



2 August 2007

GM Crop Moratorium Review Secretariat
Locked Bag 21
ORANGE NSW 2800

Dear Panel,

The Australian Institute of Agricultural Science and Technology (AIAST) is the peak body representing the agricultural science and natural resource management professions in Australia. AIAST supports innovation, science and technology that contribute to more sustainable management of agriculture and natural resources.

With more than 1,100 members nationwide, including scientists, advisers, agribusiness, food industry and farmers, AIAST believes it is in a well-informed position to contribute to the Review by the NSW Government.

AIAST has taken the initiative recently to heighten the awareness within the profession and the general public of the issues surrounding genomic research including GM through a comprehensive series of independent, factual and objective papers entitled the Genomic Age in its Journal 'Agricultural Science' (Vol 20, No. 1 – May 2007). Copy of these papers is attached in support of the arguments presented below.

1. AIAST is pro choice – that is to say, once the OTGR, FSANZ & APVMA through application of its rigorous regulatory and public consultation processes have approved a variety or 'event' from the standpoints of human health and environment, breeders and commercial service suppliers should be free to operate in the market, and buyers, such as farmers, should have the freedom of choice. Whilst we strongly endorse that an evidence-based, case-by-case analysis is necessary, this relates largely to health and environmental issues and should occur within a freedom to operate in market/trade environments.
2. Neither Australia, nor any of its industries or regions should be disadvantaged vis-a-vis other market participants by the application of State restrictions. To do so imposes unfair constraints on trade, with effects on producers similar to that of restrictions imposed by some nations for phyto-sanitary reasons, something which has been opposed by Australian governments for years.
3. GM and the use of genomic technologies generally provide the opportunity for production of crops which are higher yielding, better quality, more reliable (such as with drought tolerance, insect or disease resistance) and often cheaper to grow per unit. Efficiencies in the use of production, handling, transport and marketing infrastructure are critical components of marketing success and profitability.
4. All of these factors are central to the successful development of sustainable markets in a very competitive international market place dominated by countries with either GM crops or cheaper labour rates. We need to become smarter and adopt new technologies if our agricultural industries are to prosper and remain competitive on world markets.
5. Recent studies by ABARE have shown no convincing evidence that in importing countries non-GM canola was earning higher prices than GM canola. Therefore the decision by industry, including farmers, will be based on these other production and market related factors.

6. Given the future scenarios regarding irrigation water availability and competition from non agricultural users, Australia will be increasingly reliant on rain fed agriculture in what is also likely to be harsher climatic environments. In this situation we need to have at our disposal all possible avenues to improve the profitability and security of producing and marketing our produce.
7. The experience to date is that uncertainty caused largely by State GM moratoria has seriously dampened investment in agricultural GM developments (or products) and related genomic research. State and Commonwealth Governments are reducing their investments in research and development, especially where it is judged to be in the private good. This means a greater reliance on private enterprise who simply will not invest unless there is some commercial optimism. This has obvious implications not only for production but for marketing and our reputation as a credible trade player.

ABARE estimates that \$3 billion will be lost in the GNP over the next 10 years (in net present value terms), should the current moratoria in Australia be continued for current and future transgenic crops.

8. Australia is quickly losing its reputation as a world leader in rain fed cropping/livestock farming and this slide will continue unless there is continued investment in agricultural biotechnology, building our capacity to retain GM research capability and the accrual of associated intellectual assets.
9. The only crop likely to be affected for several years in southern Australia is canola – there are no cereal or other species GM crops in the pipeline (Vic DPI has drought tolerant traits being tested this year in the northern Mallee but these are only at the proof of concept stage, and even then many years from a commercial entity). In the case of canola, part of the crop goes to crushing for biodiesel and the remainder is exported to countries which are not GM sensitive (and often mixed with GM grain). It is interesting to note that even the EU which has been very GM sensitive, now allows imports of GM canola for industrial and feed uses.
10. Issues specific to canola which need to be noted are:
 - a. Australian canola production is small in global terms (< 5 %), but remains a significant exported commodity (~20% of world trade).
 - b. Canola is an important break crop in modern farming systems (increasing industry diversification). Production involves higher input costs than for cereals (caused by lower & more variable yields & volatile prices).
 - c. Nevertheless, a sustainable, value-adding canola industry would ultimately be linked to regional prosperity via its multiple end uses being in oil (for human consumption), bio-diesel and the use of meal from crushing plants for livestock supplements (apart from seed exports). Future crushing plants could eventually be sited near intensive regional livestock enterprises, thereby enhancing regional industry integration & diversification.
 - d. The use of herbicide tolerant GM canola is linked to major production constraints – weed & disease control. GM allow crops to be sown earlier (facilitated by post sowing herbicide applications), which in turn improves yield and oil content & lessen impacts from fungal infection (thereby optimising economic return). Canadian experience with canola and Australian experience with cotton show herbicide tolerant varieties lead to greater adoption of sustainable no-till systems (which use less fuel use and produce less C emissions).
 - e. Other GM canola traits are in the pipeline – higher oleic oil (desirable for human health); disease resistance; and N efficiency.
 - f. Australia may lose competitive advantage from canola to other vegetable oil crops on the world market (eg soy).
11. GM and non-GM crops can coexist – practical protocols are known and can be implemented. Studies of segregation protocols show that it is possible, given the current testing regimes (which are likely to become quicker and cheaper), and stack management practices at grain receival points, that a dual situation is manageable. Individuals or regions wishing to produce GM or non-GM for niche markets can do so through the establishment of market related protocols between seller and buyer. This already exists in other areas, such as the organics industry.

In 2006, a shipment of GM canola was imported to NSW from Canada as a result of the drought. This GM was successfully handled by the grain industry supply chain, demonstrating that the existing risk management protocols do work.

12. It is worth commenting on the success of introducing transgenic cotton into Australia (see Constable *et al.* 2007 May Issue AIAST Journal). Through the industry embracing change and a careful, transparent integration of GM technology, GM cotton now comprises 93% of eastern Australia's cotton area and yields there are the highest in the world. The benefits have been in production efficiencies and to the environment through huge reductions in chemical use. It is also a major industrial oil and used as a food source.

Unfortunately growers in northern WA are unable to enjoy the benefits due to the WA moratorium. This prevents any relocation away from the water-poor areas in the south to the north which still has huge untapped irrigation potential

13. There are encouraging signs that farmer attitudes in NSW towards GM crops are changing, as evidenced by the recent NSW Farmers' Association GM policy.

Other State surveys show a similar trend. For example, a recent study in Victoria shows that more than 90% of respondents were in favour of removing the moratorium in that State. Further, Heather Baldock's forum/survey in six regional SA centres in 2006 showed that following balanced addresses by GM specialists, 87 % responded (315 people) that GM crops had potential to deliver benefits; 80 % were in favour of gaining access to GM crops, but 64 % still had areas of concern – 32% market and consumer demand; 9 % on segregation; and 12 % on cross contamination.

Apart from the results themselves, the surveys indicate that public education is the major issue for changing public perceptions about GM technology.

14. The view of AIAST is that the majority of the industry will wish to embrace GM and should not be unreasonably constrained from doing so. Health and environmental aspects are covered by OTGR and other regulatory bodies. There is no demonstrable price advantage in GM and there are other advantages to be derived from the technologies, many of which provide opportunities for Australia to maintain its competitive trade position and its world-class genomic research capability.

For the above reasons, AIAST believes that the NSW Government should allow the Act to expire, in order to restore the right of farmers (and communities of practice) to choose new technologies that promote both competitive and sustainable agriculture.

In order to prevent similar obstacles to pathway to market for future OGTR approved GM crops, a process must be found that considers market and trade considerations during the development and approval phase.

Yours sincerely

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Claude Gauchat
National President

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XYZ
President NSW Division