

GENETICALLY MODIFIED CROPS FREE AREAS BILL 2003

Second Reading

Resumed from an earlier stage of the sitting.

The PRESIDENT: Members will be aware that Hon Murray Criddle has the call. However, in his absence, I will give the call to the Leader of the House.

HON KIM CHANCE (Agricultural - Leader of the House) [5.09 pm]: I move -

That Hon Murray Criddle be permitted to continue his contribution at a later sitting of the House.

Leave granted.

HON LOUISE PRATT (East Metropolitan) [5.10 pm]: As members are aware, the Bill before us delegates powers to the States to create genetically modified crops free areas in accordance with the Gene Technology Act 2000, which came into effect in 2001. As a participant of the Standing Committee on Environment and Public Affairs, I have been in a privileged position to learn quite a lot about the complexities of the issues contained within this legislation. Although it is quite a short Bill, the provisions it contains are weighty. The committee considered the marketability of GM crops. I recall that we formed the view that the market signals were not yet clear in terms of the desirability of commercial GM crops being planted in this State. In fact, it seemed clear that it would be an undesirable thing to do. The committee acknowledged that it was difficult to determine the long-term economic and marketing implications of commercialising GM crops in Australia. The committee received advice from stakeholders that Western Australia would gain greater market access if it stayed GM free, although it would not necessarily gain a price premium for maintaining that status.

The legislation before us enables us to create genetically modified crops free areas for marketing purposes, whereas the health and safety aspects of the regulation of GM crops are federally regulated. Notwithstanding that, the two issues are still connected, because the need to maintain genetically modified crops free areas is linked to health and environmental concerns. Although the federal regulatory regime may well say that there are no health or environmental concerns with regard to GM canola, it is clear that concerns remain about these products in terms of the attitudes of some markets. When in Canada the committee learnt a great deal about markets. Canada, as the propagator of this technology, had quite a lot of market penetration with canola before there was much understanding of GM issues. When highly processed, canola does not retain much of its genetic material, which is part of the reason for its acceptance in markets such as Japan. The committee also noted that the European Union still does not accept genetically modified canola. Although we do not often gain access to that market, it is important to still maintain open access to it.

I want to draw attention to the issue of liability. I note that this legislation creates some liability for people who transgress the legislation by cultivating a genetically modified crop in an inappropriate area. That was a significant issue for the committee, particularly in terms of the people who might be affected by contamination. I also feel that this legislation goes some way towards addressing those issues, which is appropriate. We will not really understand the full complexity of how the issues of liability and compensation will play out until an event occurs, and the issue of how segregation is structured in the farming environment must be examined. I do not really see how the committee could have gone much further in deciding issues of liability, other than the simple provisions within this legislation, which are quite appropriate. I note they will be enhanced by some further amendments. We may find that, in a market sense, issues of insurance will need to be examined. For example, someone who seeks to grow a GM crop might need to consider whether he is appropriately insured against contaminating someone else's produce.

There are inherent risks in gene technology, which are the responsibility of the federal regulator. The Australian and Western Australian public must be confident that the regulator will stay abreast of what are very complex scientific and ethical questions, while also confronting significant commercial pressure. The need for this Bill indicates that risks remain, despite there being a federal regime. That is why it is important that we protect our markets. In essence, the need to create GM crops free areas is in response to public concerns about health and environmental issues.

On the issue of the marketability of GM and non-GM crops, I note that Monsanto has said that farmers will assess the benefits when choosing whether to plant such a crop. The committee report outlines the following comments by Monsanto's representative when he gave evidence before the committee -

When considering the introduction of any new crop or variety. . . we must always be cognisant of not only the agronomic and regulatory issues but also the market issues. You would not necessarily go forward with a crop unless you had first consulted with the industry about whether that crop would be accepted by the local market and also by export markets, . . .

These issues are somewhat more confusing than that. Although most biotechnology companies are concerned about not wanting to risk market access, which was a point Hon Jim Scott touched on, there are also issues about trying to gain market dominance. If a company was able to successfully argue that an area was no longer GM free, it might enhance its market dominance overall in terms of the position of that commercial company at the expense of the industry as a whole. That is highlighted by the case of farmers in Canada who are highly concerned about the launch of Roundup Ready wheat. Canada has a regulatory regime in health and environmental issues that is not dissimilar to ours. However, Canada lacks an ability to assess marketing issues. The federal regulator in Canada has pretty much said that it does not object to Roundup Ready wheat on environmental or health grounds. Notwithstanding that, it is very clear that should that wheat be released in Canada, growers would not have access to export markets, because export markets will not tolerate GM wheat. Wheat is not as processed a product as canola. That is of considerable concern. I note that farmers in Canada are running a significant campaign and are saying that they are not ready for Roundup Ready wheat. They have gone back to the federal regulator to ask for it to continue assessing the release of this product on health and environmental grounds, when what they are really asking for is an assessment based on market grounds, which the federal regulator is not in a position to do.

Hon Kim Chance: Do Canadian provinces have a similar provision to section 21(9)?

Hon LOUISE PRATT: No. They were interested to learn of the approach we are considering under which the power is delegated to the States to create genetically modified crop free areas for marketing purposes. It is not necessary that the power be delegated to the States; it could just as easily have been done federally. We could just as easily have looked at environmental and health issues, and we will have some input into those. I think the federal Government, in a somewhat convenient way, is leaving to the States some of the most complex aspects of managing genetically modified crops.

The committee looked at consumer attitudes to genetically modified organisms in Western Australia's export markets. It was a privilege to meet with a number of Western Australia's key overseas customers. We distributed a short questionnaire. The answers were quite revealing and differed from market to market, which shows how changeable these things are. It was clear that Australia currently enjoys a clean and green image. That is something we should be very reluctant to jeopardise. Japan in particular was very concerned that the growing of genetically modified crops would affect Australia's clean and green image. Japanese consumers appear to be considerably concerned about GM foods, preferring to source non-GM foods. I note that Western Australia's high quality wheat exporters are looking at targeting noodles and other high quality products in niche markets. Although some mass markets might accept GM products, others certainly will not. We will then have to manage issues of segregation if we seek to meet both needs. This State is not yet in a position to successfully consider something like that, but I will go into that in more detail later.

Trade buyers demonstrated that food safety is still a major concern. Consumer acceptance is based on the perception of GM food as being safe. These attitudes differ considerably between different countries. Buyers would like to retain the option to buy non-GM produce. The problem is that if we introduce some GM products, we may well be tainting other products. Trade buyers gave a clear indication that their preference was for Western Australia to remain GM free.

Labelling issues are interesting. There has been growing consumer demand for GM products to be labelled. This will mean that those controlling the supply chain as a whole will have to pay a great deal of attention to segregation. The legislation before us provides the beginnings of that, but issues of segregation become much more complex as they are traced down the supply chain. In many cases it will mean significant extra costs, but they will not necessarily be matched by increased prices.

The retailers' response to consumer perceptions varies from country to country. I noted that American grocery manufacturers are quite pro-GM, largely I think because GM products have penetrated so far into the food chain there already, whereas in Europe there is strong demand for non-GM products. Some may maintain that that is because of the Europeans retaining protectionist principles. It is interesting, because it can be seen to translate into consumer demand. It cannot be construed therefore as a simple protectionist philosophy, because it is still interconnected with strong consumer concerns about the science associated with GMO and with health and safety concerns. That has manifested itself in strong demands for labelling and non-GM products. I met people in the United Kingdom to discuss GM issues. I saw the strong demand for non-GM products in supermarkets such as Tesco.

Japan is a primary market for Western Australia. The Japanese Government has created a labelling standard for GM foods. The standard includes the mandatory labelling of foods with a GM content of more than five per cent. The committee noted that some farmers are prepared to plant GM crops but only once adequate segregation systems are in place. When one looks at the market variability, one can see that farmers are very concerned about being able to maintain access to those markets.

Segregation is quite complex. Before going on the trip with the committee I understood that segregation would be complex, but after the trip I found it more complex than I could ever have imagined. For example, there was the segregation of GM and non-GM canola for the standards that the non-GM market required. The committee noted the view expressed in the department's report that the coexistence of GM and non-GM canola would provide an additional advantage, ensuring that Western Australia was able to respond to changes in the acceptance of GM products by major export customers in the future. That means that if we do not want to lose our markets, we need to ensure that we can supply GM and non-GM canola. However, when one looks at the reality of trying to create that segregation, given the pollen flow of canola, the advice we had in Canada was that such crops must be 800 metres apart for successful segregation, whereas when Monsanto gave evidence to the committee, it said that it was looking at crop plans that allowed for a segregation of a few metres. Monsanto said that it would be more metres than one would normally have between two different varieties, perhaps more the distance of a firebreak. From what I learnt in Canada, there is still a significant risk of cross-contamination with that kind of segregation.

There is also the variability of markets. Some nations might set thresholds of one per cent or five per cent, but consumer acceptance may be one per cent. Therefore, it is not a matter of what a nation is saying but also what the consumer demands.

There is also pollen flow and the potential for mixing in the product supply chain after harvesting as the product is transported and exported. The pedigree of the seed was of considerable concern. I had presumed that systems would be in place to maintain a reasonably pure pedigree. I was quite alarmed to learn in Canada that two per cent of product classified as non-GM canola is in fact GM canola. The Canadians do not have a visual means of testing for it. They would take a field of a pedigree crop, spray it with Roundup, and the Roundup-resistant canola would remain. One could therefore see the percentage of canola remaining within the pedigree crop.

The complexity of managing and maintaining segregation certainly presents significant issues. When one looks at the complexity of using the provisions in the Bill, how would one go about creating a GM-free area? At this stage there is a moratorium throughout the State, although at some stage some parts perhaps may not be subject to such a designation so that trials can be carried out. We will need to be cognisant of the need to introduce the technology and look in detail at how the provisions of this legislation will be used. Could they be used to allow one farmer to grow GM crops and his neighbour not to grow GM crops? Are we talking about larger regions to be separated? The powers will be available to do such things, but debate has not been held about how we would use the provisions in a practical sense to create segregation in the supply chain. A moratorium is currently in place. Now that the federal regulator has announced that GM canola is okay on health and environmental grounds, we need legislation -

Debate interrupted, pursuant to sessional orders.