

**STANDING COMMITTEE ON
ENVIRONMENT AND PUBLIC AFFAIRS**

**GENE TECHNOLOGY BILL 2001 AND
GENE TECHNOLOGY AMENDMENT BILL 2001**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
FRIDAY, 22 NOVEMBER 2002**

SECOND SESSION

Members

**Hon Christine Sharp (Chairman)
Hon Kate Doust (Deputy Chairman)
Hon Jim Scott
Hon Louise Pratt
Hon Frank Hough
Hon Robyn McSweeney
Hon Bruce Donaldson**

[11.15 am]

KAILIS, MR GEORGE
Director, ZOI Pty Ltd,
examined:

The CHAIRMAN: Good morning, and welcome to the hearing. You have signed a document entitled "Information for Witnesses". Have you read and did you understand that document?

Mr Kailis: Yes.

The CHAIRMAN: These proceedings are being reported by Hansard. Please make sure you use the microphone effectively; and if you quote any documentation, please give the full name of the documents so that they can be tracked. You will be provided with a copy of your transcript for finalisation. Once the transcript has been finalised, it will go on the public record. However, if you wish, you can request this morning to provide certain information to the committee confidentially, and the committee will then consider your request for a closed session. In the meantime, until you receive your transcript for finalisation it is recommended that you do not publish any of that information prematurely, because until it has been finalised, it is not covered by the protection of parliamentary privilege. Would you like to make an opening statement or presentation to the committee?

Mr Kailis: Thank you for the opportunity to make a presentation; it is very kind of you. I have sent you four submissions by e-mail - much to the consternation of Mark Warner - comprising about 150 pages. I have also today given you another set of documents that is basically a summary of what I will be stating today, with attachments. I will refer to the four submissions, and I will also work through the agenda that I have here today. My capacity to appear before the committee is stated in the submission. My business history has been submitted previously in submissions Nos 1 and 2, and it is restated here. I should add as another part of my curriculum vitae that my family currently has an investment in a \$30 million olive grove plantation in Donnybrook that is perhaps Australia's largest organic plantation. We are substantially committed financially, not just morally, to the position of no GMOs, and organic. We also have two other farms, a beef farm in Northcliffe and a 650-acre wine and avocado farm in Baldivis, both of which have significant export markets.

Item one of my submission on page 2 of today's documentation is an update to submission No 1, which is the Japanese Consumer Union information. I do not want you to get too confused, so I will take you through it. It is the only Japanese document that you have. It looks much better in colour, but basically it shows karri trees, koala bears and forest devastation, which was recently a big issue in the Japanese parliamentary elections. I should say a bit more about the Japanese Consumer Union et al, because my submission does not say too much. The Japanese Consumer Union et al has a paying membership of approximately 30 million consumers and is the largest consumer union in the world. The JCU has asked Australian farmers not to plant GMOs, because even though the Government is accepting GMOs into Japan, for whatever trade reasons, the consumers do not want it. The JCU is a significant political lobby group. Therefore, when we are speaking about exports to Japan and the subject of markets under the Gene Technology Bill 2001, we are talking about markets that are significantly affected by this large group. That is, therefore, a worthwhile point to bring up. In this forest brochure, the JCU is supporting the removal of the woodchip industry, which is destroying Western Australia's karri forests and other forests; and the JCU has gone to some substantial trouble, including many meetings with groups from Western Australia, to that end. I am speaking as a businessman who is interested in the markets overseas for non-GMO and organic produce, and I am saying that these people are dangerous to our markets. I

am not saying they are good or bad; I am just saying they are dangerous to our markets. That document that I submitted today is very important.

I next want to mention the somewhat humorous bumper sticker that is attached to my submission today. It has a skull and crossbones on the "O" and states "Say No to GMO". That bumper sticker campaign, which has just started in Western Australia and is being run by the Conservation Council of Western Australia, is the beginning of a whole wave of consumer activism that is starting in Western Australia that implies that local markets may not be supporting GMO. The surveys that have been done show that between 60 and 90 per cent of people surveyed in Australia and overseas reject GMOs for their personal consumption. That 60 or 90 per cent figure depends on who is paying for the survey and the bias that is in the survey, but it is never less than 60 per cent. That is also submitted today as evidence of increasing Western Australian consumer activism.

Another brochure that is attached to the submission is entitled "Genetic Engineering: an introduction". It is from an organisation known as GE-Free WA and comprises four pages. It has an article by David Suzuki on the front page. That is from a local group that is again moving into consumer activism against GMOs in Western Australia. The fourth item is the Greenpeace "No GMO" campaign. Greenpeace, both national and international, has given you a bunch of publications, which takes up a lot of your photocopied material in the submission. That indicates a significant budget and significant professionalism in presenting the argument to consumers for no GMO consumption. Greenpeace, the Japanese Consumer Union, the GE-Free WA and the bumper sticker from the Conservation Council seem to be clearly an advent of the past three to six months of significantly increased consumer activism.

As a person marketing non-GMO food overseas and in Australia, I am very concerned that once again this is a danger to markets. It is a market-based argument. It is significant that groups like Greenpeace have full-time professional people and collect a significant amount of money. The international brochure of its financial position shows that it collected about \$A150 million last year for its campaign internationally. That is significant.

The fifth item in the submission concerns the Rockingham local government authority and gives an example of a local resident by the name of Trevor Anton who telephoned me two days ago to say he had collected 300 signatures in seven days to promote a GE-free zone in the Rockingham local government authority, and he is working with the City of Fremantle to finalise his position. Consumer activism is on the move both internationally and in Western Australia, and to ignore safety and health issues is a market issue for businessmen like me.

The second item in my submission is an update on Sainsbury et al. My submission regarding Sainsbury indicates that probably the business retail consortium in the world has got together and has said it does not want this stuff because its consumers are not happy with it. The submission contains a lot of documentation to show how Sainsbury has made a business decision to proceed to a non-GMO status, including certification and testing. That has spread throughout the European Community. There has been a lot of discussion about the EC and its position on non-GMO.

Submission No 2 also deals with Doug Shears, who is probably one of Australia's wealthiest business people. He was the owner of Uncle Toby's, and he now owns the Berri Limited fruit juice company, which is currently estimated to have a worth of \$A4 billion.

[11.30 am]

He sold Uncle Tobys some four or five years ago for \$350 million. He is a significant businessman. He has made the public statement, which I have included in my submission, that we would be shooting ourselves in the foot if we destroyed our clean and green market in Australia, and we must stay away from genetically modified organisms. As recently as six days ago he said that he would invest in a survey of New South Wales farmers because he considers that anything that supports his

contention that no GMO is a worthwhile proposition for Australia will be supported both morally and financially. He has also taken other public positions, which I will not go into here.

Item 3 provides an update on submission No 3 on Dr Tim Carr. I sent David Driscoll a copy of Dr Carr's curriculum vitae and his approval to publish his expert opinion. In that submission I was not expressing my expert opinion, because I am not an expert, but was endorsing Dr Carr's expert opinion, as it supports my argument. I have since provided - it is in today's attachment - further evidence of Dr Carr's qualifications as an expert witness. As recently as September 2002 he was an expert adviser on Ayurveda to the Australian Government's complementary medicines evaluation committee. He is a significant expert witness.

Item 4 provides an update of Steven Druker's submission. I have submitted today - it was also submitted by e-mail to David Driscoll - the CV of Steven Druker and an outline of his qualifications as an expert witness. He is probably one of the world's most expert witnesses. I submitted six of his documents in my fourth submission. There was one substantial change; that is, the article titled "Biodeception: How the Food and Drug Administration Is Misrepresenting the Facts About the Risks of Genetically Engineered Foods and Circumventing the Laws Meant to Regulate Them" is now replaced with "FDA Fraud Exposed: Systematic Pattern of False Assertions About the Safety of Genetically Engineered Foods". The first article is also attached. David Driscoll will provide copies to the committee.

Item 5 refers to the letter I received from Premier Gallop, which has been included in today's attachments. The last paragraph of that letter concludes -

. . . no detrimental impact upon the markets for our non-GM crops, and that any additional identity preservation and segregation costs would be met by those making use of GM varieties.

The Premier is saying that GMO proponents should pay for identity preservation, segregation and other implied liabilities. This item has been updated by attaching a recent article indicating immediate need for Western Australian government legislation. The attached *Sydney Morning Herald* article of 15 November 2002 is titled "All the way with USA on trade". I apologise for the larger type in the copy of the article I have provided. I included the larger text for emphasis. That article basically says that Australia is willing to consider relaxing labelling for genetically modified food in exchange for opening new markets for Australian farmers under a free trade deal with the USA. It states -

The Minister for Trade, Mark Vaile, said yesterday there were no areas off-limits as the US President, George Bush, notified Congress of a start to negotiations on a free trade agreement.

It continues -

Asked if Australia had nominated any no-go areas, Mr Vaile said: "We can't do that. . . .

That document indicates that urgency is needed on behalf of the Western Australian Government to consider protection for our non-GMO markets. The federal Government is moving very fast in an area that previously has not been covered by this committee, prior committees or prior research and investigations.

I have also included a recent article that indicates that segregation is a multibillion dollar liability. This article from the *Washington Post* of 16 November 2002 is titled "Corn for Growing Far Afield?" Paragraph two of that article states -

. . . companies, fearing that inadvertent contamination of food crops could lead to multibillion-dollar product recalls, have committed to growing this type of grain only in states such as Arizona or Hawaii where little commodity grain is produced.

This article should be read in full. It provides a very big wake-up call about the falsehood that segregation can happen in our farming. When these items are taken together - item 5.1, the Premier's statement, item 5.2, the recent article of the *Sydney Morning Herald* titled "All the way with USA on trade", and item 5.3, the recent article that appeared in the *Washington Post* regarding segregation not being met by the world's experts - it leads me to my proposal in item 5.4 for the immediate need for GMO liability legislation. I propose that the Western Australian Government immediately legislate the words of Premier Gallop; that is, that additional identity preservation and segregation costs be met by those making use of GM varieties. The next page and a bit of my written submission discusses the issues of segregation, liability and identity preservation. I cannot see any reason, if GMO is to go ahead, that the Western Australian Government should not make GMO proponents responsible for liability, identity preservation and segregation through multibillion dollar contingency funds provided through insurance and corporations. As I state in my first macro liability issue, which needs review in GMO liability legislation, insurance is the key. The GM promoter should put in place an irrevocable comprehensive insurance policy that meets certain minimum requirements no matter who is the underwriter, so that if the GM promoter goes broke for whatever reason, the farmer is not left uncompensated.

Even though Monsanto represents 92 per cent of all planted GMOs in the world, its parent company has changed on several occasions, its market value has diminished significantly and its chief executive officer was replaced on one occasion due to the controversy and reduced capital value of that company. My source for that information is the Australian Gene Ethics Network head office in Melbourne. Monsanto may be a significant company today, but it may not be tomorrow. Farmers may be left with multibillion dollar contamination issues. If the Japanese Government were to find GMO in a bulk food shipment, we would need those corporations to give absolutely irrevocable insurance that we could call upon to cover us. One example is StarLink corn in America, which is now involved in a \$US2 billion recall. That recall has not yet finished. StarLink animal feed quality corn is being recalled after it accidentally found its way into the human food chain. The *Washington Post* article, which was cited a few moments earlier, states that \$2 million of pharmaceutical biotechnology goods were destroyed, and they were seeking to establish where else it had contaminated. It could be a large amount as well. We are talking about very large liability. It will not be sufficient for lawyers acting for Monsanto to write the protection provisions if Western Australian marketers, farmers or the Western Australian economy must bear the brunt of an international lawsuit from Japan or another export market. I go on to explain a little more about insurance in my submission.

The next paragraph explains macro issues such as StarLink corn etc. We know about StarLink corn, but we do not know about the \$2 billion dairy exports from Australia, including Western Australia, to Japan, and the fact that GMO feed is unacceptable to the Japanese consumers who are taking our dairy products. There have been some unsubstantiated reports that genetically engineered cotton fibre has been fed to stock. If milk from that stock is exported to Japan and it is found that GMO is in the food chain either through testing for GMOs by the Japanese or in the traceability, about which Japanese consumers and importers may legitimately request further information, we could lose a \$2 billion export business overnight. That situation includes GMO feed for our beef industry, which is also a substantial export to Japan. I will not say too much more about that, other than that the legislation I am proposing should be immediately brought forward, because even with the trials in Western Australia for canola, there is the chance, no matter how remote, of contamination affecting existing markets. I am not talking about safety and health issues but about protecting our markets by having legislation in place that states that if contamination occurs, the promoters should be fully, comprehensively and irrevocably responsible.

[11.45 am]

Also, the other liability that is not referred to terribly much is that of medical liability. In the case of tryptophan, I have attached a summary on the subject by Dr John Fagan. It was published in

November 1997 and is still current in every way. There is a biosketch of Dr Fagan at the end of the two-page summary. He is an expert witness in this matter; he is an internationally recognised molecular biologist with more than 20 years experience in DNA techniques. He spent 16 years conducting research for the National Institute of Health. From 1991-95 he was the recipient of one of its most coveted awards. He is a world leader in this area and is the author of this document on tryptophan. The document states that there was an out-of-court settlement of \$2 billion after 35 people died and 1 500 people were incapacitated in the United States after consuming genetically modified tryptophan. As he states in the summary, even the lawyer for the accused company stated that it could not be ruled out that the cause was the genetically modified tryptophan. All the evidence for this case and the individuals involved cannot be revealed because of the out-of-court confidential settlement. The BBC has done a documentary on it, which can be accessed through the Internet. If the committee wants to investigate this further, the documentary shows the suffering of the 1 500 individuals - not the 35 who died, because they are no longer suffering - and their families caused by this case. I am just moving for a moment into the area of medical liability. If we ask multinational companies to provide comprehensive and irrevocable contingency funds, medical liability must be included.

The CHAIRMAN: Concerning the significant illnesses caused by the tryptophan, what was the commercial product involved?

Mr Kailis: I think it is mentioned in the document. It is described as being in food supplements such as amino acids.

The CHAIRMAN: That is in today's document? I am looking at the one you sent earlier.

Mr Kailis: There is some supplementary information on tryptophan in today's document. The first two words are "food supplements". Tryptophan is an amino acid that is used in food supplements. It had previously been produced and sold for many years in America with no problems. The only change made was to introduce a genetically modified part into the process. In America, 35 people were killed and 1 500 incapacitated - "permanently incapacitated" is the wording. In addition, 5 000 people were temporarily incapacitated. The BBC documentary will confirm that, since that time, more people have died and more symptoms have arisen. It has had a very large impact and it is a very large liability. I do not see why the Western Australian Government or the Western Australian public should underwrite that if the promoters are in this for profit. The promoters should also take the costs.

The last paragraph in my proposition is titled "Other liabilities". Who pays for the labelling costs and the costs of identity preservation? It is a significant cost to trace a product from start to finish. My family marketed the world's first non-GMO wine and we went through the whole process. It was quite a cultural change for the company; a cost is involved. We were successful in the enterprise and that is why I am here today. We believe there is more success waiting for Western Australia in marketing non-GMO products. If GMOs came into this State and we, as non-GMO producers, had to provide identity preservation, a specific process must be put in place. It is not good enough for us to say, "Oh, we think it is." There must be guaranteed "traceability" - that is the word used. That will cost non-GMO providers and suppliers. We see no reason why we should pay that when the other blokes are making a profit from their GMO products. That is another liability that needs to be taken into account. That sort of segregation cost is one thing for farming but the issue of identity preservation goes a lot wider. Who pays for labels to be changed? Every time we change a label on a product it costs tens of thousands - if not hundreds of thousands - of dollars. Who pays for the process from the start to the end in traceability - the documentation, computer programs and extra staff time required?

The other issue concerns fresh produce, restaurants, takeaway products and edible oils. They are currently not covered. Edible oil can have part or all of its DNA removed. Who will label and be responsible for contamination if it moves into the currently unlabelled segment of our food chain?

Restaurants, takeaways and fresh produce do not have labelling at this stage, neither do edible oils. When this has arisen as an issue in other parts of the world, a "traceability path" has been put in place. It is identity preservation, but, instead of saying that no DNA can be found in edible oil, a certifiable and internationally recognised traceability path can be provided. Consumers can be sure, within a small percentage that is acceptable to consumers generally, that they will receive the goods promised. An example of that type of certification is given by a company called Cert ID, which can be searched on the Internet. It is an internationally recognised company that provides services to some of the biggest retailers in the world.

Item 6 in my submission is titled "Clean & Green Marketing Proposal." Instead of all the gloom and doom, negativity and long debate about this subject, it would be good to make a positive from a negative and take advantage of our niche marketing potential in Western Australia to increase our exports worldwide. Uniquely, we have the position of being clean and green. Whether that is a reality, it is nonetheless the perception in Japan and Europe. This has been well documented. It is our job to make that reality true if we want to take advantage of those potential markets. The Premier and the Minister for Agriculture recently travelled to Asia and the Middle East with trade delegations. They have both reported to their officers, and I have spoken to those officers individually. They inform me that on every occasion in Asia and the Middle East, the message was that those countries do not want GMO products from Australia. I believe that struck a chord with the Premier and the Minister for Agriculture. For the critics of my position, it is a salient note for us to say that, if we wish to continue exporting to those lucrative markets and if we want a future in export markets for agricultural products, we must take note of what those countries say to us.

The CHAIRMAN: With whom have you have personal communications?

Mr Kailis: Chief of staff, Mike McMullan. He indicated that that message was part of a report he was preparing when he spoke to me 10 days ago. I rang him to ask what was the position found by the delegations. He said it was his clear understanding that the markets do not want GMO products and that both the Premier and the Minister for Agriculture have been very clearly informed of that position.

The CHAIRMAN: Do you have any idea for whom the report was being prepared; was it for the Premier, the minister or for tabling in Parliament?

Mr Kailis: The reports were to go to individuals who the Premier and the minister met; they are not reports for our consumption. It was to thank people for the meetings and their information and to say that some of their messages had been taken on board. I believe the message was very clear that there should be no GMOs. That is the position of Asia and the Middle East.

In the second point at item 6, I am asking for the Western Australia Government to facilitate trade in "clean and green". The Department of Agriculture tried to create an SQ 2000 certification standard to make our food readily and easily accepted Australia-wide and internationally. Unfortunately, it did not go as far as we had hoped. If we take the clean and green image that we have and start facilitating the process to enlarge the image - by taking that message to consumers and export markets - it will improve our export potential. If the Americans are spending vast amounts of money in creating and promoting GMOs, and although we are creating a free trade agreement with them - although we do not know all the conditions - the Americans remain our competitors, as do the rest of the world's agricultural producers. We can safely say that countries that spend hundreds of millions of dollars - even billions - to improve their technology will do far better than Australia with its far smaller investment. When we go to an overseas market such as Japan or the Middle East and say that we are there to sell them GMOs, they will tell us that the Americans have been before us and their products are of much better quality and have more benefits for consumers etc. It is not a good marketing plan. If I am an expert in anything it is in marketing. As you can see in my curriculum vitae, I took my brand, which I held for 20 years, to number four in Australia. It was a very significant result. I understand a bit about branding. No matter how a

person tries to brand an inferior GMO product against a superior GMO product, he will not get those markets. The proposition for clean and green is that we have something no other country has and we should make the most of it.

The third point at item 6 is titled "No GMO Trade Delegation". In November 1999 or early 2000, KPMG, the world's biggest management consultancy company, had one of its partners from its Melbourne office put on a nationwide no-GMO conference and proposed a no-GMO trade delegation to Japan.

[12.00 noon]

Some of the largest agricultural retail players in Australia attended. I was one of the organisers. The timing was wrong because the information at that time indicated that GMOs would save the world and that GMO technology was the greatest thing since sliced bread. Since that time there has been far more information to indicate that consumers are significantly rejecting GMOs. If the same sort of trade delegation were put together again, purely for commercial reasons, it would be very successful and well received. I am saying that the WA Government should facilitate such a clean and green trade delegation. It would be a great launch to our no-GMO position.

The senior boss of Austrade in Japan at that time - I cannot recall her name at the moment - was one of the people who asked for that delegation to go to Japan. She said, "Forget what the Government is saying and listen to what the retailers are saying. All the big breweries and millers are going non-GMO." That is the trend around the world. Governments are saying the right rhetoric to satisfy their political and trade issues, but consumers are saying that they do not want it. Retailers, grain crushers, grain wholesalers and that whole chain are saying that they will not be too far from the opinion of the consumer, because the opinion of the consumer is where the dollar is at the end of the day. The no-GMO trade delegation is part of what I am asking the WA Government to facilitate.

I include also this pamphlet titled "the great northern cotton takeover", which is in the information I have provided to the committee. Cotton is also a food, and I mentioned that earlier today. We think of it as just a fibre and we wear the T-shirts etc. However, that fibre will go somewhere and be eaten by some animal. If that contaminates the animal food chain, it will have ramifications on our no-GMO markets. The biggest feed supplier in Australia is Ridley. In its submission to the Office of the Gene Technology Regulator, it stated that it would like to go no GMO and that it wants the same sort of protection put in place for all the other feed suppliers in case markets are lost. That submission is publicly available, and if you cannot access it, I can get it for you.

Hon LOUISE PRATT: The committee has heard evidence largely from grain farmers and their representatives about their examination of the issues. I am interested in your insights into some of the larger commodity markets that might not fall within your area of expertise, the perceived conflict between those niche markets and how we deal with the demands of farmers who want to access large commodity markets. They have expressed to us that GM and GM free is not necessarily relevant to those markets. Can you comment on that?

Mr Kailis: AWB Ltd has a special grains section that trades about \$1.2 billion a year. Western Australia fits quite well into that special grains area, because it does speciality grains. Josh Roberts is the head of that division. He is a personal friend of mine. He has recently increased AWB's profit by several hundred per cent because he is an expert on the Chicago futures exchange. He is an American. He made that profit and increased our market share by knowing big commodity markets and by getting Australia the best price. He is probably a world expert, more so than I. He is living in America at the moment. He is coming to stay at my house next week. At the moment he is at the AWB in Melbourne. His personal opinion - not the opinion of the AWB because I do not think he is authorised to make that statement - which I think he has said publicly on a few occasions, is that our best opportunity is no GMOs. He goes to Egypt to sell our bulk grains. We go to markets to which America and everyone else do not go. We get the lowest price and we have to fight to get our payments. In some cases we actually have late, delayed and sometimes no

payments. I do not know on what basis those commodity advisers to this committee gave you information that there is no difference between GMO and no GMO.

I have heard the argument many times that Japan is buying GM canola, so what is the big deal? Let us look at what is going on between the Japanese Government and America and how Japan is completely collapsing as an economy. The political and economic survival of the Japanese Government is very dependent on the goodwill of American trade. The Japanese will do most things. As Minister Vaile said, we will do anything to stay on the right side of the American Government. However, the big grain crushers, producers, retailers and consumer groups are saying that they do not want it. I do not understand how there can be this enormous stupidity - that is the reason I decided to wreck my Friday and get all hyped up about this subject - and that people can say that the Government of Japan wants canola. Most people who will tell you that have not done their homework and gone deeper. I am a marketer; I live and die on consumers' preferences. If they want anything in significant numbers, we will provide it - as long as it is not illegal. The only reason I can say that this stupidity exists - it may not be stupidity - is that when you bet on the horse known as "Vested Interest", it will always come in a place or win.

Hon LOUISE PRATT: Do you believe we need a generic Western Australian GM-free zone? If GM cotton expands or GM canola is introduced, how will our status as a GM-free marketplace flow over to other products? Can we be GM free for one product and not another?

Mr Kailis: About four years ago I, together with Dr John Fagan, presented to the European Union commission on food about GMOs. The issue of doing individual areas and whether parts of Europe can be GM and others can be non-GM arose. My position has not changed. The answer I will give you now is what I said four years ago. If a brand is even slightly suspect, it loses. It does not take much for the consumer to smell a rat. If you have mostly GMO, it is like being mostly pregnant - you are either pregnant or not. I have a real problem with people who want to make a patchwork of GM and non-GMO. I would look at the proponents of that idea, because people who have done their homework will know that a patchwork of GMO and non-GMO will cause contamination. It is well recorded by many GMO proponents. If we cannot get there with public perception, we will get there by contamination!

Hon LOUISE PRATT: Following up on your statement about contamination, some assertions have been put to us that a bit of contamination will be acceptable to markets and people will be able to maintain their GM-free status. Do you have a comment on that?

Mr Kailis: Dr John Fagan is a personal friend of mine. He invented the world's first totally reliable GMO testing technology. His company is called Genetic ID. He also has another company called Cert ID. He put together the Sainsburys consortium - the largest group of retailers in the world - which went non-GMO. He also tested the StarLink contamination in America. He is extremely central to this whole debate. He also represented 200 consumer groups against GMOs at the Codex Alimentarius Commission three years ago. His position has always been that you must stick to where the consumers are. It was five per cent, then it was three per cent and then it was two per cent. The big lie was that it was based on testing technology and the limitations of testing technology. His test does one in 10 000 parts. The EU has shown that the better the testing, the lower the threshold. I cannot believe that a consumer would say that he would be willing to take that particular product, even if it is five per cent, when he knows that he can get the same product at one per cent. Consumers want zero tolerance. They do not care what our problems are as producers, sellers and testers. This GMO debate is an issue with people because they have been surveyed, and they do not want to know about our technical problems. Consumers are fairly unsympathetic when it comes to listening to what producers have to say. They just want it in a certain fashion.

Hon KATE DOUST: You talked about the attitude of Japanese consumers to GMOs. What do you consider to be the level of understanding among our local consumers about GMOs? On a scale,

are consumers knowledgeable or not knowledgeable, do they have absolutely no awareness, or do they not care or do they care passionately? We have heard from farming groups, and it is quite a divisive issue from their point of view. How much work has been done to gauge consumer understanding of the issue in WA and the potential impacts? I ask only because you spoke about marketing.

Mr Kailis: As a marketer, I live and die on consumer attitudes. It has been my hobbyhorse for a while. I see it as a great business potential for Western Australia to do something about this; it is not just because I have nothing better to do. The people I talk to have absolutely no idea. Generally, the public and consumers have no idea. The subject is complex and it is difficult to get a single, clear message. My sister is a single mother and she is very sympathetic to most things I have to say. However, she says to me that she has absolutely no idea what I am talking about, nor does she have any time to devote to it. She says, "I am just surviving in this difficult life and you want to talk to me about 3 000 pages of complex issues about scientist versus scientist." That is the point of view I pick up a lot from people. Also, I pick up some of the lies out there that are repeated from time to time. For example, the first lie is that traditional breeding and genetic engineering are the same thing. The second is that all the problems of the world's starving population will be solved by this charitable institution known as Monsanto and all the others. The secret imperative of Grain Biotech Australia Pty Ltd and another peak body, whose job it is to promote informed debate, is simply to get biotechnology into Australia and bypass the opinions of most Australians. If they did their job and informed people of the pluses and the minuses of the issue, there would be consternation to the point of rallying in the streets, and I think that is still on its way.

[12.15 pm]

The information is becoming much more intense. I will go back a step for context as to why the pressure is on for consumers now. Monsanto has lost its rights to glyphosate, or Roundup, which makes it the most powerful chemical producer in the world, and a very rich company. The patent ran out, and now China is providing that same product for a third to a half of the previous price. Farmers in Australia have been arguing with and fighting Monsanto and the Government for some time, because they want that cheaper glyphosate from China, because it is a good herbicide. Monsanto has been lobbying against that. Monsanto is clearly in a position of wanting to protect its market, and it has lost a big whack of money, so it will be looking for this thing to get out quickly. There is a lot of opposition around the world, so the pressure is on Monsanto, which has 92 per cent of the world's GMOs, to get a result.

The Office of the Gene Technology Regulator, the Food Standards Australia New Zealand, the Therapeutic Goods Administration and all of the statutory authorities put in place to make sure the rollout of GM is ordered and professional, have skipped many steps. As I said in the Druker submission, the Food and Drug Administration's own scientists say it is unpredictable, and that they cannot guarantee the health and safety of the American public. They are overruled by their political leaders. The court case by Druker goes ahead, and the court rules that politicians and political imperatives can override safety and health, and even the advice of their own department. That never becomes public, because it is such a complex issue to follow. I can barely follow it myself, and I am really trying hard. I know I am not that bright! It is a very complex thing to understand.

Australia has adopted the FDA position, which has been denied on many occasions. The document by Druker describes meeting with all of them, and how he spoke in great detail with all the scientists and the leaders of ANZFA about how their assessment of safety and health has been flawed. Members of the public turn to ANZFA for their safety and health guarantee, and ANZFA has basically, in a very complex set of circumstances, bypassed some of the most important steps that it should have been much more diligent on. Druker has pointed that out in very clear detail. If he is nothing else he is clear. I myself made a submission to the director of ANZFA, who lives in Western Australia. ANZFA refused to have labelling four years ago because there was no test that

could satisfy labelling. I made a submission to the Western Australia-based director, whose name I cannot remember. I went to see him and told him that there is a highly reliable, one in 10 000 test, and that it is a furphy that labelling cannot happen because of testing. This is a highly scientific argument, from a molecular biologist who is one of the world's winners in this field. He has a tremendous track record, and no-one in Australia would be competent to argue against it. The end result was that that submission never went anywhere, and that director, who was a very decent person and took on my cause, was sacked from ANZFA. I am not saying that there is a conspiracy, but that there are too many smoking guns all through this system, which was put in place to guarantee Australia's safety and health.

The regulator has taken ANZFA's position on safety and health. The regulator's position on safety and health refers all the time to ANZFA. ANZFA's position on safety and health refers to concepts that are well documented as being highly debatable; that is substantial equivalence to the FDA's standards.

I have been going a bit wide because the subject is wide. To answer your question, the consumers in Western Australia would have no bloody chance in hell of understanding that argument. I can barely grab it myself, and I am privileged in that I have time and money to be able to access these things, and people I have been lucky to meet have been able to inform me about it. It is one of those immense stupidities I cannot get past, other than to say that perhaps some people have just bought the ticket that describes GMOs as a panacea. Bob Phelps of Gene Ethics said that the mantra in Canberra has been that we missed the information technology revolution, so we will not miss the genetic engineering revolution. Forget the human, moral and safety and health aspect. Just as a marketer, this is like having a ticket on the *Titanic*. It is such a dumb move. The Prime Minister could not market in a delicatessen, if he has come up with that point of view. Mr Bracks may be Australian Labor Party, but he is just as useless.

Hon FRANK HOUGH: That Chinese product that came in against Monsanto was about 70 per cent cheaper. That is why Monsanto kicked up. I did a survey at Newdegate and Dowerin, which I released to the Parliament. My major concern on GMOs is that 30 per cent of the people said that they knew what GMOs were; and, doing the questionnaire, I found that I did not believe them anyway. Fifty or 60 per cent said they were totally against it. It is a major concern in this State that no-one knows a great deal about it. Are you proposing that Western Australia should be 100 per cent GMO-free?

Mr Kailis: Yes. I was probably not clear enough in my response to Hon Louise Pratt. Having a patchwork of individual GMO and non-GMO will taint the brand. I am only talking about brands, because businesspeople and politician always feel more comfortable with the economic, rather than the social and environmental argument. People vote for economics. Taking that market-based perspective, you cannot be a little bit pregnant. They talked about making all of the north of Western Australia GMO, and all the south non-GMO, or having no GM food but leaving GM cotton in the north - I have heard all sorts of propositions. We should just stay away from it. It is a ticket on the *Titanic*. I will not start going negative again; I will go positive instead. The opportunity for Western Australia is unbelievable. We travel overseas and go to places like Sainsbury's, saying who we are. My brother took part in a government trade delegation to Selfridges some years ago. Clean and green was the Western Australian image. Premier Court was there, and it was a really big show that attracted so much attention, because the world is very depressed about how the environment is going, about mad cow disease, and all the issues about food and the environment. There is this image of hope in Western Australia, that there is a place somewhere where you can buy clean food for your children. The biggest organic seller in the United Kingdom is baby food. You can see people's thought patterns, if you are a marketer, and watch consumer patterns. People are saying that at least they can keep their children okay.

My critics would say that this is emotional. Rod Sweetman, MLA, the member for Ningaloo, stood up at a conference and said that just as the forest science was flawed, and the issue was raised by an emotional public, so it was with the science of GMO. The science, he said, was good. The Regional Forest Agreement science, he was saying, was perfect, and the emotional public ruled the day. He said the GMO science was perfect, and the emotional public will rule the day. It is not an emotional public; people have deep feelings. Mums, dads and kids will say that they are concerned about their survival on this planet. Especially at times like this, when we are about to go to war, the last thing we need is another high-risk introduction to our society. My sister is very stressed and is doing her best to bring up three teenage children. Once you get past their stress and sit down and talk to them about the environment, forests or issues they do not have time for in their everyday lives, their feelings are deep on the matter, and the feelings of families throughout Western Australia and world wide are the same. Again, it is that stupidity of big business and blind government looking for one-line solutions to world famine and agricultural problems. They grabbed this thing too early and ran with it too hard before doing their homework.

When you ask if the whole of Western Australia should be GM-free, the answer is resoundingly yes, because it is deeply held in the psyche of people that we need security more than ever. There is no security in having the argument of such great magnitude about medical or contamination liability. Fancy having a pig virus in a pharmaceutical product that contaminated a food product! Even though the FDA said you could eat as much as you want and it would not hurt you, but we have not had human tests, so we had better not do that. We are really getting into very dangerous areas of people's security here. The whole State should be absolutely GM-free, with no exceptions whatsoever, and we should not treat that as an imposition and a negative. We should say that this is the best possible outcome we could have because the rest of the world has gone nuts, and we have decided to keep this natural asset we have - clean and green - and we should market it to the world. We have enormous agricultural land. We are waking up to our salinity issues, and we will fix all that up. We are becoming far more interested in soil biology. This state has an enormous capacity to be a world leader for future agriculture. If the Western Australian Government did not see it as an imposition and another cost, but rather as an opportunity and invested small to look at that clean and green branding, it would return enormously to our own public and the export market.

Hon JIM SCOTT: I have a marketing question as well. It has occurred to me that with Monsanto losing control of the patent of glyphosate, in order for it to maintain its very large hold on the chemical market it now has another patentable product which ties people into contracts for its use, such as Roundup Ready canola. That would be a great marketing ploy to continue its market share, would it not? People would then have to use that product.

Mr Kailis: That is their strategy, absolutely. There is no question. The documentation for farmers and the published articles show very clearly that the patent has been invoked so that Monsanto can use patenting law, which is very powerful, to ensure that people do not violate their patent. It is another one of those gigantic stupidities - that we would allow ourselves to become slaves to a single multinational company or a group of them; that we should put ourselves in such a position with our agriculture for no benefit. I have not seen any benefit. If someone said I would look younger, I might consider it; or if it could get rid of cellulite, my wife would consider it. I have not seen anything, anywhere, which shows clear benefits for consumers and producers. There is a lot of hyperbole, and the idea is just to get it in. Once you have contaminated the whole area, like they have in Canada, there is a lot of work to get it out. I cannot figure out how we have allowed it to come this far.

[12.30 pm]

I have given reasons and my observations for that but I cannot see how we have been so blind.

To answer the question about consumers: it is complex and comes behind so many disguises. The idea is insidious in the way it has entered farming, business, politics and the statutory authorities. It

is an insidious idea that has gone too far. My vote is that, for purely marketing reasons - safety and health aside - it is ridiculous. If someone came to me and put this proposition as I understand it to date - which took me six years - I would say that they were completely insane; it will never fly, people are not that stupid. Somehow we are sitting here today at great expense trading words and wasting our time because an American idea has managed to find itself to our shores to some business lobby and vested interest. It is shown all the time. The recent South Australian poll of farmers indicated that, of 25 per cent of people polled, 80 per cent were sceptical or did not want it. The head of that South Australian Farmers Federation had the audacity to say we need to poll 100 per cent because that is not representative. Eighty per cent of 25 per cent is more representative than any survey ever done in the history of this country.

The CHAIRMAN: We are all very impressed by the clarity of your argument. Thank you very much for providing so much information. Obviously we have quite a bit of extra reading to reinforce the information you have provided.

Mr Kailis: Thank you for your time. I look forward to publication of your report.

Committee adjourned at 12.32 pm