

## Submission to Tasmanian inquiry into the GMO moratorium – marketing

Ref: <https://dpiwwe.tas.gov.au/agriculture/2018-review-of-tasmanias-gmo-moratorium>

Email to: GMOMoratoriumReview@dpiwwe.tas.gov.au

Date: April 26, 2019

### **Recommendation:** Extend the GM moratorium in Tasmania indefinitely

Commercial environmental release of genetically modified organisms (GMOs) introduces contamination risks, segregation costs, price penalties, increased input costs, and added legislative work that needs to be done to protect and compensate for inevitable GM contamination and loss of markets.

I submit the following evidence:

1. Tasmania does not need GM. Production is increasing year on year without GM:  
<https://www.abc.net.au/news/rural/2015-07-02/tas-ag-policy/6592838>
2. GM Failure to Yield:  
[https://www.ucsusa.org/sites/default/files/legacy/assets/documents/food\\_and\\_agriculture/failure-to-yield.pdf](https://www.ucsusa.org/sites/default/files/legacy/assets/documents/food_and_agriculture/failure-to-yield.pdf)
3. Community attitudes increasingly distrustful:  
[http://www.ogtr.gov.au/internet/ogtr/publishing.nsf/Content/327437B632158967CA257D70008360B1/\\$File/FINAL%20Report%20-%202017%20Community%20Attitudes%20to%20Gene%20Technology%20261017.docx](http://www.ogtr.gov.au/internet/ogtr/publishing.nsf/Content/327437B632158967CA257D70008360B1/$File/FINAL%20Report%20-%202017%20Community%20Attitudes%20to%20Gene%20Technology%20261017.docx)
4. Compensation legislation is needed together with mandatory guidelines to mitigate GM contamination risk, and avoid the multi-million dollar lawsuits. Countries are hostile to GM to varying degrees, so why throwaway the advantage of GM-free?

See evidence from Denmark & Austria:

[http://www.parliament.wa.gov.au/Parliament/commit.nsf/\(EvidenceOnly\)/CA81A38C140AF895482581EE0081A3CC?opendocument](http://www.parliament.wa.gov.au/Parliament/commit.nsf/(EvidenceOnly)/CA81A38C140AF895482581EE0081A3CC?opendocument)

5. Insurance is not possible. GM contamination is a certainty so poor business for any insurance company. See evidence in WA Parliamentary enquiry into compensation for GM contamination:  
[http://www.parliament.wa.gov.au/Parliament/commit.nsf/\(EvidenceOnly\)/CA81A38C140AF895482581EE0081A3CC?opendocument](http://www.parliament.wa.gov.au/Parliament/commit.nsf/(EvidenceOnly)/CA81A38C140AF895482581EE0081A3CC?opendocument)
6. Tribute to Polly Higgins and the drafting of Ecocide legislation:  
Businesses should be liable for the harm they do. Lawyer Polly Higgins advocated that Ecocide, like genocide, is an international crime against humanity and should be prosecuted as such. Ecocide law aligns with the higher moral law “**first do no harm**”.  
<https://www.theguardian.com/commentisfree/2019/mar/28/destruction-earth-crime-polly-higgins-ecocide-george-monbiot>

7. GM free status is valuable. **GM canola** seriously and persistently discounted \$25-\$85/tonne, while **GM-free corn** with an industry-imposed GM moratorium in Australia attracts a premium of over \$100/tonne:  
<https://www.abc.net.au/news/rural/2015-03-18/australian-corn-maize-production-better-than-expected/6328468>
8. "TasmanianGrown" brand marketing will need to change to remove GM-free status:  
<https://www.brandtasmania.com/agriculture/>  
<https://geneticliteracyproject.org/2019/03/25/divided-agriculture-sector-spars-over-gmos-as-tasmania-mulls-lifting-biotech-crop-ban/>
9. GM canola contamination – GM plants are still being found in Tasmania years after the trials ceased in 2000. Evidence given in the Marsh v Baxter case in the WA Supreme Court:  
<https://www.supremecourt.wa.gov.au/files/Exhibit%2012%20-%20Witness%20Statement%20of%20Andrew%20Bishop.pdf>
10. China: public cautious  
<https://www.nature.com/articles/s41538-018-0018-4>
11. Vietnam banned glyphosate which goes hand in hand with GM (RR) crops:  
<https://www.abc.net.au/news/rural/2019-04-12/vietnam-glyphosate-ban/10996480>
12. Taiwan ban as GM processes are geared for animals not humans:  
<https://www.globalresearch.ca/taiwan-bans-gmos-from-school-lunches-mandates-gmo-labeling-throws-down-gauntlet-on-toxic-foods-from-usa-and-monsanto/5500793>
13. GM alfalfa risky:  
<https://www.producer.com/2017/07/ag-groups-demand-end-to-gm-alfalfa-approval/>
14. GM non-browning apple puts a major crop of "theApple Isle" at risk. The domestic market is wary of the newly bred-Bravo apple in WA unless clearly marketed as non-GMO.
15. GM cotton – 'big irrigators' have killed the Murray-Darling and encroached further south from Queensland into NSW replacing longtime wine and food crops with largely non-food GM cotton.
16. GM rice - fails to yield
17. GM soy – pervasive in food and consumers increasingly avoid it
18. Labelling: Australia – GMOs are still not labelled on the supermarket shelf. Why not?  
<https://www.choice.com.au/food-and-drink/food-warnings-and-safety/food-safety/articles/are-you-eating-gm-food>
19. Russia ban:  
<https://www.collective-evolution.com/2014/04/08/10-scientific-studies-proving-gmos-can-be-harmful-to-human-health/>
20. Japan embargo on US wheat import after GM contamination:  
<https://globalnews.ca/news/4276990/japan-canadian-wheat-gmo-ban/>

21. GM salmon – big risk to Tasmanian fisheries:

<https://www.cbc.ca/news/canada/prince-edward-island/pei-gmo-salmon-federal-risk-assessment-1.4931825>

22. GM trees – a risk to Tasmanian Ag & environs – a climate change risk:

<https://www.greenamerica.org/blog/genetically-engineered-trees-new-frontier-or-climate-catastrophe>

23. GM potatoes: not labelled as processed & packaged

24. Africa opposition

<https://m.dw.com/en/feeding-east-africa-locals-skeptical-of-gm-crops/a-42385062>

25. GM canola. Built on Half-truths so no social license from consumers. Seriously discounted & even the promise of health benefits of omega-3 algae-canolafailasit’s eitherfishfoodora capsule, not labelled GM but only omega-3, and not labelled as a product of chemical company Nufarm (see Attachment 1).

<https://www.farmweekly.com.au/story/5658281/social-licence-still-a-gm-canola-issue/>

26. Industrial GM relies on big monocultures & big chemical spraying hence big water demand (see Attachment 2). More reason for consumer rejection.

**YOURMONEY** Monday, April 22, 2019  
The West Australian

# PORTFOLIOMATTERS

with **MO**

**Nufarm sows seeds for greater growth**

**STOCKINFOCUS**

Nufarm is a major producer of crop protection products such as herbicides, fungicides and pesticides, selling into all major world markets. In the Australian market, it is first or second in each of its core products.

At \$5. Nufarm shares screen as materially undervalued. Australian drought and teething issues with recent \$75 million European acquisitions fuel fears of an equity raising. Lawsuits against glyphosate manufacturer Bayer haven't helped sentiment. We think working capital fears are overdone and expect issues to substantially unwind in the second half of this year in the main planting season.

Our \$7 fair value estimate posits Nufarm eking out respectable 4.7 per cent five-year revenue compound annual growth rate to 2023 and that is despite the best growth years for the industry likely being behind.

We project only inflation-like 2.5 per cent revenue Compound Annual Growth Rate going forward, with the benefit of population growth and rising income levels to be substantially offset by technological innovation continuing to drive real crop protection pricing lower.

But we think Nufarm can continue to achieve considerably better, including from its seeds business with innovative omega-3 canola, in addition to capturing first real revenue accretion from fortuitous European acquisitions. The market is underestimating the top-line growth rate, providing an opportunity to invest in a cyclical but solid business at a margin of safety.

A key question then becomes: Is the necessary and evident increase in crop yield per hectare a net supportive or detractive force for Nufarm's crop protection businesses?

We find despite, and perhaps in part because of, acreage constraints, technical innovation has driven the real unit price of crop protection lower for decades.

On balance, we think the long-run fundamentals are enough to support 2.5 per cent nominal revenue CAGR for the crop protection industry overall.

**Nufarm NUF | \$494**  
Small Cap | Agricultural Inputs  
\*As of Thursday's close

**Morningstar rating for stocks ★★★★★**

**Morningstar Investment Ratings**

Analyst: Mark Taylor  
Fair Value (\$): 7.00  
Price/Fair Value: 0.71  
Moat Rating: None  
Uncertainty Rating: High  
Stewardship: Standard

**Snapshot**

Market Cap (\$m): 1374  
Avg. Share Turnover (%): 197.9  
Net Debt/Capital: 411  
52 Week Hi/Low (\$): 9.45/4.15  
Total Return - 1 year: 41.4  
Total Return - 5 year (p-a): 6.9  
Ex Dividend: 04 Oct 2018  
Payable: 02 Nov 2018

— NUF — S&P ASX 200

	09/15	09/16	09/17	09/18	09/19
Revenue (\$m)	2791.2	3111.1	3307.9	3551.1	3758.2
NPAT (\$m)	108.9	136.4	98.0	128.5	231.7
EPS (\$)	35.1	44.8	26.4	34.6	54.4
EPS % Chg	-7.2	27.9	-41.2	31.2	57.4
P/E	20.6	19.5	32.1	14.3	9.1
ROE (%)	17	7.3	-0.9	5.8	9.5
OPB (\$)	11.0	13.0	11.0	8.0	16.0
Franchising (%)	0.0	0.0	0.0	0.0	0.0
Div Yield (%)	1.5	1.5	1.3	1.6	3.3
Gross Yield (%)	1.5	1.5	1.3	1.6	3.3

Attachment 1: West Australian April 22, 2019



Attachment 2: Countryman March-April 2019

Shirley Collins

Second emailed received Fri 26/04/2019 4:47 PM

Further to my earlier email, if the GM moratorium is lifted:

1. Please be aware that the island of Tasmania will be a sitting duck like Hawaii to become a test bed for chemical GM companies:

<https://www.outsideonline.com/2151976/ongoing-hawaiian-battle-shows-real-gmo-problem>

2. With ANZAC Day yesterday and poppies for remembrance, it is poignant to think what GM poppies might do to destroy Tasmania's respected and respectful reputation for growing poppies.

3. Why would we in mainland Australian states want Tasmanian grown produce or Tasmanian honey if there's now a risk of GM contamination? If we buy our own local non-GM, we can trace the goods back to the farmer, talk to the farmer, visit his/her farm to assure us of GM-free status. If "Tasmanian grown", we cannot do that so we'll lose trust in the brand and Tasmania will lose its clear market advantage of GM-free status.

Yours sincerely,  
Shirley Collins