



AUSTRALIAN
FOOD AND GROCERY
COUNCIL

SUBMISSION

NEW SOUTH WALES GOVERNMENT

IN RESPONSE TO

Independent Review of the *Gene Technology (GM Crop Moratorium) Act 2003*

August 2007

CONTENTS

Preface	3
1 Executive Summary	4
2 Introduction	4
3 Key Considerations	4
3.1 Is the Act necessary?	5
4 The economic case for GM crop production in Australia	
5 Conclusion	6
Appendix: AFGC members as at 4 May 2007	7

PREFACE

The Australian Food and Grocery Council is the peak national organisation representing Australia's packaged food, drink and grocery products industry.

The membership of the AFGC comprises more than 150 companies, subsidiaries and associates which constitutes in the order of 80 per cent of the gross dollar value of the highly processed food, beverage and grocery products sectors. (A list of members is included as Appendix B.) The AFGC represents the nation's largest manufacturing sector. By any measure Australia's food, drink and grocery products industry is a substantial contributor to the economic and social welfare of all Australians. Effectively, the products of AFGC's member companies reach every Australian household.

The industry has an annual sales and service income in excess of \$68 billion and employs 200 000 people – almost one in five of the nation's manufacturing workforce. Of all Australians working in the industry, half are based in rural and regional Australia, and the processed food sector sources more than 90 per cent of its ingredients from Australian agriculture.

The AFGC's agenda for business growth centres on public and industry policy for a socioeconomic environment conducive to international competitiveness, investment, innovation, employment growth and profitability.

The AFGC's mandate in representing member companies is to ensure a cohesive and credible voice for the industry, to advance policies and manage issues relevant to the industry and to promote the industry and the virtues of its products, enabling member companies to grow their businesses.

The Council advocates business matters, public policy and consumer-related issues on behalf of a dynamic and rapidly changing industry operating in an increasing globalised economy. As global economic and trade developments continue to test the competitiveness of Australian industry, transnational businesses are under increasing pressure to justify Australia as a strategic location for corporate production, irrespective of whether they are Australian or foreign owned. In an increasingly globalised economy, the ability of companies to internationalise their operations is as significant as their ability to trade globally.

Increased trade, rationalisation and consolidation of businesses, increased concentration of ownership among both manufacturers and retailers, intensified competition and dynamic, increasingly complex and demanding consumers are features of the industry across the globe. Moreover, the growing global middle class of consumers is more sophisticated and discerning, driving innovation and differentiation of products and services.

The AFGC is working with governments in taking a proactive, even tactical, approach to public policy to enable businesses to tackle the threats and grasp the dual opportunities of globalisation and changing consumer demands.

1 EXECUTIVE SUMMARY

The AFGC recommends that the Gene Technology (GM Crop Moratorium) Act 2003 be allowed to expire, given the robust national regulatory system that is in place to ensure safety in agricultural production of GM crops.

The AFGC recommends that New South Wales allows the commercial cultivation of GM food crops.

2 INTRODUCTION

The Australian Food and Grocery Council (AFGC) welcomes this opportunity to make a submission to the Review of the Gene Technology (GM Crop Moratorium) Act 2003 declaring a moratorium on cultivation of certain genetically modified plants in NSW, and the imposition of moratorium orders in NSW.

In responding to this review, the AFGC is neither promoting nor defending gene technology *per se*. Rather, the AFGC supports a legislative system that applies appropriate regulatory safeguards to public health and safety and the environment in the application of this technology. This in turn provides a framework within which companies and individuals can make their own independent commercial decisions.

The AFGC supports the regulatory processes contained within the Office of the Gene Technology Regulator that provide appropriate assessment and safeguards for the approval of crops using gene technology, for use in Australia.

The AFGC supports the approval by Food Standards Australia New Zealand (FSANZ) of foods produced using gene technology following rigorous evaluation using the best available science.

The AFGC supports the current information and labelling regime for foods produced using gene technology, contained in the Food Standards Code (Standard 1.5.2 – *Food Produced Using Gene Technology*), ensures consumers are provided with independently verified factual information and appropriate label information and will ensure consumers are able to make their own informed choice.

In practice, the AFGC notes that the only biotechnology crop currently subject to the moratorium is canola.

3 KEY CONSIDERATIONS

The AFGC notes that since the introduction of the moratorium in 2003, many factors have changed. For example, the global adoption of GM crops has continued to increase. GM crops have now been grown and traded globally for over a decade and have been managed to meet customer requirements.

While the intention of the Act is to regulate all GM food crops, it has really only applied to GM canola. The moratorium in this and other States has prevented Australia farmers from accessing these varieties to increase their yields per hectare.

However, beyond canola producers, the Act has also had an impact on the broader Australian oilseed industry and plant breeders, and has resulted in a disincentive to invest in research and development in this area. The Australian Oilseeds Forum of the AFGC has noted this effect.

The AFGC considers it timely to allow the moratorium legislation to lapse upon its conclusion on 3 March 2008.

3.1 IS THE LEGISLATION NECESSARY?

The AFGC notes that the jurisdiction based moratoria have simply banned GTR-approved products, providing no regulatory framework in terms of delivery of additional data or independent assessment and in doing so, have undermined the intent of the commonwealth Gene Technology Act/regulatory system which provides a national system for gene technology regulation in Australia.

Australia's gene technology regulatory system – overseen by the Office of the Gene Technology Regulator (OGTR) is based on sound science, is transparent and is arguably the most rigorous system in the world.

The AFGC recommends that the moratorium be allowed to lapse and the cultivation of GM crops be permitted, given the robust national regulatory system that is in place to ensure safety in agricultural production of GM crops.

Several factors have changed the environment since 2003. Globally, there has been continued adoption and safe use of GM crops, increasing yields per hectare and contributing to increasing sustainable agricultural practices.

However an additional factor has begun to emerge in relation to the food supply and that is the diversion of food crops to the production of biofuels due to the decline in geological oil production. In Australia, this has resulted in an increase in input costs for ingredients used in food manufacturing.

Canola oil is a specific case where, but for the current robust exchange rate of the Australian dollar, those input costs would now be passed on to the consumer. Manufacturers in Australia have not found a price premium for none-GM canola oil, or any consumer demand for such a product.

The AFGC considers it makes little economic sense to restrict yields per hectare for Australian grown canola when a safe and sustainable alternative in GM canola is available.

The AFGC agrees with the Primary Industries Ministerial Council (PIMC) which in May 2002 stated that any GM risks to agricultural production should be managed by industry self regulation, supplemented by government monitoring.

4 ECONOMIC ISSUES ARISING FROM GM CROP PRODUCTION IN AUSTRALIA

The AFGC notes that production of canola in Australia has declined over the past five years:

2001-02: 1756 kilotonnes

2002-03: 871kt

2003-04: 1703kt

2004-05: 1542kt

2005-06: 1441kt

(Source: Australian Food Statistics 2006)

While a significant influence in this trend is the emergence of severe drought across the Australian continent, there were some seasonal improvements and so the statistics do reveal a trend of declining plantings and production. By contrast, global production of canola seed over the past five years has risen from 32.9 to 46.8 million metric tonnes – a 42 per cent increase. This suggests that Australia should move to take advantage of technological improvements such as genetic modification, where such improvements have met technical requirements through the Office of the Gene Technology Regulator.

The trend in Australia towards lower production levels has not been accompanied by a fall-off in domestic demand. Over the past five years domestic use has risen from 399kt to 647kt. This has been reflected in a substantial loss of export revenue, with export tonnages easing from 1380kt (2001-02) to 831kt (2005-06).

Introduction of additional strains of canola seed has the potential to help reverse the trend towards lower plantings in Australia, and thereby contribute towards a stronger export performance.

Weed resistant canola varieties have the potential to reduce the estimated direct financial impact of weeds of \$3.5 billion per annum. GM canola also carries the potential to reduce disease costs and the cost of chemical applications.

5 CONCLUSION

As indicated in the Executive Summary, the AFGC recommends that:

- **the Gene Technology (GM Crop Moratorium) Act 2003 be allowed to expire, given the robust national regulatory system that is in place to ensure safety in agricultural production of GM crops.**
- **New South Wales allows the commercial cultivation of GM food crops.**

APPENDIX: AFGC MEMBERS AS AT 31 JULY 2007

AAB Holdings Pty Ltd	Kellogg (Australia) Pty Ltd	Waters Trading Pty Ltd
Arnott's Biscuits Ltd	Day Dawn Pty Ltd	Wyeth Australia Pty Ltd
Snack Foods Ltd	KR Castlemaine	Yakult Australia Pty Ltd
The Kettle Chip Company Pty Ltd	Kimberly-Clark Australia Pty Ltd	
Asia-Pacific Blending Corporation Pty Ltd	Kerry Ingredients Australia Pty Ltd	
Australia Meat Holdings Pty Ltd	Kraft Foods Asia Pacific	
Australian Pacific Paper Products	Lion Nathan Limited	
Barilla Australia Pty Ltd	Madura Tea Estates	
Beak & Johnston Pty Ltd	Manildra Harwood Sugars	
BOC Gases Australia Ltd	MasterFoods Aust. NZ	Associate members
Bronte Industries Pty Ltd	Food	Accenture
Bulla Dairy Foods	Petcare	ACI Operations Pty Ltd
Bundaberg Brewed Drinks Pty Ltd	Snackfood	Amcor Fibre Packaging
Bundaberg Sugar Ltd	McCain Foods (Aust) Pty Ltd	Australian Pork Limited
Cadbury Schweppes Asia Pacific	McCormick Foods Australia Pty Ltd	CAS
Campbell's Soup Australia	Merino Pty Ltd	CHEP Asia-Pacific
Cantarella Bros Pty Ltd	Merisant Manufacturing Aust. Pty Ltd	Concurrent Activities Pty Ltd
Cerebos (Australia) Ltd	National Foods Ltd	Dairy Australia
Christie Tea Pty Ltd	Nerada Tea Pty Ltd	Exel (Aust) Logistics P/L
Clorox Australia Pty Ltd	Nestlé Australia Ltd	Focus Information Logistics Pty Ltd
Coca-Cola Amatil (Aust) Ltd	Nestlé Foods & Beverages	Food Liaison Pty Ltd
SPC Ardmona Operations Ltd	Nestlé Confectionery	Food Science Australia
Colgate-Palmolive Pty Ltd	Nestlé Ice Cream	Foodbank Australia Limited
Coopers Brewery Ltd	Nestlé Chilled Dairy	IBM Business Cons Svcs
Dairy Farmers Group	Nestlé Nutrition	innovations & solutions
Danisco Australia Pty Ltd	Foodservice & Industrial Division	KPMG
Devro Pty Ltd	Novartis Consumer Health	Legal Finesse
Dole Australia	Nutricia Australia Pty Ltd	Linfox Australia Pty Ltd
DSM Food Specialties Australia Pty Ltd	Nutrinova (Australasia) Pty Ltd	Logistics Bureau Pty Ltd
DSM Nutritional Products	Ocean Spray International, Inc	Meat and Livestock Australia Ltd
Fibrisol Services Australia Pty Ltd	Parmalat Australia Ltd	Monsanto Australia Ltd
Fonterra (Australia) Pty Ltd	Patties Foods Pty Ltd	PricewaterhouseCoopers
Foster's Group Limited	Peanut Company of Aust Ltd	Promax Applications Group Pty Ltd
Frucor Beverages (Australia)	Procter & Gamble Australia Pty Ltd	SAP Australia Pty Limited
General Mills Australia Pty Ltd	Gillette Australia	Sue Akeroyd & Associates
George Weston Foods Ltd	PZ Cussons Australia Pty Ltd	Swire Cold Storage
AB Food and Beverages Australia	Quality Ingredients Ltd	Swisslog Australia Pty Limited
AB Mauri	Prima Herbs and Spices	Touchstar Pacific Pty Ltd
Cereform/Serrol	Reckitt Benckiser (Aust) Pty Ltd	Touchstone Cons. Aust Pty Ltd
GWF Baking Division	Ridley Corporation Ltd	Visy Pak
GWF Meat & Dairy Division	Cheetham Salt Limited	Wiley & Co Pty Ltd
George Weston Technologies	Sanitarium Health Food Company	
Jasol	Sara Lee Australia	
Weston Cereal Industries	Sara Lee Foodservice	
GlaxoSmithKline Consumer Healthcare	Sara Lee Food and Beverage	
Golden Circle Ltd	SCA Hygiene Australasia	
Goodman Fielder Limited	Schwarzkopf and Henkel	
Meadow Lea Australia	Sensient Technologies	
Quality Bakers Aust P/L	Simplot Australia Pty Ltd	
Green's Foods Ltd	Specialty Cereals Pty Ltd	
H J Heinz Company Australia Ltd	Spicemasters of Australia Pty Ltd	
Hans Continental Smallgoods Pty Ltd	Stuart Alexander & Co Pty Limited	
Harvest FreshCuts Pty Ltd	Sugar Australia Pty Ltd	
Heimann Foodmaker Group	SunRice	
Hoyt Food Manufacturing Industries Pty Ltd	Symrise Pty Ltd	
J Boag and Son Brewing Ltd	Tetley Australia Pty Ltd	
Johnson & Johnson Pacific Pty Ltd	The Smith's Snackfood Co.	
Pfizer Consumer Health	Unilever Australasia	

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