



Comments on the Preliminary Consultation Round for the Draft Hastings District Plan

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

We fully support the Council's proposal to protect Hastings District's GM Free food producer status through the district plan and commend the Council for taking this step.

Pure Hawke's Bay

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in support of a GM Free Food Producing Hawke's Bay

From the producers...

“ I believe the Council has got it right. It’s a balanced position, that will protect the region’s brand for Hawke’s Bay farmers and producers yet still leaves the door open for the future, if things change.

Andrew Russell, sheep and beef farmer, Sherenden

This is a sound opportunity for branding and promoting products from Hawke’s Bay. There is no downside and the Hastings District Council should be applauded for taking up this initiative on behalf of HB producers.”

Simon Beamish, sheep and beef farmer

“ This is a smart idea since there is not likely to be a commercial GMO release within 10 years in any event. It is clear, for now, customers do not want GM in any premium food products.

Mike Glazebrook, mixed cropper, sheep and beef farmer

This is a great initiative adding value to all the regions products with next to nil downside. We have an advantage now and we should use it to make money. People have to realize if we ever release GMOs into the field there is no going back.”

Andrew van Workum, General manager, Mr. Apple

“ Being GM free is the biggest commercial opportunity I’ve ever seen and the benefits will be huge for the high value produce that the region is renowned for. Why would we take the risk of growing GM crops here when the markets are saying they don’t want a bar of GM food?

Rupert Ryan, NZ Apples

Our consumers simply don’t want contamination in their food and our livelihood depends on supplying what they want.”

Christine and Paul Ashton, Lindsay Farm Dairy

“ For the last fifteen years I have been representing two large produce importing companies in Europe and the UK who supply in excess of 15,000 retail stores.

Both companies state categorically that they will not accept any GM product and should they become aware that GM products have been shipped they will immediately cancel all contracts including product within the supply chain.

David Cranwell, exporter

This submission covers:

- An update on the international marketplace
- Whether GM food production is a system of choice for all growers
- The definition of release in the plan and how to ensure that this covers all types of potential GM releases
- GM field trial activity and how best to address the risks they pose.

I. Context: Market Update and the Question of Choice

I.1 Latest developments in the marketplace

Recent developments in the marketplace continue to underscore how vital it is that Hawke's Bay secures its status as a GM Free food producing region. The most significant developments are in the USA – the home of GM, and by far the largest GM commodity crop producer. This includes a new contamination crisis that has just erupted, this time involving fears that an unapproved GM wheat is present in US wheat exports to Asia and Europe, which we discuss briefly below.

US domestic consumption of GM crops is believed to be significant – both by consumers as well as livestock. Unlike in many other countries, however, GM food ingredients do not have to be labelled, providing consumers with little opportunity to exercise choice, and allowing use of GM ingredients in food products to remain relatively uncontroversial compared to other countries.

The historical tolerance to GM, or at least to its invisibility, in US food products appears to be changing. Considerable momentum to require labelling of GM foods - virtually unthinkable thus far - is building across the country. The GM seed industry acknowledges “a growing public sentiment against genetically modified organisms (GMOs) used as ingredients in the nation's food supply.”¹ While last year a high profile referendum in California to introduce mandatory labelling was not successful, more than thirty states are reportedly considering GM food labelling laws at present.²

Alongside state regulation initiatives is the emergence of private standards. Already in 2011, New Zealand Trade and Enterprise reports that the “Non-GMO Verified” label was the fastest growing food eco-label in North America, enjoying retail sales of around US \$1 billion.³ In a move that may further open market opportunities for non-GM produce, Wholefoods announced its commitment to introduce labelling of any GM ingredients in food products it sells in its US and Canadian stores by 2018.⁴ For a company with approximately 340 stores across the US and sales of nearly US\$12

¹ Reuters. 2012. “U.S. GMO food labeling drive has biotech industry biting back.” April 25. <http://uk.reuters.com/article/2013/04/25/us-usa-gmo-labeling-idUKBRE93O18S20130425>

² Strom S. 2013. Food Politics Creates Rift in Panel on Labeling. *New York Times*, April 10. <http://www.nytimes.com/2013/04/11/business/a-dismissal-raises-questions-about-objectivity-on-food-policy.html>

³ New Zealand Trade and Enterprise, May 2012

⁴ <http://wholefoodsmarket.com/about-our-products/product-faq/gmos>

billion last year, that announcement is hugely significant. Indeed, although the labelling of products sold by Wholefoods is over 4 years away, its influence is already apparent.

The US non-GM certification company, Non-GMO Project has reported an exponential increase in business since the Wholefoods decision, and an increase in premiums for non-GM soy (now around US\$2 a bushel) and corn (as high as 75 cents).⁵ A major US canola handling facility is reporting a significant surge in demand for non-GM canola⁶ and food companies are reportedly starting to look to producers outside the US to secure non-GM supply for key ingredients.⁷

Meanwhile other natural food retailers - such as the Natural Products Association, which represents 1,900 food industry players - is calling for a national labeling scheme.⁸

Closer to home, the price differentials between GM and non-GM canola continue to make news in Australia. In Victoria, it is reported that that GM canola is selling for half the price due to limited demand⁹ while Australian non-GM growers are reportedly receiving up to \$40 a tonne more than GM growers.¹⁰

Reports that Australian farmers are turning away from GM canola are beginning to emerge.¹¹ Whether this is the start of a long-term, significant trend is not yet clear.

South Australia has confirmed to the Federal Government that it will maintain its moratorium on GM canola until 2019. In support of this, the SA Minister of Agriculture stated:

"South Australia's clean green food bowl gives us a competitive edge in the market. Our non-GM crops attract greater market prices and the exceptional quality of SA's food bowl is synonymous with the state. We will not be doing anything to jeopardise this."¹²

It is significant that market sensitivity remains strong for commodity crops. These are effectively the only GM crops being grown at a large scale, yet even these demonstrate how sharp the market resistance to GM food ingredients are.

⁵ Strom S. 2013. Seeking Food Ingredients That Aren't Gene-Altered. *New York Times*, http://www.nytimes.com/2013/05/27/business/food-companies-seeking-ingredients-that-arent-gene-altered.html?ref=business&_r=0

⁶ Pratt S. 2013. Non-GM canola oil demand has crusher scrambling. *Western Producer*, May 24. <http://www.producer.com/2013/05/non-gm-canola-oil-demand-has-crusher-scrambling/>

⁷ Ibid

⁸ Reuters. 2012. "U.S. GMO food labeling drive has biotech industry biting back." April 25. <http://uk.reuters.com/article/2013/04/25/us-usa-gmo-labeling-idUKBRE93O18S20130425> Keaton M. 2013. NPA Calls for National Standard on GMO Labeling. Nation's Largest Association for Natural Products Joins Growing Movement, March 19.

⁹ Poole L. 2013. Slow take-up of GM canola. *ABC*, May 16.

¹⁰ Gribbin C. 2013. Europe demanding more Australian non-GM canola. *ABC Rural News*, May 21.

¹¹ Poole L. 2013. Slow take-up of GM canola. *ABC*, May 16.

¹² *Hemphill P. 2012. SA won't 'jeopardise' state with GM crops. December 18.*

1.2 The Question of Choice

The Council may hear that Hawke's Bay farmers and food producers need choice and access to all available technologies, and that some farmers do not support the proposal to officially enshrine the district's GM Free food producer status.

This presupposes that GM is a technology of choice. It is not, for two reasons:

1. Due to its singularly negative profile in the market place, GM is not a technology that realistically allows for individual farmer or grower choice. Retailers and food processors in premium markets do not just reject GM food ingredients, they are highly sensitive to trace levels of GM content that can occur due to contamination of the supply chain. And it is widely recognised that contamination would be inevitable were GM cultivation to begin. For the foreseeable future, GM simply does not fall into the category of discreet on-farm decisions whose implications stay behind the farm gate.

A prime illustration of this market sensitivity is GM wheat. A decade ago, Monsanto was poised to seek approval to introduce GM wheat to North America. The reaction from key buyers of North American wheat was clear: if any GM wheat was grown anywhere in Canada, the Canadian Wheat Board was told, buyers would source wheat stocks from another country. Surveys by the Canadian Wheat Board, which represents 85,000 farmers, indicate that 82% of Canadian wheat buyers would reject GM wheat.¹³

Across the border, US Wheat Associates' surveys of Asian and European buyers gathered similar responses:

- Not one of the Association's Japanese, Chinese and Korean buyers would buy GM wheat.
- Japanese buyers were equally unanimous in their rejection of trace contamination in conventional wheat shipments, even if thresholds were legal.
- Only a third of Chinese buyers and a quarter of Korean buyers would tolerate trace contamination.¹⁴

As a result, Monsanto withdrew its application to commercialise the GM herbicide-resistant wheat.

This month, seven years after the company abandoned its commercialisation plans, the company's GM wheat resurfaced - Ready Roundup wheat plants were found growing on an Oregon farm, although they were not approved for commercial use. While it is not yet clear whether GM wheat is present in export consignments, the market response, particularly in Asia and Europe, has been swift and strong. Commodity prices have reportedly dropped¹⁵, and some imports of US wheat have been suspended and following the discovery. The European Union has notified the

¹³ Canadian Wheat Board. 2003. "Current State of Market Acceptance and Non-acceptance of GM Wheat".

¹⁴ US Wheat Associates. 2002. "GM Wheat Customer Acceptability Survey. Results from Asia".

¹⁵ Sedgman P and R Ruitenberg. 2013. Wheat Drops as Japan Suspends U.S. Imports on Modified Crops. *Bloomberg News*, May 30.

US that shipments will be blocked if traces of the GM wheat strain are found¹⁶ and a Japanese government official stated that Japan would immediately refrain from buying western white and feed.¹⁷

One farmer's decision to go GM costs all farmers

The decision by one producer to grow GM crops would introduce a cascade of costs on all food producers using that crop, and potentially beyond. In addition to the loss of the ability to claim regional GM Free food producer status and potential loss of markets due to the risk of contamination, GM cultivation would introduce a new type of compliance cost on producers of the same product. Compliance costs could also be imposed on other products exposed to contamination at multiple points in the supply chain (such as rotation cropping or at processing facilities handling different crops or ingredients).

Such costs would come in the form of:

- Cropping separation distances and other practices to prevent in field contamination of produce.
- A number of supply chain practices to avoid contamination beyond the farm gate, including transport, handling and processing.
- Routine testing and so-called “identity preservation” measures to demonstrate that, if possible, no GM was present.

2. Thus far, there have been no commercial GMOs relevant to Hawke's Bay or indeed New Zealand conditions. Given the timeframes required to bring a GMO to market, we think it highly unlikely that a commercial cultivar relevant to Hawke's Bay producers would be ready during the life of the district plan.

This is accepted by Federated Farmers: animal vaccines, GM grasses and possum control are the only GMOs the Federation has identified as *possible* candidates for commercialisation in the next ten years.¹⁸ Even then, of those identified, the GM grasses that are under development by the Pastoral Genomics consortium and AgResearch will not be commercially available within the next years. The most recent statement from Pastoral Genomics is that the first lines would not be ready until 2023 at the very earliest.¹⁹

To that extent, the proposal to formalise Hastings' GM Free food producer status does not require Council or food producers to choose now between GM Free and a particular offering. That decision lies beyond the proposed period.

¹⁶ Anon. 2013. EU to test U.S. wheat shipments, will block any with GMO strain. *Reuters*, May 30/ <http://thestar.com.my/news/story.asp?file=/2013/5/30/worldupdates/eu-to-test-us-wheat-shipments-will-block-any-with-gmo-strain>

¹⁷ Thukral N. 2013. US genetically modified wheat stokes fears, Japan cancels tender. *Reuters*, May 30.

¹⁸ William Rolleston. 2013. “Science and Agriculture.” Presentation to the Hawke's Bay Federated Farmers AGM.

¹⁹ Finnie S. 2012. Dilemma over GM pasture research. *Straight Furrow*, August 13.

Clearly, that does not present a case for doing nothing: telling the story and building a brand takes time and official GM Free status will provide a cast-iron guarantee and assure food producers and exporters a secure marketing claim.

The Council has created an option for review – by way of plan change – should a GMO come forward during the life of the plan. We believe this is a good way of keeping open to unforeseen developments, while not foregoing the clear advantages to the district’s food producers from enshrining our GM Free status in the field. Over the last decade, the message from GM developers has been that new GM traits, and more sophisticated GMOs are on their way, but these have not materialised. This is because market resistance to GM was not expected to entrench and spread as it has, and because it has proven much more difficult than anticipated to extend GM beyond herbicide- and pest-resistance.

Looking ahead, the real choices for Hawke’s Bay producers in terms of promising new plant cultivars that are well received in the market place are not likely to come from use of GM, but from non-GM plant breeding assisted by new genetic insights.

2. Definition

The draft District Plan currently uses only part of the definition of ‘release’ in the Intercouncil Working Party’s proposed district plan rules:

“... free of any restrictions other than those imposed in accordance with the Biosecurity Act 1993 or the Conservation Act 1987”²⁰

This definition does not include the footnote to the Northland wording which included conditional releases as defined under the HSNO Act of 1996.

Under the HSNO Act of 1996 there are two types of GMO releases:

- 1) *full release with no conditions* other than those imposed in accordance with the Biosecurity Act 1993 or the Conservation Act 1987; or
- 2) *conditional release* subject to conditions set out in s38A of the Hazardous Substances and New Organisms Act 1996.

We therefore recommend that the definition of “release” in the draft District Plan be amended to close the loophole and include wording to cover conditional releases through the addition of the text in 2) below:

“*Release* - to allow the organism to move within New Zealand

- 1) free of any restrictions other than those imposed in accordance with the Biosecurity Act 1993 or the Conservation Act 1987; **or**
- 2) **subject to conditions set out in s38A of the Hazardous Substances and New Organisms Act 1996.**”

²⁰ Auckland Council, Far North District Council, Kaipara District Council and Whangarei District Council. Draft Proposed Plan Change to the District/Unitary Plan. Managing Risks Associated with the Outdoor Use of Genetically Modified Organisms, p. 22.

This will ensure that the provisions meet the Council's stated intent of prohibiting GM releases in the district.

3. Field trials

The Council is proposing to make field trial a discretionary activity. We do not believe that this will provide sufficient protection for our producers for two reasons:

1. The number of breaches of field trial conditions. Some of these were not identified by the agencies charged with monitoring and enforcing containment conditions set by the regulator.
2. The scale of field trials. The most recent field trial approval was awarded to crown research institute Scion, and could involve as many as 3,000 trees.

Fonterra is fully aware of the risk that field trials pose, and while a primary funder of Pastoral Genomics GM grass R+D, Fonterra has opposed moving into the field. The cooperative's reasons are several, including overseas consumers' perceptions of New Zealand dairy farming and lack of confidence in containment systems:

There is not sufficient acceptance for the use of GM technology in New Zealand or by some of our customers in key markets to warrant our support of its introduction at the moment. Customers view New Zealand dairy as GM Free and the introduction of GM pasture would have a significant impact for some customers and New Zealand's reputation. [...]

Fonterra does not support field trials of GMOs in New Zealand at this time and would only support such trials if we can be convinced that this would not be perceived as a release; containment could be assessed; and that doing so would not be counter to the needs and desires of customers, consumers and key stakeholders. At this time we do not have the confidence that such criteria can be met.²¹

The Northland reports have proposed requirement of bonds by councils as a complement to the conditions set by the EPA. These would ensure that sufficient funds were available to assist in clean up, should there be a breach.

While in principle, requiring bonds would go some way to closing the liability gap in national regulation, its efficacy would rest upon Council setting bond levels high enough to ensure that they would indeed be able to meet the costs to the local economy should there be a breach of condition.

For these reasons, Pure Hawke's Bay believes that GM field trials should also be a prohibited activity under the district plan.

²¹ Fonterra. 2012. Statement prepared for Radio New Zealand programme, The Future of Genetic Modification in New Zealand. December 9 2012.