvantaged in the Australian and world markets – GM canola seems to be finding ready markets throughout the world at prices very similar to those received for conventional canola.'

Internationally

The National Centre for Food and Agricultural Policy (NCFAP) in Washington DC annually seeks to quantify the impacts on US agriculture of crop cultivars that are modified using genetic engineering. The most recent report from the NCFAP dates from November 2006 and examines the 2005 cropping year in the USA.

Sankula reports that, 'the planting of biotechnology-derived crops in 2005 has led to improved crop production of 8.3 billion pounds, lowered crop production costs of \$1.4 billion, and reduced pesticide use by 69.7 million pounds'.

Further calculations recorded that increased revenue from higher yields and reduced production costs improved net returns to growers by \$2.0 billion in 2005.

It is very difficult to extrapolate these kind of figures to the opportunities that have been missed in Victoria. The calculations by the NCFAP are based on the use of the 8 biotechnology-derived crops that were planted by farmers in North America in 2005. These were alfalfa, canola, corn, cotton, papaya, soybean, squash and sweet corn.

Second Generation Traits

The Bureau of Rural Sciences in 2005 issued a report on genetically modified crops titled, *'What's in the Pipeline?'* This report highlighted the significant amount of work being carried out internationally into different GM oilseed crops.

A high degree of activity was noted into what are known as second generation traits, which alter the nutritional value of produce. Examples include of modifications for;

- Enrichment of specific desirable oils thus minimising the purification steps in the oil extraction process
- The production of oils of consistent high quality and composition

- Desired ratios of different fatty acids
- Increased quality of the meal for animal feed.

GGA is not aware of any such work having been replicated in Australia. It may have been carried out to some degree, but as there has not been a pathway to market to allow its commercial development, such activity is likely to have been minimal.

GGA is not in a position to calculate the cost to the Victorian oilseeds industry of allowing our competitors ten years head start in this research, but it is likely to be substantial.

Assessing the Expected Economic Impacts of Allowing the Moratorium to Expire or Extending the Moratorium:

Expiration of the Moratorium

Letting the moratorium expire will stimulate renewed interest in the canola industry in Victoria.

The following impacts can be expected;

- Farmers and agronomists will immediately seek to grow GM canola varieties, if available
- Scientists and technology providers will seek to supply those varieties
- The reputation of Victoria as the 'biotech centre', of Australia will be enhanced
- Investment in the biotechnology sector will be stimulated
- Farmers, agronomists, plant breeders and agricultural scientists will be stimulated to innovate and adapt the technology to Australian conditions

GGA cannot forecast with 100% accuracy the state of the canola industry in Victoria five years after a lifting of the moratorium. It is worth noting however, a report that was commissioned by the Canadian Canola Council in 2000. This report was an objective study to quantify why Canadian farmers were adopting GM canola varieties.

The study, *An Agronomic and Economic Assessment of Transgenic Canola* concluded that:

- The key benefit and motivator to adopting GM varieties was more efficient weed control and ease of herbicide management in preventing weed resistance
- Other reasons related to weed management included cleaning up paddocks, reducing the number of passes to control weeds and perennial weed control
- Some producers reported better yields, higher yields, the ability to reduce costs and generate more profit
- Other reasons for choosing GM varieties were to reduce tillage, seed earlier, conserve soil moisture and to compare GM varieties to conventional canola on a trial basis

It is reasonable to assume the Victorian industry, with unfettered access to the technology for a five year period, will at least replicate the on-farm advances made by Canadian producers in their first five years of access.

Productivity Gains

The canola industry in Canada has achieved on-farm productivity gains over the past ten years that is boosting the viability of the farm business. Figures from Statistics Canada reveal that in 1997, there were 12,032,800 acres of canola sown to canola in Canada for production of 6.3 million tonnes of canola seed.

In 2006, Canadian farmers sowed 13,150,000 acres to canola for total production of 9.015 million tonnes of oilseed produced.

Over this period of time, acreage sown to canola expanded by 9.28% but on-farm productivity has increased by 42.42%. This productivity increase is an outstanding result for a broadacre cropping enterprise.

Over the same period in Australia, canola yields have remained static or even declined. In the late 1990's across southern NSW, the phenomenon of declining yields for canola was observed. In 2001, GGA became involved as a sponsor of the Best Bet Canola project. This involves the sponsorship of an agronomy project managed by the Harden District Rural Advisory Service in the Young/Harden/Wallendbeen area in NSW.

The aim of the project is to find agronomic solutions to the decline in canola yields in the high rainfall cropping regions on the East Coast of Australia. The trial work has involved crop rotations, row spacings and the application of different combinations of fungicides.

Productivity gains from this project have been limited.

When comparing the modest yield increases that are currently being achieved in Australia to the consistent improvements in Canada, it is clear that the industry in Australia needs access to the science of genetic engineering to start pursuing the productivity gains of our competitors.

Extending the Moratorium

An extension of the moratorium will send a negative message to the scientific community, the investment community and the agricultural sector.

Specifically in the canola industry, the following impacts can be expected;

- our competitors terms of trade will continue to improve beyond those that can be achieved by the Australian producers
- canola acreage will continue to decline, putting pressure on the sustainability of crop rotations in Victoria
- private investment in plant breeding will be hampered
- the oilseed crushing industry may be dissuaded from further investment in crushing capacity in Australia
- oilseed crushers may have to make plans to import oilseeds to supplement the domestic crush in the future.

Regulatory Framework

Australia has robust regulatory mechanisms to ensure the protection of human health and the environment. The Office of the Gene Technology Regulator is arguably too onerous in the regulatory measures it places upon developers of the technology.

The requirements of Food Standards Australia New Zealand (FSANZ) is an additional layer of compliance that ensures the safety of any food products derived from GM produce.

Process Management

Many organisations within the grains industry have worked diligently together to prepare individually and collectively for the introduction and management of GM crop cultivars.

Principles for Process Management of grain within the Australian Supply Chain was launched in August 2007. This document is a guide for industry in an environment where GM and non-GM grain is marketed. It has secured broad industry commitment from marketers, handlers, researchers, farmer representative groups, oilseed crushers, flour millers and grain exporters.

The measures outlined in the guide will provide the necessary certainty and confidence to supply chain participants, consumers and governments that GM canola and its products will be managed to meet market and customer requirements. Importantly, these measures will also provide market choice.

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