

Select Committee on Moratorium on the Cultivation of Genetically Modified Crops in South Australia
Parliament House
North Terrace
Adelaide SA 5000

Via email: anthony.beasley@parliament.sa.gov.au

Dear Mr Beasley,

The Australian Oilseeds Federation (AOF) welcomes the South Australian Legislative Review into the cultivation of GM crops in South Australia and looks towards an outcome that provides an equitable outcome for SA grain growers.

Three overriding principles underpin the AOF position on GM crops, which span a number of the specific Terms of Reference of this Review. These are:

1. The Market Choice Principle;
2. Equity for SA Grain Growers;
3. The Freedom to Trade Principle;

1. Market Choice Principle:

The recognition in the early 2000's of the likelihood of the introduction of GM canola in Australia encouraged the AOF to engage with industry members across the value chain to determine an overarching industry position on the introduction of GM canola. While some members supported the introduction of GM canola, other members were reluctant to change the status quo. Through a process of extensive industry engagement, all members were able to agree on the high level principle that ultimately, market demand should drive the acceptance or otherwise of GM technology. This gave rise to what became the **'Market Choice Principle'**.

This effectively enabled all members of the value chain to choose the technology under which their grain, and the resultant oil and meal, were produced. In order for this principle to operate effectively, it was recognised that two discreet supply lines were required in the value chain- one for 'commodity canola', where the choice of technology was not relevant, and one for non-GM canola, where operators in the value chain required a discreet non-GM supply chain to meet either their own or their customer's needs. This resulted in two discreet Commodity Standards for canola- CSO-1 for commodity canola; and CSO-1a¹ for non GM canola.

¹ CSO1-a has an market-accepted low level presence (LLP) tolerance of 0.9% of events approved by the OGTR.

This clear and effective segregation of non-GM canola has enabled the market choice principle to operate successfully in NSW, Victoria and Western Australia since the introduction of commercial cultivation of GM canola. Since 2010, Australian farmers have produced 27.9 million tonnes² of canola, of which 24.5 million³ tonnes has been non-GM canola. The majority, if not all, has been marketed as non-GM canola, in accordance with Standard CSO1-a. Quantitative and objective testing of grain traded as CSO1-a is undertaken along the value chain to ensure the non-GM status CSO1-a standard is assured.

The Australian oilseed industry has full confidence in the ability of the South Australian grain handling system to adopt the stringent protocols used in WA, Vic and NSW to segregate non-GM canola effectively ensuring the integrity of non-GM canola through the value chain, and in doing so, supporting the 'Market Choice' principle.

2. Equity for South Australian grain growers:

South Australian grain growers are at a distinct disadvantage to the majority of export-oriented canola growers around the world. This disadvantage arises in two fundamental areas, on-farm and in the global trading environment:

- i) On farm: South Australian growers are unable to employ the modern and safer farming techniques that GM canola provides. The inability to have the opportunity to plant canola which is tolerant to the herbicide glyphosate requires the use of harsher, more residual and more expensive herbicides on varieties tolerant to those herbicides. (such as triazine tolerant canola or Clearfield[®] canola). This results in higher costs of production for South Australian growers, particularly those in the higher to medium rainfall zones. The current prohibition on cultivation of GM canola in South Australia denies growers in this state the ability to choose the herbicide system with canola that will optimise their farming system.
- ii) In trade: The majority of canola traded globally through export markets is GM canola. The base global export price of canola is consequently based on the price of GM canola (plus freight, etc). Major canola export markets, such as US, China, Japan, and increasingly, EU are agnostic in relation to the breeding technology used to develop the seed. For these markets, price is the major trading criteria. With GM canola setting the benchmark (lowest) price, South Australian growers will need to match this lowest price if access to these markets is required. Typically, there is no premium to be gained by exporting non-GM canola to these markets.

The exception are specific market segments in some of these markets, such as infant formula, specialty 'high end' retail oils, etc, where non-GM is desirable, however. Any premium to be gained by supplying segregated non-GM canola seed to these market segments is subject to negotiation in order to secure the contract. More often than not, international traders of South Australian non-GM canola are competing with their colleagues in other Australian states to secure the sale of non-GM canola to these segments. The lowest price on offer will invariably secure the deal, affording little if any premium for South Australian non-GM canola.

² ABS Crop Estimates

³ ABCA Statistics- <https://www.abca.com.au/materials/statistics/> applying national crop weighted average yield,

The Australian oilseeds industry feels strongly that South Australian grain growers should be treated equally with their counterparts in other states, and indeed, around the world, by having comparable access to production cost benefits, pricing benefits and access to technology.

3. The Freedom to Trade Principle:

The prohibition on transportation of GM seed in South Australia is an unnecessary burden for the Australian oilseeds industry, adding cost and complexity, and impacting the flexibility to supply planting GM canola planting seed to Western Australia. While presenting no specific constraints for South Australian grain growers per se, it also provides no benefit to them, or indeed, to the state as a whole. While known hazards (petroleum, LNG, radioactive material) can be transported in South Australia with impunity, the prohibition of transportation of a legally approved non-hazardous agricultural seed is incongruous.

Our understanding is that this prohibition arose through a series of drafting inconsistencies between the Genetically Modified Crops Management Act 2004 (SA) and Gene Technology Amendment Act 2007 (Cth) which resulted in “transport the GMO” becoming a specific dealing under the Gene Technology Act 2000 (Cth). Under the Genetically Modified Crops Management Act 2004 (SA), “transport the GMO” then became a prohibited activity for transport of GMOs approved for commercial release by the OGTR as a consequence.

From what AOF can glean from Second Reading Speech of the Genetically Modified Crops Management Bill 2004 (SA), there was no intention to ban transport of GM seed and grain through the State. Importantly this same Second Reading Speech noted that the Act needed to be compliant with national competition principles and that the State Act must be consistent with Commonwealth law. This is apparently not the case.

The Australian oilseed industry urges the Committee to consider this matter as part of this review, and to recommend the removal of this prohibition urgently through the appropriate legislative instrument to enable transportation of GM canola seed through South Australia prior to the 2019 season (seed shipments to WA would commence in January).

Thankyou for your time in considering this submission, and I wish the Committee well with their deliberations,

Yours sincerely,



Nick Goddard
CEO
Australian Oilseeds Federation Inc.