

Submission Cover Sheet

Review of the Moratorium on GM Canola

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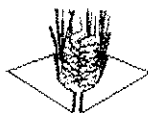
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REVIEW SUBMISSION TO THE MORATORIUM ON GM CANOLA.

We would like to make a submission on behalf of our farm business.

We are a family partnership who are grain growers, and who have been growing Canola (rapeseed) since the early '70's. We would like to make some personal comments.

Most years, canola is a major crop for our business, producing between 800-1,000 tons annually, except for drought years. We believe the moratorium should be lifted immediately for the following reasons.

Economics

Economically, the ban is having a large impact on our business.

It is a commonly documented fact that TT herbicide tolerant canola yields 15-20% less than conventional Canola, and on average has 2-3% lower oil content.

It is also a well known fact that in Canada GM Canola yields on average 10-20% higher than conventional Canola with a 2-3% higher oil content, and we would expect the same to happen in Australia because most GM varieties of Canola are hybrid with inherent yield and oil advantages.

At the moment around 70% of our Canola production is from TT Canola because of weed control issues. Therefore in our case if we could switch to GM Canola we would expect an immediate lift in the value and tonnage of Canola produced.

For example: If our total production is 1,000 tonne and 70% of crop is TT Canola then our TT Canola production is 700 tonnes. If we could switch this 70% TT Canola to GM canola we would gain a 30% yield increase on this portion of our crop. (15% TT yield decrease over conventional canola, plus 15% increase over conventional canola, hence 30% yield increase.)

700 tonnes x 30% yield increase = 210 tonnes. At current market values of canola seed of \$460 per tonne this equates to an extra \$96,000 in gross income.

We would also expect a 5% increase in oil content switching from TT to GM Canola. This would increase the value of the Canola seed by about \$46 per ton (10% value). (Oil bonuses for Canola are paid at 2% price increase for every 1% increase in oil content.) Hence 700 tons by 5% increase in oil equates to another extra \$32,000 in gross income.

Therefore, this moratorium is costing our business alone, around gross \$130,000 annually. Even after potential additional seed costs and technology agreements are accounted for, we estimate our business returns would increase by over \$100,000 annually.

Market Access & Prices.

We believe lifting the moratorium will have very little or no impact on market access or price both here in Australia or overseas.

Canadian production has doubled over the last 5 years from 4.2 million tonnes to 9.1 million tonnes. Canadian exports over this same time, have also doubled from 2.4 million tonnes to 5.7 million tonnes. Canola oil exports have also more than doubled in this time from .53 million tonnes to 1.2 million tonnes.

Japan has also increased its purchases of Canadian canola by 25% over this time. Consequently one would have to conclude GM Canola has had no impact on Canadian market access in world markets. Indeed the very opposite has occurred. While production in Australia has gone sideways, because we have been denied access to yield and oil content increases through GM technology production in Canada has expanded rapidly because of GM technology advantages.

As Canola producers, we also believe there is no price premium for Australia Canola because we are GM Free. Grain buyers have never once offered us a price premium for export Canola over Canadian Canola.

The only time there have been price premiums in the Australian Canola market, of up to \$150 Tonne has been in severe drought years, when the Australian Canola price moves above the Canadian price because there is not enough Canola in Australia to satisfy domestic consumption. Hence, Australian prices become decoupled from Winnipeg futures prices in times of drought. We have never received premiums of \$150T in export markets as claimed by the "Gene Ethics Network", for being GM free.

"Wheat" is the major crop in our enterprise, and we have no concerns at all that lifting the moratorium on GM Canola will have any "impact at all" on Victoria's or Australia's exports of wheat, barley or grain legumes.

Again Canada is a fierce competitor with Australia in world export markets, for wheat, barley and grain legumes. As far as we know, they have not been locked out of any markets or suffered price penalties because they grow GM Canola.

Despite what the "Gene Ethics Network" and Green Movement say, maintaining the moratorium is not allowing us to use more environmentally friendly farming practises. We could switch from using Chemicals such as "Atrazine" known to be potentially harmful to the environment and human health to far safer chemicals such as "Roundup". As farmers at the moment we are being denied access to safer farming practises for the environment and human health.

Should the moratorium not be lifted, we have grave concerns about the future of agriculture in this country. All the big advances in bio-technology being made overseas by our competitors, and we are being left behind. For example: Conventional Canola oil is healthy when used cold or used once at high temperatures, but to be able to use it a second time it needs to be converted to a trans-fat, so that it is more stable at high temperatures.

In December last year, New York City banned the use of all trans-fat oil in all restaurants effective from July 2007. McDonalds and KFC, have announced they will stop using any trans-fats in their Canadian and USA Restaurants.

Trans-fats are implicated in many health issues and by knowing that fact, if restaurants do nothing about it, then they are likely to be sued in much the same way as tobacco companies have been with regards to the known health issues with smoking. (*)

How does this affect us?

15% of the Canadian Canola planting this year is the new near zero trans-fat specialty oil varieties, which are GM varieties and growers are receiving a premium for their grain.

In 2008, depending on seed supplies, specialty Canola oil varieties could be 35-50% of the sown area.

Prior to them being GM, these specialty oil varieties received up to \$60 Australian per ton premium over normal Canola varieties, in a bid to get farmers to grow them. However, because the lines offered had no herbicide tolerance and were not high yielding hybrid varieties, the area planted only reached 3% and then declined. Now however, the near zero trans-fat specialty oil lines are hybrid GM varieties and are close to the highest yielding varieties available in Canada. Canadian farmers are planting these varieties as much as possible and only limited seed supplies of the best lines available is limiting a larger planting.

If Federal or State Governments in Australia were to ban trans-fats as has been done in New York City, the domestic demand for Canola oil and Canola would drop quickly. It would only take Japan to also ban trans-fats and our Canola industry would be in decline.

Should these events happen, our Canola may not be wanted at any price, except for turning it into Bio-diesel.

Conclusion.

We believe we need access to this GM technology now, to produce healthy oil for Australian and export markets, before we start to be excluded from some markets, and also to allow us to use more sustainable and environmentally friendly farming practices and move away from chemicals like "Atrazine".

We have had first hand experience of the Canadian situation, having visited Alberta, Saskatchewan, and Manitoba ourselves, and we have also have hosted farmers from Canada. They tell us that their Canola Industry has only expanded because of access to GM technology, and they, and we, think Australia, (Victoria), is only hurting itself by the moratorium on GM Canola.

We would also note that the Australian Cotton Industry which is 90% GM, has no trouble selling its cotton seed oil and consumers seem to have readily accepted it.

We therefore request that the Review Panel for the Moratorium on growing GM Canola in Victoria, unanimously recommend to the Government that this moratorium be lifted.

Alwyn & Kerry Dyer, Eric & Olena Dyer.

**Information on trans-fat taken from Agronomic Acumen Newsletter, April 2007.*