STANDING COMMITTEE ON ENVIRONMENT AND PUBLIC AFFAIRS

INQUIRY INTO MECHANISMS FOR ECONOMIC LOSS TO FARMERS IN WESTERN AUSTRALIA CAUSED BY CONTAMINATION BY GENETICALLY MODIFIED MATERIAL

TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
THURSDAY, 3 MAY 2018

SESSION FOUR

Members

Hon Matthew Swinbourn (Chair)
Hon Colin Holt (Deputy Chair)
Hon Tim Clifford
Hon Samantha Rowe
Hon Dr Steve Thomas

Hearing commenced at 1.45 pm

Ms LARISSA TAYLOR
CEO, Grain Industry Association of WA, sworn and examined:

Mr MICHAEL LAMOND
Agronomist, sworn and examined:

The CHAIRMAN: Good afternoon. On behalf of the committee I would like to welcome you to the meeting. Before we start, I must ask you to take either the oath or affirmation.

[Witnesses took the oath.]

The CHAIRMAN: You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

The WITNESSES: Yes.

The CHAIRMAN: These proceeding are being recorded by Hansard, and broadcast on the internet. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing. Please be aware of the microphones. Try to talk into them and ensure that you do not cover them with papers or make noise near them. Please ensure that one of you speaks at a time. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that publication of disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege. Would you like to make an opening statement?

Ms TAYLOR: Yes. Thanks very much to the committee; I am very grateful to be here. It is a privilege for the Grain Industry Association of Western Australia to be here with colleagues from across the grains value chain, advocating for our grain industry, especially at seeding time when many of the growers are busy investing in this year's crop and cannot be here in person.

I would like to make some comments about why the Western Australian grain industry—the canola industry in particular—is just a standout international success story. Based on agricultural research and development, it is a global success story from the past 30 years. In the early 1970s my father, who was a grower in Tambellup, sourced some rapeseed from the ag department in Katanning. He had heard about this new crop they were growing in North America for edible oil, and he thought it might have potential for Western Australia. He grew it two years running. It failed due to fungal blackleg disease, and he never grew it again. Blackleg continued to blight the early pioneering rapeseed research of Dr Narendra Roy at the department of ag. There were small individual trials conducted by public researchers until 1992, when the first commercial trials with blackleg resistance were achieved. Then the first few years after that, commercial trials in WA were about non-herbicide-tolerant varieties and failed due to the lack of wild radish control. Then triazine-tolerant varieties were first grown and then Roundup Ready, and LibertyLink varieties were grown in trials round 1998.

In about 2000, the department of ag, the Council of Grain Growers Organisations—COGGO—UWA and the Grains Research and Development Corporation invested in a more coordinated approach to canola R&D and industry development. As these gains were made in blackleg resistance research, the canola genetics and agronomic packages adapted to WA growing conditions improved. Canola in WA grew from an initial investment in 1990 of about $140 000 from Labor agricultural minister Ernie Bridge and two ag department researchers, to become the 1.9 million tonnes, $1.04 billion dominant break crop industry that it is today. That is about 17 per cent of the value of the $6 billion WA grains industry.

Approximately one-third of that is GM canola. Genetically modified canola was initially trialled under Terry Redman as agricultural minister in 2008, and it was grown under exemption from 2010 until the repeal of the state GM Crops Free Areas Act in 2016. GM canola, as you know, is a legal crop. It is regulated by the Office of the Gene Technology Regulator. It is segregated in the WA export grains supply chain, just like our other crops—conventional canola, wheat, barley, oats, lupins, oat lupins—and it has additional testing by the bulk handlers to ensure that the low-level presence threshold of 0.9 per cent GM material is not exceeded in non-GM canola.

[1.50 pm]

About our Western Australian growers. They are recognised by their peers internationally as being masters of evidence-based applied science. From the foundation R&D efforts of DAFWA and industry, after 2010 WA growers embraced the international investment in plant breeding technology that GM canola offered. Through peer-based learning and national variety trials, DAFWA and grower group trials they adapted it successfully to WA conditions. They now have another tool in their toolbox to address root disease, foliar disease, weed management and herbicide rotation. Many growers grow both GM and non-GM canola in their businesses, depending on its agronomic fit. Domestically, the oil our growers produce ends up in the Australian domestic retail, food service and stockfeed industries, and internationally the oil is used in the biodiesel, pharmaceutical, stockfeed, food service and food retail industries. There is no difference in the protein of GM and non-GM canola oil, and when I go to the supermarket, if it is my preference, I can buy branded canola oil that is labelled as being GM-free.

Part of this success story is the WA bulk grain logistics supply chain cooperative, CBH, which is owned by growers. It has successfully segregated and transported GM and non-GM canola through to our end consumers, as do the other bulk handlers in Western Australia, Bunge in Bunbury, and the container exporters. None of these exporters have had a load that has been rejected by a customer due to exceeding the low-level presence tolerance of 0.9 per cent of GM material. Think about all the millions of tonnes of canola that has been segregated and shipped out of Western Australia in the past 10 years—what a supply chain success story that is. In international food markets, WA is considered a superior point of origin for quality, safe, trusted food. The global trade in food is underpinned by various international standards, including the Codex Alimentarius for food safety and the OGTR, FSANZ and APVMA in Australia. The global trade in food relies on countries developing synchronous mutually recognisable food safety standards, most of which are dependent on the recognition of low-level presence of impurities. In WA, grain receival standards are set by GIWA in the framework of the Grain Trade Australia and Australian Oilseeds Federation standards for canola. We have four grades of canola in Western Australia—two non-GM and two GM—with different tolerances for weed seeds and various impurities. When the canola arrives at a receival point, it is tested to verify which technology it was grown with—GM or non-GM—and it is segregated accordingly.

Our multibillion-dollar internationally competitive grain value chain operates under the framework of common law, as does the organic industry. Australian common law is the framework we use for dispute resolution. We believe the Western Australian community has had the debate 10 years ago when we trialled GM canola, and again two years ago when we repealed the Crops Free Areas Act. We have had one court case, as we have been listening to today, in those 10 years involving GM canola, and that was about the loss of organic standard certification, not about the adventitious presence of GM material in a non-GM organic crop. So, GIWA does not support the introduction of any compensation mechanism for farmers who have suffered loss from genetically modified material, and we think that to do so would introduce a regulatory burden and inefficiency into our globally competitive grain supply chain. Yesterday, Minister MacTiernan warned our industry that without continued investment in grains research and development, we will not be able to compete against the barbarians at the gate from the Black Sea and Argentina in our Asian grain markets. If the Western Australian government penalises our globally successful canola industry by introducing a regulated compensation mechanism for a problem that we do not believe exists, I humbly suggest that we will be giving a free kick, wrapped up in red tape, to Constantine from Kiev and Valentino from Buenos Aires.

Hon COLIN HOLT: You mentioned Bunge. Do they export canola?

Ms TAYLOR: They do one shipment a year.

Hon COLIN HOLT: Is it GM or non-GM?

Ms TAYLOR: I will have to take it on notice. I think it might be both, but I checked, and they do segregate canola.

Hon COLIN HOLT: In Bunbury?

Ms TAYLOR: Yes.

The CHAIRMAN: We will take that question on notice.

Ms TAYLOR: Would you like me to check?

The CHAIRMAN: Yes, thank you. We will provide you with a list of questions on notice following the hearing so that there can be certainty as to what is on notice and what is not. We have provided you with an outline of the questions that we wanted to put to you today. The way we have been proceeding is that we work through those questions, and other members of the committee get the opportunity to jump in, if they wish, to follow other lines of inquiry as they may arise, so we will work our way through that. I appreciate your introduction and some of the historical background that you have provided to us. That has not been put to us previously in the hearing stage, so it is good to hear that from you. You state on page 2 of your submission —

> Grain Trade Australia has clear policies for management of GM material in the grain value chain …

The first question is: could you provide a copy of these policies and give a summary, including any details on coexistence methods for GM and non-GM crops, including segregation distances. Have you provided us with copies of those policies?

Ms TAYLOR: Yes, I have provided soft copies, and I will table them again for you.

The CHAIRMAN: The next part was: could you provide any details on coexistence methods for GM and non-GM crops, including segregation distances? Are you able to comment on that part?

Ms TAYLOR: GIWA is a member of Grain Trade Australia, which is the peak trade association for the grain industry. Membership covers about 95 per cent of the Australian grain industry. Around 2005–

2008, there was extensive national stakeholder consultation on the introduction of GM crops, including with the organic industry, and Grain Trade Australia participated in these consultations. Grain Trade Australia is a member of the International Grain Trade Coalition, which has a global low-level presence initiative. In the context of that, Grain Trade Australia has two relevant policies—a policy for genetically modified grain, and a policy for low-level presence in grain, copies of which I have provided in soft form. These are trade and market access documents, so they do not contain information about segregation distances. That information is included in other industry documents. I have actually compiled a reference compendium for you.

The CHAIRMAN: Yes, we have received that.

Ms TAYLOR: The GTA policy for genetically modified grain focuses on market choice and market access facilitation issues only, and it supports the trade of crops based on GM technology. The GTA policy for low-level presence in grains supports a tolerance—a low-level presence—in order to manage domestics occurrences of low-level presence; informed discussions with our trading partners on low-level presence; and our efforts to harmonise regulations internationally in trade. That is very important in the context of negotiating free trade agreements and it provides greater assurances for Australian exporters who face risks of trade disruption related to low-level presence.

[2.00 pm]

The CHAIRMAN: If canola is swathed, is it not prone to blowing large distances in high winds; and, if so, what buffer distances would be appropriate in those circumstances?

Mr LAMOND: The Grain Industry Association of WA does consider that the current five meter buffer is adequate. But just by way of background, the practice of swathing is decreasing as a cultural practice amongst canola growers. It usually comes with a grain yield and oil percentage discount or penalty, and that is part of the reason why it is decreasing as a usage. It is generally only the bulkier high-yielding crops that are swathed. The practice of swathing assists with ripening of the crop, and following the swathing the swath is locked into the standing stems where it is actually difficult for the cut plants to be displaced by wind. When it goes through the swather, the canola stems lock in and they lock into the standing stubble. Yes, they can blow, but it is actually quite difficult for them to blow. Because most of the canola crops that are now swathed are in the high rainfall, high-yielding areas, it is quite a heavy swath that is there. If the canola is moved out of the swaths by wind, it is usually isolated blowouts along the line of the swaths. What can happen under high wind situations is that bits can blow out, but they usually do not go very far. The cut plants may move a few metres up to the next swath and then are captured by the standing stems that remain after the swathing operation. A large proportion of the seed is shed from the pods close to the original swaths due to the fragile nature of the pods when they are dry. When the canola dies out, the pods are actually very fragile. That is part of the reason why you swath. When there is movement, they shed the seeds quite quickly and quite readily. Most of that seed is shed close to where the movement occurs. Most canola now is direct headed, although in the south coast and high rainfall area zones, the percentage of canola that is swathed is greater than in other areas of the states. Where I live between York and Northam in the west canola zone, which is quite a large canola growing region, less than 10 per cent of the canola in that region is swathed. So it is a declining practice that is occurring over time.

The CHAIRMAN: Most of us here are not farming people. With the windrows, are they put in the direction of the prevailing winds? Is there any methodology behind the way that is put?

Mr LAMOND: Not necessarily, because some are and some are not. It depends on the run lines. Most growers now use GPS auto-steer to put their crops in and harvest. That is generally determined by the length of the runs. In some cases they can be east–west, and in some cases they can be

north–south. So, not necessarily no. In some cases, yes, if the run lines are east–west and the prevailing winds are more so in the north as you are approaching summer, they will be exposed more to the wind blowing. So, yes, that is correct.

The CHAIRMAN: Are there any studies that have documented this kind of dispersion in the way that you have described it?

Mr LAMOND: I do not know. I had a bit of a look last week but I could not find anything specifically on the distance that the swath may blow and then the resulting seed that may fall over that distance. There may be some studies out there, but I was not able to find anything in Australia or Western Australia specifically.

The CHAIRMAN: Could you also provide any details of current practices used by neighbouring farmers to reach agreement upon the coexistence of GM and non-GM crops, if you are aware of any of those practices?

Mr LAMOND: There are currently no formal practices because it really has not been an issue in the past. In the first few years following the release of GM canola, growers who wanted to limit the chance of adventitious material being included in their own harvest sample would harvest the first header row adjacent to a GM crop and deliver it as GM. What that means is, if you are concerned about, say, GM contamination from a neighbour, in the first few years of the release of GM crops—mainly Roundup Ready—the grower would simply harvest one header run alongside the fence to capture any potential adventitious material that may have occurred. They would then harvest the rest of the paddock as non-GM, because the likelihood of any adventitious material occurring after that short distance is very unlikely; and, if it is, it is very low.

The CHAIRMAN: We always make the distinction between GM-free farmers and organic farmers. I would assume that it would be safe to say that organic farmers would not employ such a practice because that would be recognition of genetically modified materials affecting their —

Mr LAMOND: Just going back a step, in the first few years of release of GM canola, farmers were a little concerned about that, but from the research that was conducted, and I was part of that in the early days, we knew that was not going to be the case, because quite detailed studies were done on how far the adventitious material could go through, say, pollen disbursement, and it was very low and not very far. So within a few years, growers did not bother with that at all. They would just harvest the adjacent paddock if that is where it was. It generally occurred on their own farm. They would have a GM crop on one side of the fence and non-GM crop on the other side of the fence and they would just harvest the non-GM crop as a normal crop and deliver it as non-GM. I do not know of any cases where there was any adventitious material that got anywhere near the level of 0.9 per cent. The question you asked about an organic farmer, that is a totally separate question. We were trying to find some information on how many actual organic farmers grow canola and we could not find any. There are very few. In fact, I do not know of any, because it is very difficult to grow as an organic crop. That was a practice, then, that quickly went out. The research suggested that this was not necessary and after a few years growers became confident that their non-GM crops would not obtain any detectable levels of GM material immediately adjacent to non-GM crops and the practice dropped off.

The CHAIRMAN: On page 3 of your submission you state —

> May we emphasise that if the Committee were to support the introduction of a legislated compensation mechanism for economic loss caused by the use of GM technology, then effectively they would be supporting the elevation of a voluntary organic accreditation

scheme from the Marsh vs Baxter case (with 0 tolerance for GM contaminants when the majority of global systems have a 0.9% tolerance) *over* the rule of common law.

Do you believe one court case in Australia is sufficient to establish precedent and that common law provides adequate remedies for any claim of GM contamination?

Ms TAYLOR: Yes, we do. Common law governs all the transactions along the grain value chain.

The CHAIRMAN: Can you envisage there being possible factual scenarios that might have led to a different result in the one in Marsh v Baxter—that is, one in favour of the party claiming compensation for economic loss? For example, if the Marshes—you have already indicated that you are not aware of anybody growing organic canola, but if they were growing organic or non-GM canola or the relevant area had been renowned as organic?

Ms TAYLOR: No; it is a hypothetical.

The CHAIRMAN: Yes, I acknowledge that.

Ms TAYLOR: No. I am not a legal expert. I was in awe and intimidated by our colleague Brian Bradley's legal explanation this morning, which was far better than anything I could give. But, no.

The CHAIRMAN: Would it not be fair to say that due to the difficulties of establishing damage from pure economic loss, other compensation mechanisms might be appropriate to consider? We can think about the context of that question in other areas of public life where common law exists for people to take action but where government and Parliaments have made a decision to introduction legislation to make it perhaps less confrontational and less expensive to resolve disputes. I guess the question there, as I said, was that would it not be fair to say that due to those difficulties of establishing loss, an alternative mechanism might be appropriate?

Ms TAYLOR: No; we do not believe one is warranted.

The CHAIRMAN: Would your views about a compensation scheme be any different if it were to be no-fault and funded through general consolidated revenue rather than by the imposition of a fee on the GM industry?

Ms TAYLOR: No.

The CHAIRMAN: These are good questions, with good short answers! For this inquiry, the committee requires a clear understanding of the scale of any risk of any contamination by GM crops in Western Australia. As part of this, the committee requires the location of GM and non-GM farming properties both conventional and organic, that border one another or are in close proximity. Does the Grain Industry Association possess a map or other document which contains such information?

[2.10 pm]

Ms TAYLOR: No we do not. We do not keep maps for any of our legal crops. Do you want to comment, Mike?

Mr LAMOND: Properties do not generally classify themselves as GM or non-GM. This may have been done in the past, but it is not the case now. Most canola growers would at some stage have grown GM canola. Most growers would have tried GM canola when it first came out or are continuing to grow GM canola. Growers think of herbicide groups for weed control firstly, and typically will grow more than one type of herbicide-tolerant canola. There is about 14.7 million hectares of total arable area in WA each year. About 8.4 million hectares is cropped. Of this, 1.4 million hectares is canola. Of this 1.4 million hectares, 30 per cent is GM. That is about 2.8 per cent of the total arable area that goes into GM varieties of canola. The current spread across the state where GM canola is grown

varies due to a range of factors. For example, in the Geraldton port zone, around 65 per cent of canola delivered is Roundup Ready or GM. In Kwinana west port zone, it is around 35 per cent, and in the Albany port zone it is about 15 per cent. In the Albany port zone, the percentage of pasture area is greater than other parts of the state. For example, for a grower in Williams, less than one per cent of the arable area in that region is sown to GM canola each year. That gives you an idea of the scale we are talking about. The reason the Geraldton port zone has more Roundup Ready canola grown is because of its early vigour—it is a hybrid—and its ability to germinate satisfactorily and yield in hostile growing conditions. The area of Roundup Ready canola and other hybrid canola in the Geraldton port zone and other port zones would be greater, although the adoption has been slowed down due to lack of seed supply due to poor climatic conditions where the canola seed has been grown in the last few years. The adoption of Roundup Ready canola or GM canola in this state was increasing, but it has been halted in the last few years because the seed sources, which are generally in the eastern states, have not been very productive because of the climatic conditions they were grown in. Due to the small percentage of the total area in WA grown to GM canola, the probability of adjacent growers sowing GM canola on one side of the fence and a grower planting non-GM canola on the other side of the fence is very slim. When this does happen, the non-GM grower is still able to deliver their harvested grain as non-GM as the level of contamination that is required to exceed the 0.9 per cent level is simply not possible from crosspollination and even less so from wind-blown canola. If a grower is wanting to market their canola as GM-free, this could still be done by leaving a greater buffer distance between the two crops, so there is distinction between the two. Is that clear?

The CHAIRMAN: Yes, that is good.

Hon COLIN HOLT: I think you said that we are at about 30 per cent now and the limiting factor for increasing that is seed availability, or are there other factors?

Mr LAMOND: There are certainly other factors. The limiting factor in the last two years has been seed supply; there just has not been enough hybrid seed available, not just Roundup Ready but also other hybrid seed varieties. The production has been very poor, so the seed has been completely sold out, with excess demand. Our estimates were that it could have been up to 40 per cent by now; it was on quite an incline. Yes, there are other factors why GM canola or Roundup Ready canola is not grown. Part of that is due to where you happen to be in the wheatbelt. In the lower rainfall areas, the majority of the canola grown is triazine-tolerant, so it is generally a lower yielding variety where you can retain seed and the cost of production up-front is a little less. There are probably quite a few other factors that determine it as well. Growers look at canola in herbicide groups, not whether they are GM or not GM. That is how they normally determine what they grow. There are those factors as well.

Hon COLIN HOLT: Would you say that in the future, should they get the seed supply issue sorted out, there will be more adoption of GM canola in WA?

Mr LAMOND: When we say “GM”, we are talking probably hybrid—Roundup Ready and other hybrids. I think there will be. I think in WA there will always be quite a large percentage of non-hybrid because of the hostile nature of our environment. If it does not rain, which it has not now, growers will not want to risk the higher cost of seed up-front, so they will go to a lower-cost production system. I think in WA specifically, particularly in the medium and low rainfall areas, there will always be other types grown.

Hon COLIN HOLT: And a lot of seasonable variability.

Mr LAMOND: Yes, there is a lot of seasonable variability. The climate appears to be warming. It is not a fit for everywhere, that is for sure.

Ms TAYLOR: This technology is part of that technology portfolio. Particularly at this time of year—right smack bang, this week and next week—growers have started dry seeding, waiting for the rain. They need that technological flexibility to work out which way they will go.

The CHAIRMAN: Thanks for that. Has the Grain Industry Association received any communication from any members or farmers in WA raising concerns about economic loss from GM crop contamination?

Ms TAYLOR: No. In 2015, we were part of a consultative exercise called the "Grains Industry Strategy 2025+". We were commissioned by the ag department to do that. We received two submissions into that process that did not support GM technology, but they were not from farmers.

The CHAIRMAN: Are there any domestic sales of canola—I think we have established that there are—and, if so, have any been rejected due to GM contamination, or has GM contamination been detected and the product reclassified as GM?

Ms TAYLOR: Yes, there are domestic sales. We have two processors of canola in Western Australia—GrainCorp in Pinjarra and Alba Edible Oils/Kojonup Oils in Hamilton Hill in Perth and also in Kojonup. I think they do maybe 80 000 tonnes. To my knowledge, there has never been any issues with rejected deliveries or with deliveries that have been reclassified.

The CHAIRMAN: A more direct question would be: would you know if there had been, or are you just not aware?

Ms TAYLOR: No, I do not think we would. I mean, it is a commercial right. To my knowledge, no.

The CHAIRMAN: Can you give us any insight as to why the low-level tolerance for non-GM crops is set at 0.9 per cent?

Ms TAYLOR: In the early noughties, when Australia was considering GM crop technology, a lot of work was done researching how the trade in grain internationally was handled for low-level presence. The European Union practice of 0.9 per cent was considered the gold-class standard for international trade, so Australia adopted that. A lot of work was done by the Australian Oilseeds Federation, of which we are a member, Grain Trade Australia, and all the grower organisations, in conjunction with the Department of Agriculture and Water Resources and the OGTR.

The CHAIRMAN: Does this 0.9 per cent apply to all grain? Is that correct?

Ms TAYLOR: That applies to GM canola.

The CHAIRMAN: I know that we do not grow any other GM grain crops, but I am curious as to whether that standard applies to other forms.

Mr LAMOND: Something like cotton.

The CHAIRMAN: I am more interested in wheat, I suppose.

Mr LAMOND: There is not any wheat.

The CHAIRMAN: There is not any yet, but I am just asking whether there has been any agreement internationally as to the adventitious amount.

Mr LAMOND: It has not even got to that stage, no.

The CHAIRMAN: Okay. Cotton is not a food crop.

Mr LAMOND: No.

The CHAIRMAN: We have received evidence that individual EU member states do not have a GM tolerance in their domestic organic standards, effectively rendering the EU 0.9 per cent adventitious tolerance useless in some circumstances. What is your feedback on this statement?

Ms TAYLOR: There are multiple food standards internationally. The trade in grain is governed by this low-level presence practice. It is not uniform across all our trading partners, but it is the dominant one. I guess the existence of a low-level presence is the opposite of useless—it is absolutely vital for trade in food—so I find that word a little surprising. The low-level presence has facilitated a billion dollars of Australian canola into the EU. Australian canola has a very stringent ISCC, which is a sustainability certification we achieved at the end of last year. I have also included that in your reference pack.

[2.20 pm]

That was done on the back of a low-level presence into those markets.

The CHAIRMAN: The grain we send to the EU with the 0.9 per cent tolerance level, what markets in the EU do they go into, do you know?

Ms TAYLOR: They are going into bio-diesel.

The CHAIRMAN: Which countries do they go to?

Ms TAYLOR: Germany, the Netherlands.

The CHAIRMAN: Is that the main two trading partners then on this issue? In terms of these countries, because you have zero tolerance domestically for some of these countries in the EU, but we have an EU 0.9 per cent standard. I am trying to see what impact it has in terms of those countries that have zero tolerance levels. Are we excluded from those particular EU markets?

Ms TAYLOR: I am not aware that there is a zero tolerance level for organic canola in the EU. Because we have this low-level presence and we export both GM and non-GM, we have got market choice into the EU. The EU markets have the choice. If their domestic stocks run low of non-GM, they can switch it out. They might be using it for biodiesel, but they can switch it straight away into their human food chain.

The CHAIRMAN: There appear to be some differences of opinion expressed in submissions to the committee about the value of GM and non-GM canola. One point of view is that non-GM canola retains a premium. Another is that the oil content is the biggest determinant of value, not whether it is GM or non-GM. What is your feedback on that statement?

Ms TAYLOR: The premium is determined by the end usage. Again, for the EU example, non-GM can be switched out for more uses than GM. It is determined by the point of origin.

The CHAIRMAN: I think the nub of this point of view is that from a marketing point of view, the value does not come from whether it is GM or non-GM but from its oil content.

Mr LAMOND: The two are intertwined, really. There generally is a premium for non-GM of about $40 in WA. The interesting thing is, in South Australia where there is no GM grown, the premium is less.

The CHAIRMAN: What do you think the reason for that is?

Mr LAMOND: It is just marketing. You would think that if there were demand there would be a premium.

Hon COLIN HOLT: Do they have less oil content in South Australia?

Mr LAMOND: Yes; that is correct—not always but they can do. It is mainly because they are not growing hybrid canola, generally. It is triazine tolerant, which is generally lower oil anyway. The oil can add a significant value per hectare to a canola crop. The price increases by 1.5 per cent for every one per cent increase in all percentage over 42 per cent. A three per cent increase could give

you $8.70/$8.80 extra or $24—$8 per tonne. Most of the hybrid canola—all GM canola is hybrid that is grown in WA—is almost always higher oil.

Hon COLIN HOLT: That is $40 a tonne quoted. What is that in percentage terms, roughly, because it changes all the time?

Mr LAMOND: Percentage on price?

Hon COLIN HOLT: Yes.

Mr LAMOND: Well the price on farm is $550, around that. It can vary.

Hon COLIN HOLT: That is seven or eight per cent, is it not?

Mr LAMOND: Yes; that is right. You can easily make it up in oil.

The CHAIRMAN: I put this to you. You have two canola crops; one non-GM, one GM, both with the same oil content. It would be fair to say that the non-GM still attracts a premium in those circumstances?

Mr LAMOND: Yes.

Ms TAYLOR: Yes, in some markets.

Mr LAMOND: In some markets it does. The interesting thing is in South Australia where there is no GM, it can be all marketed as non-GM.

The CHAIRMAN: We do not want to give South Australia any hints about better marketing their own products, so we will just move on.

Mr LAMOND: It is probably more a marketing thing really.

The CHAIRMAN: Some submitters have expressed support for what they call the principles for farmer protection legislation developed by FOODwatch, the objective of which is to establish a publicly managed fund paid into by GM seed merchants in order to compensate non-GM landholders for contamination by GM seed or other material. Our question to you is: Have you given any feedback to organisations such as FOODwatch and Gene Ethics on these principles? If so, can you provide details of that feedback?

Ms TAYLOR: No; we have not given any feedback. We have not been contacted by those organisations. In the course of the 2025 Grain Industry Strategy in 2015, I contacted Shirley Collins from FOODwatch and arranged to have a meeting with her to understand what her and FOODwatch's concerns were but we did not speak about economic loss.

The CHAIRMAN: Another submitter, Dr John Paull, from the University of Tasmania, has recommended a compulsory third party GMO incident scheme whereby premiums would be collected from GM seed sales coupled with another payment as with motor accident insurance. He states that it could be overseen by the Insurance Commission of WA and that remedies would be implemented promptly and legal fees kept to a minimum. Do you have a view on such a scheme?

Ms TAYLOR: It would be unnecessary.

The CHAIRMAN: I take it both of you would be familiar with the Organic Export Notice 2018 No 1, recently issued by the federal Department of Agriculture and Water Resources.

The WITNESSES: Yes.

The CHAIRMAN: There is a recommendation there that where there has been an accidental introduction of a prohibited substance, including GMOs, the appropriate sanction by the certification body should be the issuing of a corrective action request only, not a suspension or decertification of the relevant unit. We note on page 9 of your submission you state —

> Because of the wording of the guidelines, the adventitious entry of GM canola plant material onto organic farms should not lead to decertification. We also note that this sanction applies in incidents of minor severity and that the Organic Export Notice also provides that in cases of accidental introduction of GMOs of moderate severity, it is open for the organic certifier to suspend the unit and, in cases of major severity, the organic production system should be decertified.

Can you envisage scenarios where there has been accidental introduction of GMOs of moderate or major severity where suspension of decertification would be justified which may lead to a claim for compensation?

Ms TAYLOR: Another hypothetical. No.

Mr LAMOND: Under that organic export notice you can only be decertified if it is permanent contamination. There are various stages of corrective action required depending on the severity and the repetition of it.

The CHAIRMAN: My understanding is that the notice is only advisory; it is not setting a new regime.

Mr LAMOND: No. That is right; it is. There are various levels. The only level where decertification is appropriate is where there is permanent contamination. That is the only one. Studies done here in WA as well as other parts of Australia and the world show that adventitious material and affected bushland is completely gone after three years without any intervention at all. If you have adventitious material, it goes somewhere, to bushland or whatever and you do not do anything to it—nothing—it will be gone after the third year through critivation from insects and its inability to compete with the natural environment.

The CHAIRMAN: Are you talking about GM material here?

Mr LAMOND: Any—GM or non-GM. It is gone; it cannot persist. If there is an incursion or whatever, it will not be permanent.

The CHAIRMAN: Are you talking about crops though?

Mr LAMOND: This is specifically canola. Whether it is GM or non-GM, it is no different. It is impossible to get permanent contamination. It just does not happen. Without any intervention at all—no hand weeding; nothing at all—it will disappear. It will not persist. World-cited studies show that.

Hon COLIN HOLT: Do you know the process for how the federal Department of Agriculture and Water Resources develops these notices? Does the state department have any input into them, or do we need to ask them?

Ms TAYLOR: I would not presume to answer on behaviour of the Ag department.

[2.30 pm]

The CHAIRMAN: The federal or the state?

Ms TAYLOR: It is not our area of expertise.

The CHAIRMAN: Fair enough. I suppose if you had been involved in the development of that, that is probably where we are coming from—giving you some insight.

Hon COLIN HOLT: So we need to go and see them, I think.

The CHAIRMAN: Regarding multi-peril crop insurance, are you aware of any insurers in Australia currently offering this kind of cover?

Ms TAYLOR: Yes, there are a number of multi-peril products, but they have had very low uptake so far.

The CHAIRMAN: Can you give us an indication of who is offering them?

Ms TAYLOR: Companies?

The CHAIRMAN: Yes.

Ms TAYLOR: I would have mentioned the Latevo one, but Gary has mentioned that already. Would you like us to find out for you?

The CHAIRMAN: If you could, if you have got that knowledge. If you need to take it on notice, you can take that on notice.

Ms TAYLOR: Sure. I am happy to come back to you on that. Their premiums vary, as do their types of cover. Measurements are usually by rainfall versus yieldable price, which translates to a certain amount of coverage per hectare. Coverage is about the premium and the risks that growers are prepared to take. I know of none that covers GM low-level presence, but we can come back to you if that helps.

The CHAIRMAN: Yes, that would be helpful. So you are not aware of any of your members taking out this kind of insurance?

Ms TAYLOR: No. I am not an insurance expert. We do not ask our members; that would be like asking them who they bank with.

The CHAIRMAN: Fair enough. You just never know if sometimes at these social events that you sometimes have, you might have had conversations and things. We do not want you to break any confidences or anything like that.

Hon COLIN HOLT: There is parliamentary privilege here too. Just back to Bunge, they are a member of the organisation?

Ms TAYLOR: Yes.

Hon COLIN HOLT: Do they test every load that gets delivered into Bunbury?

Ms TAYLOR: Their testing regime is identical to CBH's. That is the industry standard.

Hon COLIN HOLT: It is just that we have not had any evidence from Bunge. We have had it from CBH but nothing from Bunge.

Ms TAYLOR: CBH pretty much moves the entire canola crop for WA.

The CHAIRMAN: We have a couple more questions for you. These ones have not been provided to you on notice, and if you cannot answer them, you can take them on notice. During the hearings with witnesses on 23 and 24 April, which included organic certification bodies, the committee sought feedback on the following. The committee has received evidence that a zero tolerance for organic standards is unreasonable and is driving confrontation over the mixture of GM and non-GM crops, pointing to maximum permitted levels of other substances in food. Also, some submitters have stated they believe the issue of GM contamination in Australia has become a contentious issue due to the organic standards being too tight. In describing the rationale for maintaining a zero tolerance, some witnesses stated it has nothing to do with ideology and everything to do with market demand and that any GM tolerance would adversely affect the ability to meet that market demand. What is your perspective on this feedback?

Mr LAMOND: I do not want to go back to South Australia, but it is GM free. It is the same as organic with respect to the GM side of it, and there does not appear to be any sort of price difference. There does not appear to be a market preference for it.

The CHAIRMAN: Do you think that the standards for organics are too tight from the certifiers?

Ms TAYLOR: We believe in coexistence, Mr Chair. There is no issue in Western Australia from our point of view. Farmers can choose which farming system they grow their crops in. We know we have organic wheat and organic oats in Western Australia. We cannot find any organic canola. Consumers are free to choose what kind of products they consume.

Mr LAMOND: The organic growers can choose which certifier they use, too. They have got the choice.

Ms TAYLOR: That means that they have got a choice of the rigidity or tightness of organic standards that they certify under.

The CHAIRMAN: We have also had a number of submissions that have referred to the 0.9 per cent tolerance level. Witnesses on 23 and 24 April were asked to expand on their submission that there are misconceptions about its application. They stated that the 0.9 per cent only applies downstream to the final product and not at the farm gate and that no organic standard anywhere in the world has a GM tolerance for on-farm contamination. What is your perspective on that?

Ms TAYLOR: I could not comment on global organic standards. The 0.9 per cent is at the receival point in Western Australia where the canola is tested.

Mr LAMOND: I am not sure what you are getting at there. It is at the receival point. I think what they are saying there is that if you are an organic grower, you may wish the tolerance to be zero. Is that what they are after?

The CHAIRMAN: No. I think what they are saying is that their certification as an organic farmer is done on the basis of what happens on their farm—the 0.9 per cent applies at the end point of the process—and that if they have contamination by GM and lose their organic certification, it does not matter that there is a 0.9 tolerance.

Mr LAMOND: It is irrelevant, yes; okay.

The CHAIRMAN: That is really where they are coming from. From their point of view—I am just surmising—it does not matter that there is a 0.9 per cent tolerance in canola. If their farm has the presence of GM, they are at risk of losing their organic certification.

Mr LAMOND: The chances of getting any contamination is just so low. The process that is outlined by the export of organic produce is a quite adequate one because it allows for intermittent incursions or whatever. Generally, they will only be in a small area—like in square metres, not hectares. I am not sure how else to answer that.

The CHAIRMAN: That is okay. We are just getting your feedback. If you are not sure, that is okay. Did you guys want to make a closing statement?

Ms TAYLOR: Was there one question that we skipped over? The question was: would not a legislative compensation system provide a possible solution?

The CHAIRMAN: There was that question, but I think we are missing that one on purpose. If you want to answer that, that is up to you, but I suspect I know what your answer was going to be anyway.

Ms TAYLOR: I think you know what my answer was going to be.

The CHAIRMAN: That is right. That may be why we did not ask it. So you do not have a closing statement?

Ms TAYLOR: No. We appreciate the opportunity and we are happy to follow up on the things that you need.

The CHAIRMAN: Thank you, Ms Taylor. Thank you for attending today. A transcript of this hearing will be forwarded to you for correction. If you believe that any corrections should be made because of typographical or transcription errors, please indicate these corrections on the transcript. The committee requests that you provide your answers to questions taken on notice when you return your corrected transcript of evidence. If you want to provide additional information or elaborate on particular points, you may provide supplementary evidence for the committee's consideration when you return your corrected transcript of evidence. Thank you for your time today.

Hearing concluded at 2.37 pm

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