



Greenham Tasmania Pty Ltd

ACN 099 121 301
ABN 61 099 121 301

www.greenham.com.au



GMO MORATORIUM REVIEW SUBMISSION 2019

Submission prepared by Peter Greenham
Managing Director, Greenham Tasmania Pty Ltd, April 2019

Head Office:
222 Lorimer Street
Port Melbourne Vic 3207
Australia
Tel: (03) 9644 6500
Fax: (03) 9681 8034

Postal Address:
PO Box 1118
South Melbourne
Vic 3205

Smithton Plant:
Bacon Factory Road
Smithton Tas 7330
Tel: (03) 6452 2701
Fax: (03) 6452 1479

Smithton Postal Address:
PO Box 452
Smithton Tas 7330

Introduction

In our submission to the 2013 GMO Moratorium Review we discussed the progress we have made since 2001 in establishing Tasmanian beef as a niche and premium product both domestically and export markets.

Since then, our 'natural beef program' - the Greenham Never Ever Program - has grown to include over 1,800 producers across Tasmania, King Island and Flinders Island whom are all third-party audited to certify that the following principles are upheld:

- ✓ 100% Grass-Fed & Finished
- ✓ No Added Hormones
- ✓ No Antibiotics Ever
- ✓ **Free from Genetically Modified Organisms (non-GMO project certified)**
- ✓ Certified Humane

The beef procured from Never Ever producers is not only being sold to steak houses and restaurants (approx. 10% of the carcass). In fact, we now count major domestic and international retailers, food service distributors and processors as key partners for selling the entire beef carcass under the Never Ever program and Non-GMO banner.

In 2014, Cape Grim Beef was the FIRST Australian brand to be certified to use the Non-GMO Project label on beef exported to the USA. There are now over 14,200 registered retailers of non-GMO products across the USA in a sign that mature markets are widely adopting these schemes according to rising consumer demand.

Tasmania's GMO free status is integral to our sales & marketing efforts and our capacity to support growth and returns to producers. We strongly urge that the moratorium is maintained.

Greenham background

Greenham Tasmania Pty Ltd was established in 2002 as an associated company of HW Greenham & Sons Pty Ltd. The parent company purchased the failed Blue Ribbon Meat Works in Smithton, north western Tasmania and refurbished the plant to international export standards.

Today the company is the biggest employer in the area with more than 230 staff and supplying high quality beef products to domestic and exports markets for butchers, food service and retail. Greenham Tasmania processes more than 2,500 head every week and sells its prime boxed beef under the Cape Grim Beef (Tasmanian Cattle only), Pure Black Angus, Bass Strait Beef and Vintage Beef Co. brands.

All brands are underpinned by the third-party audited Greenham Never Natural beef program, focusing on both supplying fully traceable beef to end-users and also delivering premiums to suppliers that meet program specifications.

The decision to invest in Tasmania was driven by the availability of superior cattle, the state's unique clean & green image and the potential to create a differentiated product. The company has built strong relationships with Tasmanian beef producers that are fundamental to the success of our Cape Grim Beef and associated brand programs.

Cape Grim Beef is now widely recognised as THE best premium grass fed beef brand in Australia if not the world. It is found on the menus of the nation's leading restaurants and also enjoys a very strong following in more than twenty five international markets.

Greenham Tasmania is also acknowledged as THE largest exporter of any goods to the high volume and high value USA market.

In addressing the key questions:

1. What products do you sell in domestic or international markets as 'Tasmanian' and/or 'GMO-free'?

A> Greenham Tasmania sells 100% of its processed beef as 'Tasmanian' whilst the GMO free portion of this (under our Never Ever program) constitutes 75% of our total output. This equates to almost 24,000mt per annum.

2. What market opportunities have you gained as a result of Tasmania's GMO moratorium?

A> Our key opportunities have developed primarily in the high value USA market. We now have three major customers worth a combined total \$60-80M who actively buy Non-GMO project certified beef from the Smithton operation. These customers represent significant volume and value to our business for the premium they are willing to pay for GMO free meat. They also use the Non-GMO product labelling on their consumer packaging.

3. If Tasmania's GMO moratorium was to expire what would be the impact on your business?

A> As noted, the approximate gross value to the business is in the order of \$60-80M which would be diminished significantly when our product is competing with other countries' (ie, New Zealand) Non-GMO beef products or sold on the commodity market.

4. If genetically modified crops were grown commercially in Tasmania would this impact on your business and markets? If so, in what way?

A> It would become increasingly problematic for Non-GMO beef producers to operate alongside enterprises that use GMO crops. Separation protocols would need to be enacted and there is potential for farms to be excluded from our supply chain. In general, we believe growing GM crops will diminish the overall 'natural' claim and provenance story that Tasmania currently enjoys and profits from.

5. Can you provide evidence of the financial benefits or costs to your business as a result of the current moratorium? For example: effects on yield, price premiums or input costs.

A> We can command a substantial premium for Non-GMO beef products which is reflected by the cattle prices enjoyed by producers of an additional approx. \$125 per animal over and above conventional cattle prices.

Marketing, Claims & Customer Testimonials

Our marketing of Tasmanian beef has been intense and sustained. We have used many channels to establish its superiority, safety, consistency and unique positioning amongst our competitors.

In telling the Tasmanian beef story we constantly refer to a range of claims such as:

- Tasmania's GMO free status
- Tasmania's ban on hormone growth promotants (HGPs)
- The highest animal welfare standards – Certified Humane
- Rich soils and clean water that are a feature of the Tasmanian environment
- The predominantly multi-generational family structures of Tasmanian beef farms as opposed to corporate enterprises
- Tasmania's wonderful pastures referred to 'as some of the world's best grazing lands'

We have invested heavily in producing a large range of digital and printed promotional materials and videos for both our supply chain programs and our four consumer facing brands. All of the brands, Cape Grim Beef, Bass Strait Beef, Pure Black Beef and Vintage Beef Co. are underpinned by the Never Ever Program and its major plank of Non-GMO. In all these materials we use Tasmania's GMO free status as a point of difference.

The Tasmanian story produces benefits that flow far beyond the beef industry. We frequently host visits by both Australian and international meat and food industry figures and they invariably comment about Tasmania's unique capacity to produce a wide range of superior food products.

As we stated in our last submission, and emphasise strongly again, Tasmania's GMO free status is a major reason why many of our customers are so enthusiastic about our natural grass fed beef, and why they are prepared to pay a premium for it.

Specifically it is striking a chord with USA consumers who find it very difficult to buy GMO free beef because of the prevalence of genetically modified organisms in US agriculture. This program could not survive in its present form if we could no longer claim that Tasmania is GMO free.

As an example, Ethan Chutkow, Operations Director of Teton Waters Ranch – Manufacturers of a range of premium, grass fed and Non-GMO sausages and burgers states:

‘Non-GMO designation is a lynchpin issue for our customers and the end consumers of our products. We now have retailers in the US that require non-GMO for products like ours. In many industries, organic is the gold-standard designation, but in beef the combination of grass-fed and non-GMO is more powerful with the consumer than organic.

On many surveys we conduct, non-GMO ranks among the top three priorities for consumers. Animal welfare is always at the top of the list, followed by a combination of grass-fed, no antibiotics, and Non-GMO.

If we could not purchase Non-GMO product sourced from Greenham, we would lose retail distribution throughout our markets. The effect could be devastating for our business and our brand.’

In addition, Rashid Ali, Co-Founder & COO at Chomps – The leading ‘better-for-you snacks’ brand and one of the fastest-growing in the USA, says:

‘Chomps has raised the bar for taste, quality standards and consumer loyalty in meat snacks, a \$2.5 billion category that enjoys strong sales growth consumers today can find Chomps in leading natural food stores, mainstream groceries and convenience stores across the USA.

At Chomps, we’re redefining a food category, the art of good snacking and supporting the movement toward healthier food options. We proudly call out the Non-GMO project on our consumer packaging and the certification is one of the main reasons we enjoy a rising demand for our products. If we could not source Non-GMO material from Greenham, it would have a considerable impact on our business and plans for future growth. We would strongly encourage the government to maintain the moratorium. It is a unique point of difference for all of Tasmania’s natural food products.’

Domestic and international meat wholesalers, retailers, restaurateurs and consumers have also strongly embraced the unique qualities of the Tasmanian environment and the food it produces.

‘As the exclusive agent for Cape Grim Beef and Greenham Natural Beef in Hong Kong, Singapore, Cambodia, Thailand, Phillipines and Myanmar, our customers and their end users (Hotels and Restaurants and High End Retail) have come to trust Tasmanian beef products as natural, clean and consistent. The provenance of food is becoming increasingly important to retail and restaurant customers alike and the ban on GMOs retains the identity of

Tasmania being a leader in reliable and safe food production. Without it, our customers will certainly look elsewhere for beef products.'

White Stripe Foods, Sydney, NSW

Furthermore, Tasmanian brand, KOOEE! Snacks is a great proponent of the Non-GMO story. Director and Co-Founder Andy Fist is emphatic:

'We make a premium beef jerky which is sold nationally, and exclusively use Greenham Tasmania beef. Non-GMO is specified as an essential attribute of the meat in our supplier agreement. We sell to consumers who are very stringent about what they eat, and the "Non-GMO" claim resonates strongly with them. The Australian market is becoming more aware about GMO and antibiotics in meat, and we expect this to become more and more important in the years to come. The view is supported by the evolution of the American market.

Anecdotally we often get comments at farmers markets and promotion events about the importance of being Non-GMO. Some consumers consider this to be a sign of food safety, whereas others consider it consistent with a quality product that has been raised ethically. We sell our product in health food stores, and many consumers shopping in this channel would see genetically modified meat being an absolute deal breaker.

Any downgrade in the perceived quality of Greenham Tasmania meat would cause complications for KOOEE! and reduce our ability to differentiate ourselves from cheaper offerings made interstate. We would have to replace all our packaging, which would be a significant cost and certainly cause interruptions to supply.'

Supply Chain Considerations

Our 1800+ Tasmanian beef producers now receive prices that are at various times .20-.45 cents per kilogram above mainland levels. When we commenced production in 2002, they were receiving a discount approximately equivalent to the cost of Bass Strait freight.

We believe - and strongly assert - that this improvement has been largely driven by our marketing efforts and the premiums that we pay to producers for cattle that qualify for our Never Ever, GAP and Aleph Natural Beef programs. It has had the effect of driving up the whole market. The extra margins and returns our suppliers enjoy would be in jeopardy if our marketing efforts were eroded by the lifting of the GMO Moratorium.

Employment and local investment

In the last five years we have invested several million dollars upgrading our plant and machinery with preference given to local contractors and suppliers wherever possible. More recently, we have invested in upgrading the port facilities at Stanley. This has reduced shipping costs for our King Island farmer suppliers and led to improved grading results which give them better returns for their Never Ever program cattle. It is important to note that these investment decisions would not have been made unless we were achieving increasing sales volumes and better prices. Tasmania's GMO free status has been a major factor in our success and therefore a major driver of these investments. The plant provides consistent employment for over 230 Tasmanians and the company is a supporter of numerous sport and community organisations every year.

Summary

Ultimately, our stance is that there is more to lose than to gain by lifting the Moratorium

- Tasmania's reputation as a clean, green state is growing by the year. We know this from first-hand experience. Why risk this extraordinarily valuable reputation by removing one of the important planks on which it has been built?
- There is a groundswell of support around the world from consumers to have more trust and understanding about the source of their food. We now have major customers who rely on our Non-GMO status and 'free from GMO material' in maintaining and growing their businesses. Any change to this will create significant issues for our company and theirs.
- We are a comparatively small producer and will never be able to compete in the high volume commodity sphere. Niche and premium is the only avenue to good returns.
- It is Tasmania's GMO and HGP free status that underpins our capacity to obtain a premium pricing for Tasmanian beef. These premiums flow back to 1,800+ farmers, greatly improving their profitability. Our ability to achieve premium prices for Tasmanian beef by highlighting its GMO free status has lifted the whole cattle market in this state. Removal of that status would risk seeing Tasmanian cattle prices returned to their former discount level.
- Our Never Ever, GAP and Aleph Natural Beef marketing programs, in which we have invested heavily, are built upon Tasmania's GMO free status. If it were to be removed there is every likelihood of these programs would

collapse or greatly diminish. The effect would be felt across the whole industry and the premiums we can achieve will be reduced.

We strongly urge the review to maintain the Moratorium on genetically modified organisms. It provides Tasmania with a unique advantage and many flow-on benefits that are too valuable to risk.

Peter Greenham
Managing Director, Greenham Tasmania

Appendix

Links and Visual references

- a) <https://www.capegrimbeef.com.au/video.html>
- b) Example of on-pack statement on Non-GMO

7. NON-GMO PROJECT VERIFIED

Greenham can source and process cattle that fulfils the obligations of one of the strictest Non-GMO protocols in the world based in the USA.

Beef exported to the USA under the Non-GMO Project Verified label is underpinned by the requirements of the Non-GMO Project Verified licensing agreement.

Operation Type: Handler
Certification Number: C0217613-NGMOHNG-2
First Certified Date: 22 September 2014

For a current web listing of NON-GMO Project Verified products, please visit:
nongmoproject.org/find-non-gmo/search-participating-products/



c) Non-GMO Project Certification



Certificate of Compliance
NSF/Non-GMO Project Verification

Number: C0217613-
NGMOHNG-1

<i>Primary Participant</i>	Greenham Tasmania Pty Ltd Bacon Factory Road Smithton Tasmania 7330 Australia
<i>Type Of Operation</i>	Handler (Non GMO Project)
<i>Location Inspected</i>	Greenham Tasmania Pty Ltd Bacon Factory Road Smithton Tasmania 7330 Australia
<i>Effective Date</i>	22-Sep-2014
<i>Verified Products</i>	http://www.nongmoproject.org/find-non-gmo/search-participating-products/

Signed on behalf of NSF International

A handwritten signature in black ink that reads 'Nancy Knight'.

22-Sep-2014

NSF International
9191 Towne Centre Drive, Suite 200, San Diego, California 92122, USA
Tel: (858) 792-3531 • Fax: (858) 792-8665
nongmo@nsf.org

d) Tasmanian Government Cert including Non-GMO claim



CERTIFICATE OF ASSURANCE

Quality

Greenham Tasmania

Establishment No. 716

Greenham NEVER EVER Beef Program

*This is to acknowledge that management systems,
audited by – AUSTRALIAN CERTIFIED ORGANIC
are in place for **Greenham Tasmania Pty Ltd**
to ensure that:*

- *Cattle are 100% Grass-Fed;*
- *Cattle are free of hormone growth promotants (HGPs);*
- *Cattle have never been administered antibiotics throughout the animal's entire life;*
- *Cattle are Free-Range – Never confined to a feedlot;*
- *Cattle have never consumed Genetically Modified (GM) materials;*
- *Animals in the program are raised in accordance with the guidelines of the Certified Humane standard; and*
- *Meat from the program is Meat Standards Australia (MSA) graded.*

A handwritten signature in black ink, appearing to read "Will Hodgman".

WILL HODGMAN MP
PREMIER OF TASMANIA
Valid to August 2019

e) Cape Grim Claims on marketing material



CAPE GRIM BEEF TICKS THE BOXES

- 

Tasmania is world-renowned for its rugged wilderness and pristine beauty. Cape Grim, in the far north west, consistently records the cleanest air in the world.


- 

Certified Humane is the leading certification organization dedicated to improving the lives of farm animals by driving consumer demand for kinder and more responsible farm animal practices.


- 

Our program and producers have been audited by the Global Animal Partnership. Cattle sourced for the Cape Grim Beef Program achieves a Level 4 (top = 5+) rating.


- 

Cape Grim Beef was the first Australian food brand to be certified by the NONGMO Project protocol. There is an ongoing moratorium and statewide ban on GM materials entering Tasmania.


- 

Eating Quality Assured for tenderness, juiciness and flavor. The MSA beef grading program was developed to predict the eating quality of beef.



<http://processverified.usda.gov/>
- 

Raised on rich pastures with nothing else added, Cape Grim Beef is hand-selected and rigorously graded. It delivers consistent quality eating throughout the year.



100% GRASS FED • FREE RANGE

NO ANTIBIOTICS EVER • NO ADDED HORMONES

Follow us  /CapeGrim  #capegrim @capegrimbeef_usa 

www.capegrimbeef.com

f) Teton Waters - On Pack Claim of Non-GMO Project



g) Applegate Organics - On Pack Claim of Non-GMO Project



h) Chomps - On Pack Claim of Non-GMO Project



i) KOEEE! Snacks - On Pack Call out of Non-GMO





April 18, 2019

Mr. Peter Greenham
Managing Director
HW Greenham & Sons Pty, Ltd.
(Delivered electronically)

Dear Peter,

Thank you for the opportunity to comment on the importance of the State of Tasmania's moratorium on the use of genetically modified organisms as it comes up for debate in November.

The non-GMO designation is an integral part of the Applegate brand promise and mission to change the meat we eat. As the leading natural and organic meat brand in the United States, sourcing non-GMO animal agriculture products is critical to remaining relevant in the growing natural and organic food channel.

In 2016 our company committed to pursuing third-party certification for non-GMO designation, and when our beef supply earned the Non-GMO Project Verification seal, Applegate conducted a robust marketing campaign to publicize it.

While we cannot share consumer data on the importance of the non-GMO claim, anecdotally, it is one of the top questions we receive from consumers on our social media channels (we have more than 1.3 million Facebook fans).

If we were not able to source non-GMO certified raw material from Greenham, it would be detrimental to Applegate's business and reputation. We'd have to change packaging on several product skus, revise marketing materials, etc. But more importantly, we would possibly lose distribution with key retail partners in the natural and organic grocery channel and denigrate the trust we've built with our consumers.

We appreciate your partnership and are grateful for your efforts to extend the GMO Moratorium. If you have any further questions regarding this issue, please don't hesitate to contact me.

Sincerely,

Nicole Glenn
VP of Marketing and R&D, Applegate
Nicole.Glenn@applegate.com