



LEGISLATIVE COUNCIL

SELECT COMMITTEE ON MORATORIUM ON THE CULTIVATION OF GENETICALLY MODIFIED CROPS IN SOUTH AUSTRALIA

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MEMBERS:

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Hon. E.S. Bourke MLC
Hon. J.S.L. Dawkins MLC
Hon. M.C. Parnell MLC

WITNESSES:

KERIN, ROB, Executive Chair, Primary Producers SA
DABINETT, WADE, Chairman, Grain Producers SA
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RHODES, CAROLINE, Chief Executive Officer, Grain Producers SA
WHITELAW, ANDREW, Commodities Analyst, Mecardo

75 The CHAIRPERSON: Good morning and welcome to the select committee on GM crops inquiry. The Legislative Council has given the authority for this committee to hold public meetings. A transcript of your evidence today will be forwarded to you for you to make any clerical corrections. Should you wish at any time to present confidential evidence to the committee, please indicate and the committee will consider your request. Parliamentary privilege is accorded to all evidence presented to a select committee; however, witnesses should be aware that privilege does not extend to statements made outside this meeting.

All persons, including members of the media, are reminded that the same rules apply as in the reporting of parliament. Could I introduce the members of the committee: on my right is the Hon. John Dawkins and Dr Margaret Robinson, our research officer; on my left is Anthony Beasley, the secretary of the committee, the Hon. Emily Bourke and the Hon. Mark Parnell. I now invite you to make an opening statement or, if you wish, we can go straight into questions. We received your submissions.

The Hon. R.G. KERIN: We will make an opening statement. Do you want us to introduce ourselves first?

76 The CHAIRPERSON: Sure.

The Hon. R.G. KERIN: Rob Kerin, Executive Chair of Primary Producers SA.

Mr DABINETT: Wade Dabinett, Chairman of Grain Producers SA and a farmer from the Southern Mallee.

Mr WHITELAW: Andrew Whitelaw, Commodities Analyst with Mecardo and a first-generation farmer.

Mr WOOLFORD: Dion Woolford, Director from GPSA and also a farmer in Kimba.

Ms RHODES: Caroline Rhodes, Chief Executive, Grain Producers SA.

The Hon. R.G. KERIN: Thank you to the committee for allowing Primary Producers SA to make a submission and to give evidence on South Australia's moratorium on GM crops. As I said, my name is Rob Kerin and I am Executive Chair of Primary Producers SA, the peak body for South Australian agricultural producers, and a member of the National Farmers' Federation. PPSA is comprised of the following commodity members: Grain Producers SA, Livestock SA, the Horticulture Coalition of South Australia, Wine Grape Growers Association of South Australia and the South Australian Dairyfarmers' Association.

PPSA is clear in its belief that the moratorium threatens SA's future economic performance and continues to disadvantage our primary producers. The basis for the moratorium is

in the marketing advantage it would give South Australian producers as a result of the status as a GM-free state, which has only ever been demonstrated anecdotally. South Australian farmers know from practical experience that such premiums are a pie in the sky concept when you balance them out against the costs of not adopting GMs.

For that reason, we welcome the independent review being conducted by Professor Kym Anderson to review the available evidence and advise government on a way forward for GM crops in South Australia. As a former premier and ag minister, I know that South Australia was previously seen as a global leader in agronomy, plant breeding and research and development. I am concerned we now place this reputation at risk through providing disincentives to invest in research and commercialisation of new technologies within South Australia.

We need to attract global plant science companies to invest in South Australia and partner with our leading institutions, such as those based at the Waite campus. To remain viable, our agricultural sector must continue to innovate and this means our farmers being able to adopt the latest technologies and farming systems. These decisions are best made at the farm enterprise level and not at a political level. We have world-class regulatory standards in place that regulate GM technology in Australia and this, combined with an industry that has proven its ability to manage the commercial cultivation of GM crops, means that we can restore choice to South Australian farmers in growing GM or conventional canola varieties that best suit their needs.

PPSA has long believed that the moratorium cannot be justified on the grounds on which it is based. Such is the strength of feeling about this in the industry that both SA Dairyfarmers and GPSA have provided individual submissions that strongly argue for the repeal of the ban on the commercial cultivation of GM crops. With that, I will hand over to Wade Dabinett to make his statement.

Mr DABINETT: Thank you. On behalf of our members, firstly, I would like to thank the committee for the opportunity to come and address our submission and answer any questions that you may have. We certainly, at GPSA, welcome the focus of the South Australian parliament to review the legislative arrangements that regulate the cultivation of genetically modified crops in SA. As you know, my name is Wade Dabinett. I'm a fourth-generation farmer from the Southern Mallee, which is near the Victorian border, and I am passionate about our industry's long-term sustainability. As was said, I am joined today by my GPSA colleagues Caroline Rhodes CEO, and Dion Woolford, as well as Andrew Whitelaw from Mecardo.

GPSA represents South Australian grain producers to government, the community and industry. We develop and implement policies and projects that promote the economic and environmental sustainability of South Australian grain growing businesses. As the committee knows, South Australia is the last mainland state to have a ban on the commercial cultivation of GM crops. Late last year, this ban was extended by the previous parliament until 2025 on the presumption that premium prices are being achieved as a result of South Australia's GM-free status.

South Australian grain producers like me are becoming increasingly frustrated with the consequences that this moratorium has had on our industry's competitiveness, viability and reputation. Our submission addresses these issues as well as the price premium that forms the basis of the moratorium. We have a long history of innovating and adopting new technology to improve productivity; however, this is being hampered by the moratorium. We need to ensure that South Australians have access to all the tools on offer for best practice crop production.

Interstate grain producers may choose to adopt GM canola varieties in their farming enterprise to take advantage of agricultural and environmental benefits, yet GPSA members are treated differently by this parliament, banning commercial cultivation of OGTR-approved varieties. As outlined in the Australian Oilseed Federation submission to this inquiry, since 2010 Australian farmers have produced 27.9 million tonnes of canola, of which 24.5 million tonnes has been non-GM canola. As clearly highlighted by the AOF, this means that international traders of South Australian non-GM canola are competing with their counterparts in other Australian states to secure the sale of non-GM canola. The lowest price on offer will invariably secure the deal, affording little if any premium for South Australian non-GM canola.

GPSA-commissioned analysis demonstrates that the GM moratorium offers little in the way of trade and marketing benefit to the majority of agricultural producers in South Australia.

We have provided a copy of this report as an addendum to our submission, titled 'An analysis of price premiums under the South Australian GM moratorium'. This landmark report was jointly commissioned by GPSA and the Agricultural Biotechnology Council of Australia, and independently produced by Andrew, an industry-leading expert market analyst. Released in March this year, the report is the most exhaustive analysis produced to date of the premiums and discounts achieved by farmers in South Australia, and compared commodities on a like-for-like basis with similar regions.

The report concludes the GM moratorium has not resulted in substantive premiums or a trade marketing advantage for the majority of primary producers in South Australia. Put simply, the moratorium is based on an unsubstantiated premise. In addition, this report found no evidence to suggest that the repeal of the moratorium and the introduction of GM canola would lead to any reduction in comparable prices to South Australian farmers. Instead of deriving a benefit for South Australia, Mecardo's analysis proves that the only effect of the moratorium is to remove the option of using safe and effective GM tools. As we have said, we have on the panel today one of the authors of the report, Andrew Whitelaw, and I invite the committee to direct any questions you have arising from this body of work to him.

As clearly outlined in our submission, GPSA believes that growers should have the freedom to choose to grow the cereal, legume and oilseed varieties that best suit their farming system. This means having access to GM crops among all others. GPSA's position is not about picking production systems, but rather enabling all producers to have the freedom to grow the crops that best suit their businesses. The current moratorium on GM crops is constraining business and overall industry growth. This has ramifications for the South Australian economy more broadly, including loss of reputation, loss of competitiveness, increased cost to business, industry stigma and loss of industry research investment. These ramifications are covered in substantial detail as part of our submission.

GPSA supports a nationally consistent regulatory framework that provides a risk-based and transparent assessment of any potential risk posed by the introduction of a GM crop. This includes an assessment and licensing from the OGTR, as well as a food safety assessment from Food Standards Australia New Zealand and, where applicable, regulation of agricultural chemicals produced in or used on GM crops through the APVMA. The Australian grain industry works hard both domestically and internationally on maintaining the integrity of the supply chain to ensure continual market access. We believe that industry is best placed to maintain the quality and integrity of the supply chain, and that a moratorium has no practical value in ensuring integrity or market access.

It is a sad irony that, in the driest state in the country of droughts and flooding rains, SA chooses to ignore crop technologies that can potentially help us maintain and even expand our crop production under a changing climate. The impact of drought and frost is becoming more frequent, placing huge pressure on the industry to adapt. We know that our farming systems must deliver improved water use efficiency, improved nutrient use and support integrated pest management strategies in arresting any decline in productivity as arising from climate change. Better weed management options through current GM technologies can allow us to preserve our topsoil from drift and erosion, which will ensure that one of SA's key economic assets remains in prime condition for future generations.

But looking to the future, we also see newer high-value markets evolving from GM crops to directly benefit consumers, including omega-3 long-chain fatty acid canola and super-high-oleic safflower varieties currently being commercialised. We are excited about the potential of GM technology to provide agronomic, environmental and economic benefits to grain producers, thereby keeping our industry profitable and sustainable for the benefit of the state. We do not want to see South Australia left behind in technology adoption. It is clear that the current moratorium on the commercial cultivation of GM crops has run its full course and we support an orderly transition from the current arrangements. As a farmer and a businessman, I want to choose to grow what is best for my paddocks, for my market and for my company.

As GPSA's chairman, I want to ensure that our state is sustainably producing the world's food and fibre for generations to come. I am often reminded of South Australia's disadvantage when it comes to GM crops by farmers at Parilla near the Victorian border. In years like this, I can only look with envy towards our interstate neighbours who have managed to improve yields by using GM technology.

We encourage the committee to thoroughly consider the overwhelming evidence for lifting the moratorium based on industry's experience, and we would be happy to coordinate a regional tour so that you can all come out to our farms, speak with us and hear our stories, and see the challenges we face. On that note, I really appreciate the time to make these opening remarks, and would appreciate having a discussion and taking your questions.

77 The CHAIRPERSON: Thank you for those opening statements. I would like to address my first question to Rob Kerin. In the PPSA submission there is a comment on the first page that there should be further consultation with people on Kangaroo Island. Did you want to elaborate on that statement?

The Hon. R.G. KERIN: Yes. The Kangaroo Island one is an interesting situation, because if anyone can really show a premium for a niche product it is Kangaroo Island with the canola. However, also on Kangaroo Island, some of the livestock producers over there are very keen with their productivity with GM ryegrass, which is leaving both our dairy industry and livestock industry at a disadvantage. I think that is a conversation for the people of Kangaroo Island.

In reality I don't know whether, if there was GM ryegrass over there, that would remove the possibility of them still receiving a premium for their canola, if there was no GM canola grown on the island. That is a bit of a one-off. In a lot of other areas, others who might claim growing non-GM canola in parts of South Australia have no advantage over someone who is growing non-GM canola in the other states. That is the way the market works in most cases, but not all.

I think the Kangaroo Island one is a bit of a special situation. I think the two biggest arguments there are probably that for the one really good customer they have got, there is probably an argument for keeping canola GM free, but at the same time the livestock guys over there would like to see the GM ryegrass. That's a bit of a balancing act for the people of the island.

78 The Hon. M.C. PARNELL: Thank you both for your submissions. I have questions for both organisations that relate to the level of support you have for the position you have taken amongst your members.

Mr Kerin, in your submission you say, 'whilst not every primary producer might agree on every aspect, these views do represent a large majority of the farming community.' This committee has received submissions from some farmers who take a contrary view. One farmer from Eyre Peninsula wrote to us saying, 'I am appalled at the push to allow GM crops to be grown in SA. I can't understand why the push is coming from our own representative body despite most growers I speak with totally against the idea.'

Clearly there are contrary views. How do you justify your statement that the view that Primary Producers SA has taken on this issue represents a large majority of the farming community? Have you polled them, for example?

The Hon. R.G. KERIN: Mark, you only have to go out there and talk to them. It's very strong.

79 The Hon. M.C. PARNELL: This farmer says he has.

The Hon. R.G. KERIN: I acknowledge in the statement that there are people out there who are anti-GM, who have been anti-GM for a long time, and I don't think we will ever convince them otherwise. They will talk to like-minded people, but if you go out there and talk to farmers—and this is why I think that Wade's invitation to go out and actually go and talk to some farmers around the place will leave you in no doubt. If you go to tiny little communities it might be a bit alternative or whatever, and you might find a very much counterpoint view, but look at the bulk of our grain growing areas.

Our harvest is going to be down a bit this year, but the importance of us moving agriculture forward has never been more important. I've seen the export figures to the end of April: for the previous financial year, food and beverage out of South Australia was more than half of our merchandise exports. That's how important it is. We've lost manufacturing big time. The April figures really tell a story; in the 12 months to April we have actually gone to 61 per cent.

We need to use every tool we possibly can to make sure we stay competitive and keep those figures up because the importance to South Australia has never been so stark. You can

do polls and whatever. Farmers are busy people. The ones who have a very strong point of view one way or the other will probably fill out a poll and the other 90 per cent won't, so you don't get a good result. The best way is to go out to talk to farmers. I urge you to take up Wade's offer.

80 The Hon. M.C. PARNELL: I will address the question to Wade. I guess there are two things that I would raise with you. The first one is that when this debate kicked off last year, Grain Producers SA organised a petition. The previous minister for agriculture, Leon Bignell, said that he got 221 signatures out of 5,800 grain growers. My first question is: why did so few grain growers weigh in at the pointy end which was when this was being debated in parliament? Is it just because they're busy? Did every grain grower have the opportunity to sign the petition?

Mr DABINETT: Thanks for your question. It's disappointing that minister Bignell didn't share where it is that petition was received, and that was over three days at the Eyre Peninsula Field Days in 2014, I believe, and that represented nearly everyone who walked in GPSA's door. To say that's only 221 signatures out of 5,000 members is trying to make a claim that we don't have strong support.

I have been on the board of Grain Producers SA for six years now, so I'm in my second term as chairman. We are a grower-elected board and we have not had one director representing the South Australian farmers who has ever taken a contrary view on the repeal of the GM moratorium. We consistently find that the removal of the GM moratorium remains in the top three priorities when we always do our annual priority survey.

You referenced someone who made a submission, a farmer. Now, James Whittaker I'm assuming is the person you're referring to. I could count on one hand the South Australian grain growers who have rung me and suggested that they don't support our policy, and he is one of them. So here I am. My number is on the website. We're open and transparent. We're accessible to our members right across the state. We have directors who represent the grain growers across the state, and I can count on one hand the number of times grain growers have vehemently opposed our position.

81 The Hon. M.C. PARNELL: That does seem contrary to what your former CEO said just last year on radio. This issue was being debated. Darren Arney was the CEO. On 23 October 2017, David Bevan of the ABC was asking him questions. He asked whether GPSA had polled its members on the issue. His reply, and I will quote it, was: 'Yeah, so we polled canola growers, and we've had about 50 per cent support for the choice to grow GM crops.' Now, 50 per cent isn't a majority and he doesn't give any more information about how that poll was conducted. But surely, you have members who are unhappy with the position that you have taken.

Mr DABINETT: Again, I appreciate the question and the opportunity to clarify those statements. It's unfortunate that the former CEO misspoke during that interview and it's unfortunate that you've misinterpreted what he was saying. If you listen to the interview in full, he's not talking about a poll. He's talking about if the moratorium is lifted, how many grain growers in the state would adopt GM technology.

Not every grower in South Australia currently grows canola. Not every grower in the state will grow GM canola. It's unfortunate that they are the statements that he made and I think if he had his time again he wouldn't misspeak like he did, but he was referencing the fact that if you lift the moratorium today, about half the state grows canola and not all of those canola growers will adopt GM. If you look at the adoption of GM canola in, say, WA and you apply that same model in South Australia, you get to where he is referring.

82 The Hon. M.C. PARNELL: What I am hearing from both organisations is that the evidence that you are giving us as to the majority of support, as you say, for the position you have taken is purely anecdotal. There's no survey, there was no vote or anything. It's just what you say your members are telling you.

Mr DABINETT: No, I've just shared with you that we survey our members every year in terms of what their key priorities are, and every year since I've been involved in the organisation it is a top three priority to repeal the moratorium. I don't think you'll find anyone better travelled across the state in the grain growing regions than Grain Producers SA. We have strong support in terms of being the representative body. Our views and our policies are well supported, and this is one of them.

83 The Hon. E.S. BOURKE: Expanding on that, there are three primary producers on the panel; is that correct?

Mr DABINETT: Dion and myself are farmers and GPSA members; Andrew's a primary producer in Victoria.

84 The Hon. E.S. BOURKE: Excellent. So if the opportunity did become available to you, would you grow GM crops on your properties?

Mr DABINETT: As it sits right now, we don't actually grow canola at all.

85 The Hon. E.S. BOURKE: I am not sure I asked that in my question. Do you grow canola?

The Hon. R.G. KERIN: That's geographic.

Mr WOOLFORD: Yes. We farm in Kimba; it's very dry. It's marginal and canola doesn't fit in our rotation for a large number of reasons. This time next year, maybe we would look at it if there's a premium price for omega-3 canola and it stacks up agronomically as well. But, that's the here and now, and we're also looking at the future. I've got maybe 20 crops left in my life and I would like to have a crack at growing these things.

Mr DABINETT: Thanks for your question. I currently grow canola on our property. We've been one of the longest growers of canola in the Southern Mallee district. I would grow both omega-3 and Roundup Ready canola on our property. I want to grow those products—particularly, Roundup Ready would be a great tool for us to use. I'm sure you have read the submissions in regard to the different types of canola that we have available here, and it's the herbicide tolerance that we grow that for. It has a great fit in our rotation.

Unfortunately, the only variety that we can grow is TT canola. If you read the submissions, particularly from the—I think the GRDC talks about TT canola actually having a 10 per cent yield discount in order to get that herbicide tolerance. Also, when you look at the agronomic benefits of Roundup Ready canola, we would drastically reduce our herbicide use if we used Roundup Ready canola versus the canola we're currently growing in South Australia.

If anyone tells you that growing GM canola increases herbicide use, that's incorrect—factually incorrect. They are lying to you; they are misleading you. You can go to any farm agronomic forum, go and ask any agronomist and go through the actual gross margins and processes of growing that canola and you will reduce herbicide use. We really need it in our system where we are to control weeds. We've got a mixed farming operation—so, grain growing land; we also grow potatoes and we are livestock producers.

I think the challenge for me personally is that I can almost see the Victorian border from where I farm and I have mates growing it. I can see how it sets them up, particularly if they buy a new block of land that may be run-down, or whatever it may be—it really sets them up for five or 10 years in their rotation by just one tool. So you may not grow it consistently every year; it may just be a tool that you use at a point in time for a specific job, and it is extremely powerful. That's why you are seeing it heavily adopted in the low-rainfall areas, which is where both Dion and I farm.

Mr WHITELAW: I'm actually an ag producer. We have some land which is used for cropping, which we lease out to a third party. As part of the rotation, we are trying to encourage that particular farmer to utilise Roundup Ready in order to maintain the structure of the soils and also to clean those paddocks up. As a farmer and an ag producer, we also sell organic manure for organic farming.

86 The Hon. J.S.L. DAWKINS: Firstly to Mr Dabinett, you have just raised those border issues. I suppose I have had a long-term interest in the way in which a very large number of people farm on both sides of the border, and the way in which they manage the current situation. Some of those people you have referred to I presume are farmers that have land on both sides of the border. You might be able to elaborate on the way in which they operate and the difficulties, perhaps, that they may have doing that under the current system. Then I have a question for both of you gentlemen.

Mr DABINETT: It's an interesting question because both in the Southern Mallee, where I am, and in the South-East, in which I'm involved in a broadacre farm down there now as well, there are farmers right alongside the border that don't see it as an issue. They don't have a problem

growing GM canola right up against the paddock that goes right up against the border. In fact, again, something that I find really troubling is that I can't use this tool and I'm told I can only use TT canola or Clearfield canola, because we're attracting a premium for a GM-free status.

Yet, if you look in the northern part of Victoria, it's actually priced, export-wise, off Port Adelaide. They actually deliver their non-GM canola, grown alongside GM canola, into South Australia. In the South-East, it goes the other way because it's closest to the Victorian ports. I see, again, my mates, my neighbours, growing non-GM canola alongside GM canola, delivering it into South Australia, and I just find that really, really troubling. In terms of how they manage it, they have all the tools available to them, and they enjoy them and we don't.

87 The Hon. J.S.L. DAWKINS: I would like to get comments from both Mr Dabinett and Mr Woolford from their regional perspective. One of the regional issues that has been brought up, if the moratorium was ended, is about the value of good segregation models. I have explored this with other witnesses. In your regions what is the potential for good sites that may not be used for mainstream storage these days because a lot of people travel past them? Are there those opportunities in your regions which you think would work very well as a segregated site for GM canola?

Mr DABINETT: Yes, I can pick up on that one because, in a previous life, I worked at ABB Grain in logistics and I managed the whole export task and the interstate rail program for ABB Grain. I then also worked for Glencore in trading. We have over 100 sites in South Australia, and this year about half of them would be utilised and not even to their full capacity. We are seeing, with the growth of pulses and other smaller segregations, those sites actually having a use. There is more than enough segregation capacity to handle it. In fact, I would welcome you to come out to the community to have a look at the supply chains.

Let's use barley as an example. Every malt barley variety looks identical to the untrained eye, and yet we segregate every different variety because they attract a different price, different brewers like them for different traits, for different characteristics. We are already doing it, so we don't have to change a thing in the South Australian system in terms of supply chain and segregation. As I said, we have a high degree of confidence in our ability to manage it.

A troubling thing is that a lot of the debate against the moratorium is calling into question the integrity of our industry and our professionalism within the supply chain, and I find that really upsetting and troubling. We believe, on a global stage, we do an excellent job, and there's examples there every day of how we do it, yet we are called out on the contrary, with no evidence to suggest that's accurate.

88 The Hon. J.S.L. DAWKINS: An example or two in the Southern Mallee region?

Mr DABINETT: Parilla is a good example. It was closed for about five years. They have invested a lot in there to make that a really good canola and lentil receival site. Because there's been a drop-off of canola grown in the area, because of the yield penalties for TT canola and our inability to use Roundup Ready, we don't have a canola segregation in the area. That's in Tailem Bend. If we were to lift the moratorium and grow GM canola, we would have Parilla as a classic example as a site that would quite easily be able to segregate that product.

89 The Hon. J.S.L. DAWKINS: Can I just get from Mr Woolford where he might have some examples from his part of Eyre Peninsula or other parts of Eyre Peninsula?

Mr WOOLFORD: Canola specifically or different segregations?

90 The Hon. J.S.L. DAWKINS: Different segregations, yes.

Mr WOOLFORD: Ourselves we send one variety of malt barley to Rudall, another variety of malt barley to Kimba and another one to Tumbly Bay. We prefer to deliver to Buckleboo and to Waddikee, which didn't open this year. Further down the line from Waddikee is Kielpa, and I don't think that opened this year, so we are delivering to Darke Peak as well.

91 The Hon. J.S.L. DAWKINS: So there is potential in that system that, if there was enough GM canola grown in that region, there is a silo in one of those that could be used. Is that the case?

Mr WOOLFORD: Absolutely; sure.

92 The Hon. J.S.L. DAWKINS: Any other parts of Eyre Peninsula beyond where you are?

Mr WOOLFORD: There are sites in other parts of Eyre Peninsula that haven't been opening, so it's not being used to its full capacity as it sits.

93 The CHAIRPERSON: To listen to some of the arguments that are put for and against from both organisations, are you really saying that all the moratorium does is deny farmers the opportunity of choice?

Mr DABINETT: Correct.

94 The Hon. M.C. PARNELL: Can we move on to the question of price. I will come back to the Mecardo report because I have some specific questions about that. I guess there are three bits of evidence that we have had so far that says that within the canola sector there is a price premium for not growing GM canola. The three bits of evidence we have are from, firstly, Scott Ashby, the CEO of PIRSA, who said:

In fact, if you look at the price variations across the board over time, the average difference between GM canola and non-GM is about \$30 to \$35 per tonne greater for non-GM.

The second bit of evidence was that any edition of *The Weekly Times* newspaper has the grain prices with two columns, GM and non-GM, at the same port. The non-GM is always higher than the GM price and at the same port.

The third bit of evidence—you would be familiar with the media release that was put out at the end of last year by the CSIRO, the Australian Oil Seeds Federation and the Australian Export Grains Innovation Centre, which had the headline 'Australia secures \$1 billion EU canola export market'. The media release from those three organisations stated:

The vast majority of Australian canola is non-GM, which attracts a price premium of approximately \$20-\$40 per tonne in the EU. This earned the Australian industry an additional \$100M in 2016/17.

So there are three bits of evidence and the question that arises from it is: why would we throw that advantage away?

The Hon. R.G. KERIN: Can I just make one comment: I think that the Victorian one is a perfect reason why we don't need a moratorium, because if they are getting those premiums in Victoria already then why are we limiting the choice here when they have the choice over there? What you have said yourself is that in Victoria they are actually receiving the premium anyway without a moratorium.

Mr DABINETT: We will probably let Andrew talk about it because it's his area of expertise but I'm a subscriber to *The Weekly Times* and, yes, there are two columns as there are for APW wheat, F1 barley and there's also rows with, say, Port Adelaide, Portland, Geelong and Melbourne. How do you explain the fact that South Australia continually trades at a discount for our non-GM canola to those of the Victorian ports, if we are meant to be receiving a premium because of our GM-free status? That's what Andrew investigated at Mecardo.

95 The Hon. M.C. PARNELL: Rob has touched on it, but your explanation is to say, 'Well, they have both GM and non-GM, the non-GM gets a price premium and therefore that's an argument supporting lifting the moratorium because farmers will have that choice.' That's effectively your argument.

The Hon. R.G. KERIN: The moratorium is not giving us the premium.

96 The Hon. M.C. PARNELL: But both organisations have denied that there is a price premium.

Mr DABINETT: No, we haven't. They are two different commodities. It's like saying, 'Gee, why isn't APW trading at the same price as F1 barley?' They are two different commodities grown for two different reasons agronomically. You are denying us all those agronomic benefits, a whole wealth of benefits that we are missing out on and it does—gross margins stack up, high yield, higher oil. Anyone who suggests that it doesn't outperform the current varieties that we currently grow in South Australia is lying to you. It is factually incorrect.

To compare apples with oranges is what you are looking at. We have never denied the fact that there is a price difference—so there should be: they are different products; they are different commodities, but you are asking us to not have the freedom of choice and to benefit our farming systems because of a price premium because of our GM-free status, and yet we consistently trade at a discount behind WA, Victoria and New South Wales when we have been promised a premium.

97 The Hon. M.C. PARNELL: I want to explore that a bit further and come to the Mecardo report. I think it's a straw man argument. What you have done is looked at apples and oranges and pears and pigs and everything else and are saying, 'If the GM-free status of South Australia is worth anything, then those products would all be more valuable.' That raises a number of questions and one is that there is no state branding of South Australia as a GM-free state. It isn't part of anyone's marketing. There are a few food companies, I think Tucker's was one that wrote to us. I saw them in the supermarket the other day and they have 'GMO free' on their label. They obviously think that's worth something.

It seems to me that the Mecardo report is basically saying, 'We're not getting higher prices for wheat, even though we're in a GM-free state', and that somehow justifies not having the moratorium. Why isn't it a straw man argument?

Mr WHITELAW: The purpose of the scope of the report was to look at: what are the premiums available to farmers, not to food producers? We can't just look at canola in isolation because agriculture is a series of different subsets. We have livestock, wheat, barley, and grapes are another major agricultural component of South Australia. In effect, what we are looking to do is to find: what are the premiums that have been provided to farmers?

If we have a premium in South Australia then we would see it in at least one of those commodities or all of those commodities, hopefully. We look through all of them. The commodities we looked at were wheat, barley, canola, wool, steers, lamb, mutton, pork and wine, and that covers more than 50 per cent of South Australia's agricultural grade. None of those showed any form of premium. You have to take into account logistics and, in reality, these are all commodities which are not differentiated. So, in reality, it is the cost of trading those commodities.

In terms of whether it is a straw man argument, for a producer I don't think it is a straw man argument because they have been, effectively, not able to utilise a tool which would have economic benefits, but they are not receiving any premium as a result of not being able to use that tool.

Going back to your previous questions, the three questions on *The Weekly Times*, the CSIRO and the department, when we look at those in particular, they are all completely correct. I don't think anyone would deny that there is a discount from non-GM to GM. That's not up for debate, I don't believe, because there is always a discount. Those figures are correct. It ranges from between about \$2 or \$3, which is the discounted terms, up to \$50, but the average in Western Australia in 2012, was \$24; in 2013, was \$21; in 2014, \$25; in 2015, \$40; the same in 2016; in 2017, \$26; and in 2018, \$32.

So it varies in that range that those organisations were quoting, but it is like any other market: these markets are volatile, so at times there is seasonal demand and those premiums will either be high or they will be low. I don't think that's up for debate. But one of the points about those reports about winning the trade into Europe, that's great, and it is of benefit being able to trade into Europe because it is a premium market.

South Australia is trading into those countries, but it's not trading into those countries because we have in South Australia a moratorium on GM. If you look at the volumes of canola going into Europe, they are coming from Western Australia, and that's where the bulk of Australian genetically modified canola is grown. So they are able to accept non-GM from Western Australia at the same time as GM crops are being grown in neighbouring properties.

I guess that is some evidence of the coexistence being possible between non-GM and GM canola and other products. I don't necessarily think it's a straw man argument to look at the price premiums on a state-by-state basis.

Ms RHODES: I think it's a very helpful conclusion that you have reached, which actually demonstrates that the industry has the capacity to manage segregation. I welcome your spotlight on that price premium because it actually reaffirms our point.

Mr WHITELAW: Would I be able to go back to *The Weekly Times* argument as well?

98 The Hon. M.C. PARNELL: Yes.

Mr WHITELAW: *The Weekly Times* takes its prices on one particular day and time. I have replicated *The Weekly Times* analysis in the last couple of days, just looking at last week, and an interesting point to note is that there was a SA Genetic Food Information Network GM-free canola price premium analysis, which is one of the submissions. Looking through that, it was interesting to note that they actually are in agreement with our report and they indicate that there would likely be a similar-priced premium if it there was GM grown here, which kind of comes to the same conclusion that it wouldn't really make a whole lot of difference in our price.

99 The Hon. M.C. PARNELL: From what you are saying, it sounds like segregation has been shown to work provided—and I guess this would be the proviso—that the sort of cross contamination thresholds are kept relatively high. There are some industries where it's a zero tolerance, and we have seen organic growers in particular. I know there was that misguided case in Western Australia. I think they picked the wrong case study if they were going to go to court on that. With some organisations like NASAA, the certifying body for organics, you only have to have a bit of blow across the paddock or a little bit spilled on the side of the road and entering your property. The tolerance for contamination in some of those really ultra-premium industries where they are attracting really high prices if they are certified organic—they are the losers if you have contamination.

Mr WHITELAW: In my early career, I worked in Scotland and Ireland. As a certified auditor, one of my roles was to ensure the compliance and the cold storage of genetically modified soybean meal alongside certified Brazilian non-GM soybean meal. Each of these products are so fine they are effectively almost like a flour.

So you can imagine that the cross-contamination potential with a product like that is very high. This is in the UK, which is obviously part of Europe, and there they have tolerance of 0.9 per cent and there have been no problems with cross contamination of those products in 15 years that I am aware of. These are products that are imported on a scale of upwards of 2 million tonnes per year into the UK.

100 The Hon. M.C. PARNELL: So just under a 1 per cent contamination level. If the threshold was lower than that—and I use the organic example because they seem to be the people who have zero tolerance.

Mr DABINETT: It's interesting that you raise that point because organic industries have flourished in the states in which there is no GM moratorium. I think the Mecardo report identified the number of GM growers in New South Wales. If you go to the supermarket shelves in South Australia, consumers have all the choice and all the freedom. They can buy GM food off the shelf and they can buy organic food off the shelf. In fact, they buy organic food off the shelf from New South Wales and Victoria.

So we are not actually seeing evidence that there is an issue, and that is something we find perplexing. We are asked to forgo such great benefits that are well documented and well researched for anecdotal evidence of an issue that exists for the organic industry. I think if you go for a drive to Daylesford in Victoria, it's hardly a ghost town. The cottage industries and the organic industries in Victoria have absolutely flourished in the last 10 years—at the same time they have grown GM crops. So to suggest that we are going to have that same freedom afforded to all food producers in South Australia, whether they are organic, non-GM or GM, I think is a bit false because that's not what we are seeing elsewhere.

The Hon. R.G. KERIN: I think the straight-out price comparison of GM versus non-GM is sort of misleading in that it's not just about how many dollars a tonne you get; it's about how much you actually deliver, but it's also about your four-year or whatever rotation. In Wade's instance, just go through the way that the rotation would work if you had access.

Mr DABINETT: For every paddock that we have, we have a five to 10-year plan. Seasonal variations will arrive, of which we have had one this year. To put it in perspective, this is

our fifth-worst year on record. We had our worst September on record. You will never find stronger supporters of the climate change cause than the agricultural sector because our livelihoods depend on it. We are battling it every day and this year is a glaring example.

We are seeing the trend of dry years coming and, at the same time, we are seeing a greater increase in frost. You have years like this that come up and so your rotation will change but, again, you will have that plan and, depending on what the issues are that that particular paddock throws at you, you will use tools, whether it be GM crops, and we will use things like hay as well. It's not all about herbicides. It's mechanical destruction of weeds as well. We have developed the seed terminator.

We need to use every bit of technology we can to continue to advance. Our production systems are the highest in the world in terms of the grain system, yet our challenges have never been higher in terms of climate change. That is why it is so important that we have every tool available to us. As I said, we have had situations where we have taken over properties that we've either leased or purchased that have generally been run-down. Maybe the farmer lost the will to farm; I don't know. We have had every situation thrown at us.

I think I went on record in 2016 to say that the fact that we didn't have Roundup Ready canola when we actually took over a significant amount of that area cost our business about \$700,000 in forgone revenue. The cost is real. The rotational benefits are real. We are not sitting here plucking numbers out of the sky. I think we are savvy business people and we've been adopting technology now in my business for four generations, and the same for Dion's, so we need that to continue.

The Hon. R.G. KERIN: What I am saying is that it is not just about how many tonnes of any commodity is actually worth; it is the yield of that commodity in that year, but also, even more importantly, the ongoing bits. Like with resistant weeds and that, there is a huge benefit in the crop the year after and the year after that.

Mr DABINETT: Roundup Ready is a really good example because, in terms of your soil health, the chemicals you use on Roundup Ready are far better than any of the chemicals we use on the current canola crops that we grow. As I said, we would reduce our herbicide use if we were to grow Roundup Ready versus the current canola in our system. That is a fact. Come out to our farm and we will show you. We will take you over the border and show you examples of where that is happening.

101 The CHAIRPERSON: If you look at market price, you still have to look at the production costs as well, don't you?

Mr DABINETT: They are lower. They are lower for growing Roundup Ready canola versus TT canola because of the increased reliance on the herbicide mix that we would need for those crops. So production costs will be lower to grow GM canola that is currently available.

102 The Hon. E.S. BOURKE: Just to wrap it up from my side of things, you have passionately highlighted the advantages of growing GM crops in South Australia. Do you see any disadvantages if we were to grow GM crops?

Mr DABINETT: No. I think you're asking the wrong person.

103 The Hon. E.S. BOURKE: I know. Dion?

Mr WOOLFORD: I am trying to think, but I am in the same boat.

104 The Hon. M.C. PARNELL: I was going to help you out. In the 2016 State of the Australian Grains Industry report produced by GrainGrowers, one of the things they bemoan is the domination of the market for GM seed by multinational corporations and they talk about the concentration of the seed market. They go back to the 1980s and 1990s and talk about the top nine seed companies that, even up to almost the turn of the century, still only had about 16 per cent of the total market. However, they say that by 2009, only three seed companies—Monsanto, DuPont Pioneer and Syngenta, which are all operated by multinationals—accounted for more than half the global seed market.

Mr DABINETT: Yes.

105 The Hon. M.C. PARNELL: They were making the point that, as these multinational companies pursue their vertical integration, they own the companies that do the research, they hold the patents for the seed, and they own the companies that distribute the seed. This report bemoans the fact that GM-crop research is becoming increasingly privatised and concentrated amongst these large patent-holding multinationals rather than universities, small companies and public organisations. That is a downside that your industry has identified.

Mr DABINETT: I think I can address that. It is an interesting point because if we reflect on the anti-GM movement, for example, the push that they have and the sorts of regulations that get imposed because of that push actually makes it incredibly difficult for a small organisation to actually develop and pass the regulations in commercialised GM crops. So for the exact companies the anti-GM movement hates, the regulations they impose actually strengthens them in the marketplace—so it is a great irony. But, to address that—

106 The Hon. M.C. PARNELL: They don't make the case for deregulation.

Mr DABINETT: Let's look at omega-3 canola. It is a huge benefit environmentally to reduce the requirement or reliance on harvesting fish stocks. That is an absolutely transformational crop that's been developed—

107 The Hon. M.C. PARNELL: That's feed for aquaculture.

Mr DABINETT: And for food as well. In the plans, if you go to the Nuseed or the CSIRO website they will direct you to where the potential flows are of that product. But that was developed by the CSIRO and the GRDC.

We are very proud of our Grains Research and Development Corporation. We think it is fantastic, and it does deliver some great research and products, but on a global stage they are very small, and on a global stage I don't think we consider the CSIRO a significant research body. So it sort of debunks the claim that this is only about multinationals and protecting their powers. That's just not right. Omega-3 canola is going to be a significant product globally, addressing a huge global environmental issue.

The Hon. R.G. KERIN: Again, they are only that big because they have got the product that farmers choose to use.

108 The Hon. J.S.L. DAWKINS: Just a couple of quick questions. Rob Kerin and I are of a similar vintage, and we have probably seen the great advances in the way grain is delivered and tested. I have some memories of unfortunate things that were delivered at silos even at Port Adelaide many years ago, but we have gone a long way from that.

I think you have given some demonstration of the way in which it is in the interests of the grain handlers and in the interests of the growers—whether it be varieties of barley or wheat or canola or whatever it is—that it is in everyone's interest that we do not have the contamination, we don't get things mixed up. Compare that, Rob, when you ran silos. We have seen great advances.

You might want to comment on that, but beyond that the other thing I have seen in my lifetime is the fact that South Australia has always been one of the great leaders in crop breeding. We have had some fabulous people working in that area and a lot of varieties and various commodities have been developed in this state. I wonder whether there has been any impact on crop breeding of the fact that we don't have GM status, and whether that would potentially lead to a lessening of our crop breeding and research.

Ms RHODES: I understand from information provided by GRDC that they do hold concerns that the South Australian moratorium has a negative impact on both the South Australian and the national industry. That's because it impacts Australia's, and particularly South Australia's, attractiveness as an investment destination for global plant science companies. I think GRDC is best to comment on that but, certainly, the evidence is provided.

If we look at the history at the Waite in terms of the Australian Plant Functional Genomics Centre having opened and then closed, the great irony is that almost the year that opened we imposed the moratorium. I don't think you can decouple the two but, on behalf of growers looking at our investment in GRDC, we want to see that investment leveraged as much as possible to benefit our growers here in South Australia.

Mr DABINETT: It's a really good point. There have been research projects into drought-tolerant, frost-tolerant, salt-tolerant wheat varieties. If there were a commercial wheat variety available now for those traits in South Australia you wouldn't be questioning the support of South Australian farmers for repealing the moratorium, you would probably have truckloads of wheat dumped on the steps of Parliament House.

In a year like this frost and drought combined are extremely challenging, yet we have research that is looking to solve those problems—and which is showing signs that they are—but the issue we have is while that research started in South Australia there is no path to market here, so we won't participate in ongoing trials. I fear that the costs and benefits we are not able to receive will continue to grow, to mount, and we are not far away from seeing some real transformational changes in breeding to cover off some of our biggest issues.

The Hon. R.G. KERIN: There is no doubt that the Plant Genomics Centre really attracted some world-class researchers here, but the moratorium and the possibility of it disappearing in those early years really did hurt us as far as research went. It became a bit of a weird situation for them that they were operating in an environment where there was no path to market.

109 The Hon. J.S.L. DAWKINS: Any comments on the integrity of the grain handling?

Mr DABINETT: In an earlier question I said that we find it troubling that the integrity of our supply chain is questioned because it's world class. I think if you asked Viterra to come here and talk about it, they would certainly defend their record. We think it's pretty good. We built it.

The Hon. R.G. KERIN: Even going back, when I was in my 20s, I did the barley board classifying and ran their operation in Port Pirie. The contamination levels that were allowed in shipments, particularly malting barley—because we were shipping all sorts of different crops out of there—were incredibly low and tested at the other end. We had very few problems. That system has improved a lot since. I think people see bulk and think, how the hell can they keep them apart? But the results at the other end, of the purity of what we have been able to ship out, have been very good for a long time and will probably get even better as the testing gets better.

Mr DABINETT: Let's not forget that the bulk of the grain that we produce is bulk commodities to feed the masses. We often get the KI Pure Grain example thrown at us, but we are talking about a specific customer who is buying a small segregation of product that is attracting a premium for provenance. Now, yes, I think it would be helpful if you unpack whether that's actually because they are GM-free or whether it's because of the provenance and that relationship they have. The rest is significant segregations that are bulk commodities.

A lot of the product that we export goes to people who sit below the poverty line. We hear a lot about niche markets, booming middle class, but I don't think the kid in east Java is too worried about whether he's eating GM or not, he just wants a feed. That's where we need to be mindful that there's a lot of hype around premium products and premium foods but there are industries here that will never grow premium niche products. The ASW that I produce off my farm, my grandfather would roll over in his grave if we called it a premium niche product.

110 The Hon. M.C. PARNELL: Wade, because you mentioned Kangaroo Island Pure Grain, I thought I would refer to the submission they have written to us.

Mr DABINETT: Yes.

111 The Hon. M.C. PARNELL: Basically what they say is that one of their earliest export contracts was with a Japanese oil seed crusher who was seeking a reliable supply of non-GM canola for a large client in Japan. They then go on to say that they have a premium, which was based on their non-GM status, they say, rather than their Kangaroo Island status, which is supported by the buyer, PAL System Cooperative Union, which is a Japanese buyer.

Mr DABINETT: Yes.

112 The Hon. M.C. PARNELL: They have written to us as well, saying don't prejudice our good thing, to paraphrase. They are supporting the GM moratorium as well.

Mr DABINETT: Are they only buying non-GM canola from KI?

113 The Hon. M.C. PARNELL: I don't know.

Mr DABINETT: It's interesting they have missed it out.

114 The Hon. M.C. PARNELL: Honestly, I don't know. I am just saying they have written to us saying, 'Hang on to the moratorium.'

Mr DABINETT: We represent Kangaroo Island grain growers as well as we do every other grain grower in the state. The conversations I have with the KI grain growers are that, if they were to lose out on one customer, they would reserve their right to ensure that they had the choice to grow GM crops. Just because they don't choose to grow them now and are supplying that direct customer, I am certain, out of the conversations I have had with the Kangaroo Island farmers, that they want to grow omega-3 canola if they lose that market. So they do not want North Terrace to decide whether they should or shouldn't participate in that arrangement. That's something they should collaborate on themselves.

115 The Hon. M.C. PARNELL: These people have written to us saying, 'North Terrace, please keep the moratorium.'

Mr DABINETT: Okay. Well, let's go over to Kangaroo Island and get all the grain farmers in a room and have a chat to them.

116 The CHAIRPERSON: But at the end of the day, the non-GM crop is still available, isn't it? It's really a matter of choice.

The Hon. R.G. KERIN: Yes. I think from a credibility point of view, being minister when they first started talking about GM, if we were going to be fair dinkum about GM premiums and whatever, we were going to have set up testing stations at the border to make sure there were no dirty machines coming in with GM. None of that has ever been put in place. The guys on Kangaroo Island are a long way from the crops that Wade is really close to, and yet Wade is still having to grow non-GM canola. He is selling non-GM canola but there's GM canola not very far away at all.

For most countries overseas—and we have found this quite often with other products—the individual customers of Kangaroo Island, yes, get it, but that line on the border is really not a quarantine barrier. There are things going back and forth all the time, hence why there's no greater premium for non-GM canola in South Australia than there is in Victoria and other places. The line on the border just doesn't seem to make sense.

Mr DABINETT: KI Pure Grain and the growers on Kangaroo Island didn't collaborate because of the moratorium or because of GM. There's nothing stopping them, if the moratorium is repealed, from continuing to collaborate; no-one's suggesting they should end that arrangement. We support every effort of Kangaroo Island Pure Grain in terms of collaborating and pooling their grain together.

Ms RHODES: Ultimately, every consignment of grain, whether that's bulk or non-bulk, is put together to meet a customer need and to meet that export destination requirement. This would be absolutely no different and could potentially generate an even greater premium.

Mr WHITELAW: If I could use an example: in Brazil, they are a major producer of genetically-modified soy beans, which are then being used for oil and meal. But they are also a major producer of certified non-GM soy beans, so they are able to differentiate the two different products. They gain a premium for the certified non-GM but they are doing that in a country with logistics, storage and trucking which is poorer than our logistics in Australia.

If they are able to maintain those systems, there's no real reason why Kangaroo Island can't maintain the same co-existence if the Brazilian farmers can do that. I've got a bit of faith that we should be able to do that locally here.

117 The Hon. M.C. PARNELL: I will come back to some of your work as well, but one of the things that the KI people say, which I think is quite telling, is that they are one of the few companies that have been able to leverage a premium from a non-GM moratorium. I touched on this before. That begs the question of: South Australia does not have a branding. There's no program; there's no brand to say, 'Come to South Australia, the GM-free state.'

We have had debates within the farming communities about the advantages of symbols, if you like: 'World heritage for the Mount Lofty Ranges', will you get more for your cheese

out of the Mount Lofty Ranges; or, 'Wine grown in a world heritage area'. This marketing issue comes in.

Apart from the Mecardo report, the other report that's been referred to us is the Adelaide University report. What they did is look over the horizon to have a look at the trends in food. What were people, especially in the growing sophisticated markets of China—what is it they are looking for? It's got nothing necessarily to do with yields or anything like that, but they are looking for clean, green and natural. In those marketing spaces, being GM free is seen as part of that branding.

I guess one of the questions would be whether, even if, as you say, there hasn't been a great—well, the Mecardo report says there's no great premium for the whole of the agricultural sector for South Australia being GM free. If a concerted marketing effort was undertaken, along the lines of, 'Our baby milk powder's better than the Chinese baby milk powder', there's all sorts of things you could do over the horizon that could actually lift the entire agricultural sector if it was properly marketed.

Mr DABINETT: How long do we wait? How much do we forgo and how much do we risk our generational farming model in the hope that this marketing campaign is going to get up? Yet, all those customers that you were talking about are still being serviced by all the other states. How long do we continue to sit by and forgo significant benefits on the hope, or the whim, or the vibe?

The Hon. R.G. KERIN: I think we would be sticking our head above the parapet because every other state is sort of, at the moment, getting the same premiums we are getting or better. All of a sudden, the question of, 'How can SA really prove they're GM free, when they're selling GMs in their supermarkets'—

Mr DABINETT: Employing GM feed.

The Hon. R.G. KERIN: The cost of checking every truck and machine and consignment coming over the border would be far more than we would ever get from the premiums of even the best marketing campaign.

Ms RHODES: I think we have had 15 years to prove that marketing theory. Ultimately, if you are going to leverage or make a market claim, you need to test and verify that.

118 The Hon. M.C. PARNELL: Which no-one's done.

The Hon. R.G. KERIN: You could do it on Kangaroo Island.

Ms RHODES: That's not justification to maintain a moratorium. It's been 15 years.

119 The Hon. M.C. PARNELL: I guess the point that the Adelaide University study was making is they were looking over the horizon at where they thought the best benefits would be and who you are best to try to sell to. It was selling to well-heeled Europeans, North Americans and Chinese.

Mr DABINETT: Not Asia?

120 The Hon. M.C. PARNELL: Yes, not Asia.

Mr DABINETT: As I have said, not every food producer in South Australia is growing high value, niche products. We need to cater for those in the low rainfall areas that are growing bulk commodities for the masses. Or do we not matter? Should we pack up four generations of farming and just let the high rainfall areas do it, the high food producers, deliver to the middle income to high income earners? Or do the people under the poverty line in Asia actually matter? They are some of our biggest customers.

The Hon. R.G. KERIN: Let's take cheese. Cheese is something that can be marketed that way. We have a segment of our cheese industry that does very well in that segment of the market, but that's probably still only about 10 per cent of our cheese, if that. The markets you are talking about are there, they are premium, and I would argue we are getting good traction for some of our industries in that, but the quantities we produce, and whatever, is a small part of it. Yes, we have to try as hard as we can because the premiums for some of that real high end product are there. We are getting into that market whether or not you have a moratorium.

Mr DABINETT: But there are GM food labelling laws. You have to label it.

121 The Hon. M.C. PARNELL: There's not: that's the problem. If you get margarine or a biscuit off the shelf in a supermarket, it doesn't tell you whether it's GM canola or non-GM canola in the biscuits. That's part of the issue: consumers don't have that.

Mr DABINETT: It's interesting: I think the wine industry touched on whether or not there was a premium for promoting themselves as GM free. They said, 'Of course there's not because there's no GM wine grapes'. So it's almost misleading the consumer, taking the consumer as a mug for saying that this is a GM-free product. Well, of course it is. If it was GM, it would be marketed.

122 The Hon. M.C. PARNELL: It's the same, though, for world heritage. The marketing would be, 'This wine was made in a world heritage area'. It doesn't actually promote or even talk to the content of the grape or anything like that. What I am saying is marketing isn't always based on the actual physical properties of the product that you are producing.

Mr DABINETT: The day that a wine drinker spits their wine back in a glass because it's from the Yarra Valley and goes, 'Oh, that's grown in a state where they grow GM canola', and they pick up a glass of Barossa instead and claim that it's because of our GM-free status, I will eat my hat.

123 The Hon. M.C. PARNELL: The point is that markets don't behave in that sort of way that you often expect. Two brands of jeans are identical—one has a different label on it, you get twice as much for it. You know how the system works.

Mr DABINETT: Please, please, instead of holding our industry back prove to us that this moratorium is delivering a premium, otherwise it cannot continue.

Mr WHITELAW: I think one point to make is, when you talk about markets, the majority of agricultural produce in Australia—wool, cattle, sheep, grains and oil seeds—is commodity markets, not product markets. The lion's share of our commodities are exported overseas, and these are in effect to 'lowest price wins the bid'. For instance, Indonesia is a major buyer of Australian wheat. Over the last two years or so, Russian wheat has become more competitive into Indonesia at times than Australian wheat. When we are looking at commodities, it really is a factor of the lowest price wins that tender, then it goes to that particular destination.

It's easy to say that if you are somewhere like Kimba you are not close enough to a domestic base of affluent people to make a market selling Kimba non-GM bread. So they have to target the export market, and the export market is competing with Argentina, Brazil, Russia, Europe, and the US. We haven't really found any substantial premiums overseas either, due to the fact that GM is grown in a state or not in a state.

124 The CHAIRPERSON: At the end of the day, it still comes back to choice whoever you are.

Ms RHODES: Yes.

125 The Hon. M.C. PARNELL: I have one more choice thing because one of our submissions was from a farmer from Narrung. The submission starts, 'I am an organic/biodynamic dairy, beef and cropping farmer.' Basically, they say:

We are surrounded by conventional cropping farms, ones that grow Canola. If the GM moratorium is lifted in South Australia we most likely will be contaminated by the seeds from these farms which will be blown on to our property.

Then it goes on to state:

Whether I disagree with GM food or not is not the issue here. The issue is our and other farmers choice of livelihoods to be removed from them. What would people think if their neighbours could perform an action that would destroy their income...

So it comes back to that argument that you are arguing, for a choice. Do you accept that the choice to lift the moratorium can remove other people's choices—for example, to grow organically—if the contamination limits are set very low? That is their main claim. They say that you, in exercising your choice, takes away my choice.

Mr DABINETT: So her argument stacks up but mine doesn't?

126 The Hon. M.C. PARNELL: No, I'm just putting it to you.

Mr DABINETT: That's a bit unfair, isn't it? Effectively, she is applying the same argument but we are not afforded the freedoms and the choice to grow a product and yet all the examples interstate show that it's not an issue. I would direct her to all the other organic producers that are surrounded by canola growers in all the other states and ask her to show us some evidence of where her worst fears have actually eventuated.

127 The Hon. M.C. PARNELL: You are saying that it is the fear but it is unfounded. That's really what you are saying.

Mr DABINETT: She is saying it might, it will, it should—show us the examples and the evidence of where that has been the case, because you are actually limiting our choice; you are costing us; you are asking us to forgo revenue and yet you are listening to and supporting her claim that that will happen.

128 The Hon. M.C. PARNELL: No, I'm putting her claim to you. You are the witness.

The Hon. R.G. KERIN: There will be people just like her who are operating in the states that haven't got a moratorium.

Mr WHITELAW: If we look at the listing of all the organic farms under the Australian Certified Organic Standard, we can see that there are 141 organic farms in South Australia, 377 in Victoria, 677 in New South Wales, 494 in Queensland and 92 in Western Australia. These are all states which are growing GM crops, so clearly there is the capacity for organic and GM crops to coexist alongside one another.

129 The CHAIRPERSON: Thank you very much for your attendance today. I remind you that a copy of the transcript will be forwarded to you for any clerical correction, and if you could get those back to us within the next two weeks that would be brilliant.

Mr DABINETT: Thank you very much for your time.

THE WITNESSES WITHDREW