

GENETICALLY MODIFIED ORGANISMS CONTROL ACT AMENDMENT BILL 2014

DECISION REGULATORY IMPACT STATEMENT (RIS) SUMMARY

Tasmania has since 2001 maintained a moratorium on the commercial release of GMOs to the Tasmanian environment. The Tasmanian *Genetically Modified Organisms Control Act (2004)* (“the Act”) provides the basis for the moratorium and regulates dealings with GMOs for ‘marketing purposes’.

In 2013, the Department of Primary Industries, Parks, Water and Environment (DPIPWE) undertook a comprehensive public review of the moratorium on GMOs in the State. The findings of this review can be found on www.dpipwe.tas.gov.au.

The proposed *Genetically Modified Organisms Control Act Amendment Bill 2014* seeks to extend the expiry date of the *Genetically Modified Organisms Control Act* from 16 November 2014 to 16 November 2019. This amendment bill has no other purpose.

The five year extension is sought in order to continue to ban commercial use and open air field trials of viable GM food plants, non-food GM plants (other than GM pharmaceutical poppies not intended for food or feed), animals or microbes genetically modified for purposes other than bioremediation, pest control or animal vaccination.

The Secretary of the Department of Treasury and Finance determined that this legislation is likely to impose a significant burden on part of the business community and therefore required the preparation of a decision regulatory impact statement (RIS). The RIS for the Amendment Act is based on the information collated as part of the 2013 review.

The decision RIS has not been released publicly because it contains sensitive information. This publicly available document provides a summary of the decision RIS.

The policy problem

The benefits of maintaining the entire State as a GMO free area for marketing purposes must be weighed against the costs of denying agricultural producers access to GMOs that are designed to increase production and profitability. An additional policy problem is that the current and future value of Tasmania’s GMO free status is not known and a decision to discontinue the moratorium may not be easily reversed once GMOs are introduced.

Alternative options

Option 1 is to maintain the status quo and allow a GMO-free area for the purpose of preserving the identity of non-GM crops and animals for marketing purposes and to provide for persons to be allowed to deal with GMOs in Tasmania under permits.

Under this option, the benefits of the proposed legislation are:

- The net present value of financial benefits resulting from the marketing advantage of all of Tasmania being a GMO free zone;
- Preservation of the option to maintain GMO free status;
- Benefits to producers and other members of the community who value preservation of Tasmania as a GMO free zone for ethical and other reasons.

The costs of the proposed legislation include:

- The regulatory cost of enforcing the moratorium (both public and private);
- Foregone productivity and other benefits which result from production using GMOs.

Option 2 is to allow the regulation of the use of GMOs in Tasmania under the national legislation alone. This system assesses GMOs on health and environmental grounds and makes no reference to marketing issues. *Currently only GM canola is suitable for Tasmania's growing conditions.*

The benefits of this option are:

- the net present value of productivity gains (due to yield gains and/or reduced costs) from the use of GMOs by Tasmanian producers;
- other benefits from GMO use including environmental and work health and safety benefits;
- a reduction in regulatory costs.

The costs of this option include:

- the cost of actions taken by producers of GMO free product to ensure that their product remains GMO free;
- cost to producers of additional certification required for GMO free products as a result of no longer maintaining a GMO free zone;
- reduction in profit due to loss of markets or premiums as a result of not being able to achieve certification to the level (zero tolerance) achievable with maintenance of a statewide GMO free area (zero tolerance);
- reduction in profit of producers who do not use GMOs and are currently paid a premium as a result of the contribution of GMO free status to the Tasmanian Brand but choose not to certify their product as GMO free;
- losing the option to easily revert to a GMO free status.

Perceived impact of moratorium by agricultural producers

Table 1. Producer feedback to the 2013 review about impact of moratorium

Product or commodity	Pack & processed value or Gross Production/Food Value 2010-11	Tasmanian producers' perception of moratorium
Canola	\$ 1 million	Positive for some markets
Beef*	\$262 million	Positive for some markets
Honey	\$ 6 million	Positive
Poppy	\$ 70-90 million (farm gate)	Negative
Dairy*	\$416 million	Negative for commodity, positive for specialty
Organics	\$ 4.7 million	Positive
Seafood	\$692 million	Neutral
Wine	\$ 40 million	Positive
Apples and other horticulture	\$100 million	Positive
Onions	\$ 47 million	Positive

*No GMO pasture or GMO animals have been approved by the national Office of Gene Technology Regulator.

Evaluation and conclusion

The value of the market advantage of GMO free status is not currently quantified but is not insignificant. Tasmania is one of the few regions in the world that has maintained a GMO free status. Because the GMO free zone status cannot easily be restored once relinquished, there is value in retaining this option until GMO markets mature and better information is available.

The use of GMO cultivars provides economic benefits for some producers through higher yields and/or reduced costs. Although it is reported by industry that GM pharmaceutical poppies and pasture cultivars may potentially be ready for 2015-2020 commercialisation, only GM canola is suitable for production and available for commercial production in Tasmania at present. Consequently, the foregone benefits from using GM crops in the next five years are assessed to be relatively small.

Most of the costs and benefits of the two options cannot be accurately quantified, including potential costs to the poppy industry as relevant information is commercial in confidence. The quantifiable net cost of retaining the moratorium for a further 5 years is estimated by DPIPWE at \$1.5 million, over 70% of which comprise regulatory costs borne by the Government. An annual monitoring program is proposed to consider technological advances.

In light of the strong stakeholder support for extending the moratorium and feedback from producers who perceive that they gain a significant market advantage from the State's GMO free status the benefits of the moratorium, although difficult to quantify, are assessed as substantial. These benefits are assessed as likely to exceed the cost of extending the moratorium for 5 years.