

GM Free Food Producing Hawke's Bay

A Golden Opportunity for the Region

P U R E H A W K E ' S B A Y

Submission on Hawke's Bay Regional Council's Draft Long Term Plan

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Pure Hawke's Bay is a group of local food producers committed to building the region's reputation as a region known throughout the world for safe, sustainable, high quality food production.

Securing the region's GM Free food producer status is a key plank of that vision.



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Pure Hawke's Bay would like to be heard in support of this submission.

Pure Hawke's Bay (PHB) welcomes the Regional Council's consultation on how the region can best address the risks that GM agriculture poses, and capture the opportunities that remaining GM free in food production offer.

We commend the Council for the quality of the discussion in the Draft Long Term plan, which sets out clearly and well the options available to Council for responding to outdoor GM food production.

Pure Hawke's Bay urges the Regional Council to take all necessary steps to officially secure the **Hawke's Bay's status as a GM free food producing region**. That may entail, as the consultation document notes, a combination of measures at both the regional and territorial level. However it is achieved, it is vital that this status is enshrined through planning instruments.

This submission details the reasons why this is the optimal path for both the HBRC and the regional economy.

1. The Pure Hawke's Bay Proposition

Pure Hawke's Bay is seeking **regional GM Free food producer status for Hawke's Bay**. We have raised this with territorial authorities (in the first instance, with the Hastings District Council) and previously with the Regional Council.

Our proposition is that GM free food producer status be secured via local authority planning instruments for a period of **ten years** (that is, for the life of the District and Regional Plans). If at the end of that period, the opportunities for the region continue to lie with GM Free status, then that policy can be renewed.

This position must be secured in planning instruments to provide a stable, verifiable branding platform that Hawke's Bay food producers and exporters can leverage off.

We recognize that the Council may want to maintain the option of considering GM to address *significant* biosecurity threats to agricultural production in the region, and this can be provided for in any policy.

2. Why remaining GM Free in food production is a must

As food producers, we respect the right of each farmer/grower to make their own decisions about what approaches best suit their land and production. We value that autonomy highly ourselves.

But GM food production is different because of the way it is perceived in the market place.

GM foods have a uniquely negative market profile. Since the mid-1990s, the use of GM in food production has remained the most controversial food and agricultural technology of the last two decades and has been dubbed "the Achilles heel of

biotechnology”¹. Market resistance in Europe and Asia, in particular, has been so strong and persistent that many prominent food companies, supermarkets and retailers have taken a strong stance against the presence of GMOs in their food. It is not just consumer attitudes that our exporters must respond to but buyers, who have effectively become powerful gatekeepers that exercise considerable influence on the market prospects of GM foods.

GM food’s “bad reputation” is not going away. Two years ago, the British Retail Consortium – a retail grouping that accounts for around 80% of grocery sales in the UK - stated that public opinion about GM foods has not recovered.² Across Europe, attitudes to GM are still continuing on a downward trend since they first plummeted in the late 1990s.

Consumers and buyers in our high-value markets not only do not want GM produce, they are highly sensitive to trace levels of GM that can arise from neighbouring GM production. GM contamination incidents in New Zealand involving trace levels of GM in imported seed stocks illustrate the sensitivity of our export markets to even a suspicion of GM presence.

Market gatekeepers are themselves very anxious to avoid even trace contamination as they are also exposed if the presence of GM in products they stock or manufacture is detected. They will source products from the least risk production areas, as has occurred for Canadian canola and was foreshadowed when the introduction of GM wheat was mooted for North America.³

Pure Hawke’s Bay growers are not alone in concerns about GM. At the national level, the pastoral sector (we understand Fonterra, in particular) is concerned about the market consequence of GM grass field trials and has not supported trials of experimental lines developed by AgResearch and the Pastoral Genomics consortium occurring in New Zealand, as AgResearch concedes:

“The sector generally continues to take a market-led stance on field trial releases of GM forages, holding the view that the potential value of GM technology is currently outweighed by the potential negative responses of their consumers and markets.”⁴

Horticulture New Zealand, which represents fruit and vegetable production in the country, has also made clear that being GM free “compliments our clean, green image”. The association is clear that there is no role for outdoor horticultural GMO production in New Zealand:

¹ European Commission. 2010. *Europeans and Biotechnology in 2010. Winds of change?* Eurobarometer, European Directorate-General for Research.

² British Retail Consortium. 2009. Submission to the House of Lords Science and Technology Select Committee Call for Evidence: Nanotechnologies and Food March 12.

³ Plans by Monsanto to commercialise GM wheat in North America were opposed by the wheat growers associations in both Canada and the US because their market research found that their major buyers in overseas markets would source wheat from non-GM wheat producing countries to avoid the risk of even trace contamination. Canadian Wheat Board. 2003. *Current State of Market Acceptance and Non-acceptance of GM Wheat*; US Wheat Associates. 2002. *GM Wheat Customer Acceptability Survey. Results from Asia*.

⁴ AgResearch. 2011. *Statement of Corporate Intent 2011-2016*.

“Horticulture New Zealand recognises that there is considerable consumer opposition to genetically engineered food products and that it is critical that the industry continues to be market focused supplying products that exceed customer and consumer requirements.

New Zealand horticulture industry must stay at the forefront of science and innovation. However, research for the New Zealand horticulture industry should at this stage focus on the application of technologies in areas other than those that will result in the production of genetically engineered crops.”⁵

3. The Opportunity for Council and the Region

The fundamental strategic issue for the region, then, is the market implications of GM food crops: the risks to Hawke’s Bay production and exports from a GM food release and the opportunities to be captured from formal GM Free status.

High value, not commodity the future

More than 40% of Hawke’s Bay’s GDP is tied to the primary and related sectors.⁶

Commodity production is simply not a viable proposition for our regional economy. Hawke’s Bay producers will not be able to compete on price in global commodity markets. KPMG has given New Zealand agriculture a five-year window before other emerging commodity crop regions leave us behind. Positioning to be a cheap, commodity producer would effectively be a race to the bottom for our exporters and our environment. Our resilience and profitability as a region will increasingly lie with high-value products and niche markets, where provenance and environmental integrity are important to consumers.

The rise of the discerning, environmentally conscientious consumer in our niche markets is well-documented:

“The “green consumer” and “responsible retailers” of today are demanding increased credibility, greater accountability and traceability in their suppliers’ supply chain. To meet these expectations, New Zealand’s agribusiness sector needs to adopt a sustainable supply chain approach, which entails a whole life cycle analysis from on-farm activities, processing and manufacturing, to end consumer engagement.”⁷

Future-proofing the region’s agricultural economy and increasing prosperity from our agricultural base will therefore lie in high-value products.

“Failure to adapt to sustainable business practices will in our view leave the industry facing a future competing in low price, commodity markets with producers from countries that have increasingly got a significant low cost advantage over our producers.”⁸

⁵ Horticulture New Zealand. 2009. *Horticulture New Zealand Genetic Engineering Policy*.

⁶ Hawke’s Bay Regional Council. 2011. *Hawke’s Bay Regional Economic Development Strategy. Strategy Development Document*.

⁷ KPMG New Zealand, *Sustainability in the Agribusiness Sector*. KPMG Agribusiness Green Paper, November 2010.

⁸ KPMG New Zealand, *Sustainability in the Agribusiness Sector*. KPMG Agribusiness Green Paper, November 2010, p. 43.

GM is a commodity-crop affair

The story of GM agriculture so far is the exact antithesis of high-value, niche production. After nearly two decades of production GM agriculture remains:

- largely ghettoed in the Americas for food crops (China and India grow GM cotton),
- a commodity crop affair (soy, maize, canola and cotton), and
- consumed largely as animal feed or in unlabelled food products.⁹

There is nothing in this picture that is relevant or advantageous to Hawke's Bay's agricultural economy thus far, nor in where the region needs to position itself.

No GMOs of real value in next ten years

To our knowledge, there is nothing in the GM R+D pipeline that would:

- Outweigh the value of GM free to the region's producers, and
- Be ready for release within the GM Free period we are proposing.

Domestic research on GM grasses (such as Pastoral Genomics R+D programme) is not expected to deliver commercial varieties for around a decade and should field trialling be needed before that time, there is nothing wholly unique about Hawke's Bay conditions that would require that such trialling to be done in the region.

We do not lose out from sidestepping the GM crop production line – we gain.

Opportunity

Market resistance to GM food production creates an opportunity for Hawke's Bay to build a distinctive regional brand that aligns with consumers and buyers domestically and abroad, and guarantees them that our food products are grown in a GM Free region.

Carbon and water quality are gaining visibility on the consumer radar and will need to be addressed. Providing a cast-iron guarantee that produce from the Hawke's Bay is grown in a GM free agricultural region is a vital step towards aligning the region with the aspirations of consumers in key markets. And compared with the vastly more complex challenges that sustainable water use and achieving a low-carbon regional economy pose, it is relatively easy task to achieve a region-wide assurance of being GM free.

GM free food production zones are a well-established response to market preferences in other parts of the world. Twenty-one regions in France and 16 in Italy alone are GM Free.¹⁰ Among them, Burgundy, Champagne, Provence and Tuscany have enviable reputations, their names synonymous with good food and rich traditions in food production the world-over.

⁹ James C. 2011. *Global status of Commercialized biotech/GM Crops: 2011*. Executive Summary. ISAAA, Brief 43.

¹⁰ <http://www.gmofree-euregions.net>; <http://www.gmo-free-regions.org/>

We believe there is huge marketing opportunity for the Hawke’s Bay regional food production brand. The wine industry has already laid the foundations for the region’s reputation as a premium food producer, through region-of-origin labeling (a regulatory requirement) and through the Hawke’s Bay Wine Country brand. As Council has noted, there is great potential “to leverage concepts such as a quality source of products and raw materials to improve business attraction and sales margins of products.”¹¹

Pure Advantage, the group of leading New Zealand business people pushing for green growth, has applauded our vision of labeling the region “one of the greenest ‘fruitbowls’ of the world, securing their position with one the highest quality appellations in a highly competitive global market”.¹²

While the regions food producers would be the primary beneficiaries from declaring the region a GM Free food producing region, we believe there would also be spin-off benefits for the tourism industry, as any such steps cement the region’s commitment to environmental integrity.

4. Why official GM Free status and Council action is imperative

Building a brand that producers and exporters can leverage off does not happen by accident. It requires:

- Certainty and stability over a period of time
- Accountability and traceability

Under the status quo, the region is now open for commercial GM food production as there is nothing to stop a developer applying to field trial or release a GM food or feed crop at any time. Nor is there any mechanism to stop Central Government approving outdoor GM releases without reference to what Hawke’s Bay’s councils or food producers want for their region.

Leaving Hawke’s Bay’s GM free status unsecured and at risk of contamination does not provide the region’s food producers with the marketing platform we require. Branding and labelling are costly line-items and the risk of a release will prevent our exporters from making claims about the region as a GM Free food producer.

Under current law, **only councils can secure GM Free food producer status** at the local level. While a national regulator – the EPA – has responsibility for assessing and controlling outdoor GMO activities anywhere in the country, there are no provisions under the HSNO Act that would establish a regional GM Free status in food production. This means that while GM might be a central government issue, **it is also a local government issue.**

¹¹ Hawke’s Bay Regional Council. 2011. *Hawke’s Bay Regional Economic Development Strategy. Strategy Development Document.*

¹² Pure Advantage. 2011. *Pure Advantage meets Pure Hawke’s Bay*, November 11. <http://tinyurl.com/c2voek3>

Only Councils can give our producers and exporters the legal protection they need to retain our current status and international branding as being GM free in food production.

5. How to get there: Council's role

Before setting out what Council's role should be, some observations on the Council commentary in the discussion document on 'least-cost' pathways:

Frame for costing options: council budget versus regional economy

In the consultation document, Council identifies the least-cost option as making submissions to the EPA as outdoor GM release applications arise.

That cost assessment is narrowly framed around the operating costs for Council. However those are not the only costs to be considered when evaluating what the best 'value-add' from council activities are.

Beyond Council's operating budget are the costs of doing nothing, which could be economy-wide, and take two forms:

1. the substantial costs to the regional economy if a release does occur
2. the foregone economic opportunity that regional GM Free food producer branding offers.

Considering the overall cost of options to the regional economy, **the most expensive path could be to do nothing** and the least cost option would be to introduce policy and measures to the Regional Policy Statement or the Regional Resource Management Plan.

Council will rightly wish to avoid committing council budget where it is not needed, but as we have pointed out above, council actions are the only way that we can secure the region's GM Free status.

No certainty of outcome by relying on submissions

A further consideration is the **need for certainty of outcome**. The Council's consultation text suggests that the least-cost option for council would be to lodge submissions with the EPA when release applications come forward.

This assumes that any EPA Committee convened to decide an application would give sufficient weight to a submission by the Regional Council and rule Hawke's Bay out as part of any release zone.

However there is nothing in the HSNO Act that gives local authorities any special status, nor guarantees that council submissions will be given any particular weight. As such, an EPA Committee could 'take into account' a submission from the HBRC and still decide to approve release in the region.

Further, successive governments have ruled out the Royal Commission's recommendations for regional exclusion zones and local authorities' requests to have

councils given special status under the HSNO act. This does not inspire confidence in the EPA consideration of council interests over those of developers.

Indeed the “**defend-regional-interests-by-submission**” approach carries further hidden costs: unless council were simply to go through the motions, then legal costs (a potentially significant line item) would need to be included in the fighting fund to provide for the scenario where the EPA approved an outdoor release that the council believed would negatively affect the region.

Official, binding GM Free food producer status essential

The Council should take **all necessary steps to amend the Regional Policy Statement and the Regional Resource Management Plan to secure official, legally binding GM Free food producer status for the Region** for the life of regional and district planning instruments.

The Intercouncil Working Party in Northland has already done most of the groundwork in identifying how local authorities can protect their territories from GM release. This has focused principally on district plans rules to achieve GM Free status and the Working Party is about to embark upon a section 32 analysis of district plan rules that would prohibit the commercial release of GMOs and make field trialling a discretionary activity.

Council should make budgetary provisions so that the pathway to regional GM Free food producer status can be properly mapped and implemented in the Regional Policy Statement, the Resource Management Plan and other relevant planning documents.

Pure Hawke’s Bay is currently undertaking further research that will be of value to the Council as it considers its way forward. We intend to make that material available to the Council in the form of supplementary submissions when it is completed.