**TasFoods’ response to the Productivity Commission’s Draft Report into the Regulation of Australian Agriculture, July 2016**

**Background**

The importation, use and development of Genetically Modified Organisms (GMOs) in Tasmania are heavily regulated at both Commonwealth and State levels. Since 2001, Tasmania has maintained a moratorium on the commercial release of GMOs to the Tasmanian environment.

Macquarie Franklin’s April 2012 report, ‘Market Advantage of Tasmania’s GMO-free Status: Current and Potential Future Benefits and Costs’, outlined:

*“This position was adopted because a parliamentary committee found there was a potential for use of gene technology to impact negatively upon Tasmania’s ability to market Tasmanian produce locally, nationally and internationally, under a clean, green banner. The policy was reviewed in 2003 and again in 2007‐08 with the moratorium extended until November 2014.”[[1]](#footnote-1)*

In August 2014, the Hodgman Government committed to extend the moratorium on the commercial release of GMOs into the Tasmanian environment until November 2019. The Government has committed to reviewing the policy prior to that date before considering to further extend or amend the moratorium.

In July 2016, the Productivity Commission released its Draft Report into the Regulation of Australian Agriculture, and proposed a lifting of the moratorium. Its draft recommendation 6.1 is of specific concern to TasFoods. It states:

*The New South Wales, South Australian, Western Australian, Tasmanian and Australian Capital Territory governments should remove their moratoria (prohibitions) on genetically modified crops. All state and territory governments should also repeal the legislation that imposes or gives them powers to impose moratoria on the cultivation of genetically modified organisms by 2018.*

*The removal of the moratoria and repeal of the relevant legislation should be accompanied by the provision of accurate information about the risks and benefits to the Australian community from genetic modification technologies. State and territory governments, the Office of the Gene Technology Regulator and Food Standards Australia New Zealand should actively coordinate the provision of this information.*

**TasFoods supports an extension of the moratorium on GM food**

TasFoods does not support the lifting of the moratorium in Tasmania. We believe the Tasmanian Government’s extension of the moratorium on genetically modified food should be applauded.

In our submission, we do not propose to advance arguments about underlying human health concerns or potential harm to ecosystems, but rather bring to the forefront the potential damage to Brand Tasmania and the possible lost opportunities for TasFoods that lifting the GMO moratorium would represent.

TasFoods accepts that:

* there are currently no documented tangible economic benefits; and
* there is little substantiated evidence that suggests a well-regulated and monitored introduction of GMOs would have any negative environmental, social or health impacts.

TasFoods does note that:

* food science has quickly developed to the point where GMO technology is not necessarily required to create the improvements in yield for modern farming; and
* largely, the alleged benefits derived from the use of GMO technologies are driven by production focused interests, with little appreciation for market demand or consumer-led need.

A key TasFoods philosophy, underpinning both its acquisition and marketing strategies, is one of consumer-led influence and demand. While productivity and efficiency are certainly key drivers, and an important measure for industry, organisations like TasFoods believe that consumer needs and market demand should be the foremost consideration.

Brand Tasmania’s value proposition as a source of premium produce, in a pristine environment is gaining momentum. In a large part, this broader proposition and consumer-led opportunity is central to TasFoods’ own value proposition and is driving our acquisition and marketing strategies for the premium food production businesses we purchase.

It is our view, particularly in light of expanding markets in China and other international markets that the Tasmanian brand is gaining traction and is on the cusp of long-term tangible results. Our hope is that those results will become evident prior to the planned review of the Tasmanian moratorium and its expiry in 2019.

TasFoods strongly believes the lifting of the moratorium should not be done idly as it is a market advantage that would be nearly impossible to reverse once lost. Furthermore, repealing the Tasmanian Parliament’s legislative power to impose a moratorium on GMOs would be irresponsible. It is clear that the proponents of GMOs have struggled for many years to convince large parts of the Tasmanian community of the merits and safety of GMOs. They’re yet to earn their social licence to operate. To repeal the Parliament’s right to impose such a moratorium is to entirely disenfranchise this section of the community. It is not the legislature’s role to simply repeal those concerns away. Rather, the onus of convincing the community of the safety and benefits of GMOs lies entirely with the GMO industry and its proponents. The GMO industry’s desire for certainty should not be at the expense of the democratic rights of Tasmanians.

**Supporting, promoting and emphasising Brand Tasmania**

Tasmanians are known to breathe some of the world’s cleanest air and enjoy rainwater of extraordinary purity. With pristine coastlines and rich, fertile soils, Tasmania produces some of the finest of foods across more than a quarter of its land area - 68,300 square km is committed to agriculture and large-scale irrigation projects. Those working in agriculture take pride in using cutting-edge technology in production methods, packaging and marketing of premium quality produce that provides an overarching competitive advantage.

Situated on the 40th parallel, the Tasmanian climate is ideal for growing a diverse range of crops. It is less suited to broad acre farming and GMO crops that can be readily exploited on mainland Australia.

Tasmania’s provenance proposition is already strong, but can be even stronger. As “an island of inspiring natural beauty” that is “rich in natural and cultural heritage”[[2]](#footnote-2) with defined, identifiable borders, Tasmania has an opportunity to leverage a robust, highly credible master brand identity, as is Brand Tasmania’s mandate. In this context, not maintaining the GMO ban is clearly a wasted opportunity.

According to Agrivision 2050, the Government’s plan is, *“To capitalise on Tasmania’s competitive strengths and create jobs by growing the value of the agricultural sector in Tasmania to $10 billion per year by 2050.”* TasFoods believes the key to achieving this growth in the agricultural sector it to position Tasmanian produce as premium and amongst the best in the world. The moratorium is one, amongst a suite of measures, which strengthens this unique positioning and sets our local produce apart from a sea of highly commoditised alternatives in the market. Perception is reality, and the perception of disallowing genetically modified crops both serves and enhances Tasmania's premium proposition - bolstered by images of a remote, windswept and pristine environment that Tasmania is famous for.

Should the Productivity Commission’s recommendation to repeal the moratorium be adopted, the result may in fact have an upside for Tasfoods. Regardless of the outcome, we are determined to ensure the businesses we have or may acquire remain or become GMO-free, and the relaxation of the state-wide ban could provide us with a further and useful differentiator relative to other Tasmanian businesses. Our interest in opposing the lifting of the moratorium is driven by our commitment to Brand Tasmania, our customer-led approach, and the economic wellbeing and subsequent opportunities for all Tasmanian producers.

**Clear demand for a pure, pristine food supply**

Preservative free and colour free were not seen as a differentiators years ago, now they are. Organic was not seen as a differentiator years ago, now it too is. Similarly, there was little market awareness of added hormones in meat. Now there is. The pattern is clear.

Hormone free meat has become a major differentiator among key Australian retailers and butchers. It’s a vindication of Tasmania’s own ban on hormones and antibiotics to promote growth, which remains another pillar that supports the pristine brand image for food producers. The same may well be said of GMO-free in years to come, with the right attention, focus and marketing. GMO-free should simply be viewed as one of a range of initiatives that are effectively utilised by Tasmanian industry and producers - as part of its value proposition and its premium product pitch.

The Tasmanian fruit industry, particularly cherries and apples, do not have GMO variants. Yet, as outlined in the Macquarie Franklin report, these growers have found that Tasmania’s “clean green image is enhanced by the state’s GMO‐free status.”[[3]](#footnote-3)

Examples of the detrimental impacts that GMOs can have on markets are becoming increasingly prevalent. In the US, soy milk is experiencing a widening revolt based on its use of GMO technologies. “…more than 90% of soy harvested is genetically modified, and consumers are increasingly turning away from GMOs.[[4]](#footnote-4)” In this instance, GMO technologies are actively compromising the soy milk market.

TasFoods’ brand vision is likely to have strong appeal in a number of desired and future target markets. In one obvious potential market, China, an entire generation is growing up amidst some of the worst pollution on the planet. Among the affluent and increasingly sophisticated middle class there is a market for premium, pure, non-commoditised and safe products. TasFoods believes the GMO moratorium adds weight to those attributes in that market. The opportunities are enormous. This group accounts for 19 per cent of the Chinese *working* population of 770.4 million people. That’s 146.4 million increasingly discerning mouths and wallets.[[5]](#footnote-5)

Just 0.2 per cent of the Chinese population, or 1.54 million people are considered wealthy, earning over $500,000 pa. That’s a significant market for whom the world’s best produce is both affordable and desirable.

TasFoods believes Brand Tasmania can not only emulate what New Zealand has accomplished with its “Pure New Zealand” brand, but go far beyond. If Tasmania is to realise its vision for ‘pristine, untouched’ Tasmanian produce, and retain its competitive edge against one of our closest neighbours, which has abandoned its GMO ban, then the moratorium should remain.

The vision for the ‘pristine Tasmania’ brand is difficult to achieve with a piecemeal approach. The more solid the proposition is, the more marketable it also is in reality. Exceptions dilute the proposition – so does lifting the moratorium.

**In conclusion**

The GMO moratorium is one small, but nonetheless important pillar supporting a pristine, pure and premium brand proposition. It’s a proposition which is increasingly gaining traction and credibility in markets that continue to grow throughout the world. As it stands, Brand Tasmania already has enormous value and TasFoods is committed to bolstering that value through its own businesses.

TasFoods will continue to maintain its consumer-led focus to satisfy market drivers and client demand, and openly oppose decisions that do not support the brand expectations of Tasmanian sourced food products. To lift the moratorium, as the Productivity Commission propose, is to chip away at Tasmania’s growing identity and move the State a step backwards.

1. In the interests of transparency, TasFoods’ CEO, Jane Bennett was a co-author of the 2012, Macquarie Franklin report. [↑](#footnote-ref-1)
2. Brand Tasmania, Brand Attributes [www.brandtasmania.com/about/](http://www.brandtasmania.com/about/) [↑](#footnote-ref-2)
3. oion of Australian Agriculture, t found munity of the merits and safety of GMO. In many ways they' Maquarie Franklin, 2012, *Market Advantage of Tasmania’s GMO‐free Status*, Devonport, p22. [↑](#footnote-ref-3)
4. Soy milk falls behind as plant-based dairy surges, <http://www.fooddive.com/news/soy-milk-falls-behind-as-plant-based-dairy-surges/423079/> [↑](#footnote-ref-4)
5. Bloomberg, March 2016, *Here’s what China’s Middle Class Really Earn-and Spend*, <http://bloom.bg/1SBHU3N> [↑](#footnote-ref-5)