SUBMISSION

BY

POPPY GROWERS TASMANIA INC

TO THE

LEGISLATIVE COUNCIL OF TASMANIA
SELECT COMMITTEE OF INQUIRY
TASMANIAN POPPY INDUSTRY

November 2012
TERMS OF REFERENCE

A Select Committee of Inquiry has been established by the Legislative Council of the Tasmanian Parliament to inquire into and report upon

(1) The effects upon the Tasmanian Poppy Industry as a consequence of the Tasmanian Government’s decision to allow the importation of raw poppy capsules from Turkey in the first instance and possible importations from any other areas into the future; and

(2) Other matters incidental thereto
Introduction

PGT welcomes the opportunity to make this submission to the Select Committee of Inquiry. PGT has been very active in terms of its lobbying of the Tasmanian Government to not allow poppy imports.

Attached to this submission are copies of our letters:

(a) to Mr Greg Johannes, Acting Secretary Department of Health and Human Services, dated 19th January 2012; and
(b) Hon Bryan Green MP, Deputy Premier dated 14th August 2012.

These letters critically set out the anti-import position of PGT in respect of a suggested importation of raw poppy capsule from Turkey. PGT continues to rely upon the contents of those letters in terms of its unequivocal anti-import position.

Additional Considerations

PGT would like to expand upon several matters that we believe are of great relevance to the prevention of imports.

1. The decision making process applied by the Tasmanian Government has been seriously flawed and inconsistent

The proponent made an application to import raw poppy capsule from Turkey in late 2011. This was refused.

PGT by the submission dated 19th January 2012, as referred to earlier, opposed importation as being contrary to the public interest.

The Poppy Advisory and Control Board, an independent statutory body which amongst other things, is to advise the Minister, in its own correspondence to the Attorney General and Minister for Justice dated 8th November 2011 and to Mr Greg Johannes, Acting Secretary Department of Health and Human Services dated 10th January 2012 unanimously rejected importation and recommended against importation from Turkey.

Two matters of very serious public concern arise out of the Tasmanian Governments consequential decision to approve a second request for a variation to the proponents licence to enable imports:

1. Why did the Government ignore and go against the unequivocal advice it received from the independent industry regulatory authority?

2. Why, with the same considerations being applied, did the Government refuse a first application and then approve a second?

2. The Proponent has been the architect of its own commercial problems.

With the first application refused, PGT cannot understand why the proponent did not seek to rebuild grower confidence and ameliorate its image and position with growers during the 2012 contracting period. Advice received from growers is that the proponents’ contract arrangements for 2012/13 were commercially unattractive when compared to those offered by competitors. The proponent has had little or no visible public profile in terms of seeking to engage farmers within Tasmania to
obtain crop. In the same period, the proponent has been an active participant in industry meetings facilitated by the Department of Economic Development about a so-called ‘Industry Strategy’. The view of PGT is that the proponent is seeking to enable importation as a long term commercial option as opposed to growing its crop in Tasmania.

PGT submits that the reluctance of the proponent to engage in a meaningful manner with growers during the April/July 2012 contracting period means that importation of raw poppy capsule is not a “one-off”, but a long term shift in strategy to alter the proponents growing/raw material supply model from locally grown product to overseas imports of raw material on a long term basis.

Such a shift in strategy from a one-off importation to an on-going importation model would be contrary to the Deputy Premier’s statement to PGT at a meeting on the 31st July 2012 and his media statement on the 1st August 2012 where he said “I want to assure poppy growers that this is strictly a once only licence for next year and that has been made abundantly clear to TPI”.

3. **Imports from mainland Australia**

It is known that Tasmanian Alkaloids Pty Ltd (TasAlk) and GlaxoSmithKline Australia Pty Ltd (GSK) are continuing the investigation of additional sources of supply.

Tasmania now provides 49% of all the base pain management material for the world pharmaceutical industry. This percentage is much greater for thebaine products where Tasmania supplies in excess of 90% of the world production.

With such market dominance, it is said that the customers of both TasAlk and GSK are becoming increasingly nervous with having their sole source of supply coming out of Tasmania i.e. ‘all their eggs in one basket’ and require both companies to have an alternative source to ensure supply would not be compromised in the event of a major crop failure in Tasmania.

**The PGT criticism of the message from the proponent that it cannot source material for its needs from Tasmania, is that this message has created a self fulfilling prophesy of supply failure for the entire industry.**

PGT does recognise there is reality in the argument that there is risk mitigation in alternate sourcing. PGT is currently in long term direct discussions with both GSK and TasAlk to address this important matter. It may be that mainland production of a certain proportion of stock level will settle buyer risk profiling simply and without damage to the Tasmanian biased supply system.

A prime concern of PGT is to ensure Tasmanian farmers with suitable land are provided with the opportunity to grow poppies, particularly those who have invested heavily in the government’s irrigation schemes and capital equipment. Given the current collapse in the processed vegetable industry and in other fresh market buyers, the financial stability of a large poppy growing industry is now of fundamental importance to the farming community.

Our dilemma is we also recognise that a critical mass of land will be required at any alternative growing source off Tasmania to provide comfort for international customers and those farmers at the alternative destination.
PGT contends that any alternative source of supply should be considered first from mainland Australia not a foreign country. The Australian and respective State Governments have supported Tasmania being the sole poppy growing destination for the past 40 years.

Importation of raw poppy capsule from the mainland would not pose the significant bio-security risks associated with product imported from a foreign country.

PGT is of the view the abovementioned scenario is entirely different to the proponent’s application to import raw poppy capsule from Turkey because the proponent has lost the confidence of a large proportion of Tasmanian poppy growers. Further, as stated, it has effectively done nothing to seek crop from Tasmania. The proponent could be said to be suffering from the effects of having been unsuccessful in the establishment of its business within a long term and well settled narcotic production system which is unprecedented anywhere else in the world. To disrupt and break down this system which has brought returns to all participants will be a tragedy.

The disruption of the Tasmanian Poppy Industry by allowing sudden and large scale commercial importation of narcotic material from overseas is an opportunity that must be avoided at all costs.

The proponent sought a licence to manufacture narcotics in Tasmanian well aware of its Tasmanian-only grown bias. Simply because it cannot succeed in that scenario is no reason to abandon the primary basis for the industry’s success for farmers, processors and the community alike.

4. **The capacity of Tasmania to produce is a matter for urgent and scientific consideration.**

The Tasmanian Institute of Agricultural Research released a study on land suitable for poppy production in June 2011 which indicated 60,000 ha were available annually on a sustainable basis for growing poppies. Currently Tasmania has approximately 30,000 ha under poppy cultivation. This study was on the basis of all known land capability reports.

PGT, together with DPIPWE this year jointly funded independent research to better understand the social and economic factors which influence growers as to whether or not they grow poppies. This research will be completed by January 2013. Once the report is available it will assist the industry and government to better understand the drivers and impediments to increasing poppy land availability and address areas of concern particularly in relation to land management.

5. **The competitiveness of the Tasmanian Poppy Industry must be maintained**

It is vital for Poppy Growers that the regulatory environment which affects and controls their now prime crop does not see Tasmania fall behind. The high value of the Australian dollar has seen up to a 30% long term decline in the terms of trade for the processors.

The cost of inputs to poppy crops is now a massive proportion of the crop return.

The growth of poppies in Tasmania sees it as the most regulated crop in the world, with restrictions that make poppies highly relevant for Genetically Modified variations. Herbicide resistance, drought adaptation and frost and water logging resistance could all be more rapidly progressed through GM processes. And as poppies are themselves a non food crop and a contaminant in food and other crops, toxic and only grown under strict conditions including those of crop destruction for volunteers, GM is a matter for serious public consideration.
PGT is not advocating for relaxation of GM controls for food and fodder crops – simply for poppies as a pharmaceutical crop in the manner described. Other countries which enable GM for food and other crops for years already will have no hesitation in facilitating GM for poppies. GM research for poppies of which PGT is aware has already been carried out in Tasmania. GM trials have been shelved but the research and trials could be readily applied overseas or, indeed, interstate. This would have massive implications for Tasmania, as GM poppies will be cheaper to grow and with likely increases in yield that will see an enormous increase in productivity.

Poppies are only grown successfully in Tasmania due to an extensive selective herbicide regime. Farmer experience tells us Poppy plants that have grown without weed competition for one reason or another and without such herbicides, are shown to be much more vigorous and productive.

With Tasmanian crop farming at the cross roads, it is clear to PGT that we cannot afford to ignore GM poppies.

**Conclusion**

PGT reiterates the following matters:

1. The Tasmanian Government decision making process on the importation question has been demonstrably flawed, based on unclear or absent methodology and cannot stand up to scrutiny.
2. The Tasmanian Government should not put an entire industry model at risk due to the commercial strategies of one processor.
3. The delicate issue of growing poppies on the mainland needs to be carefully managed.
4. The capacity of poppy growing in Tasmania is by no means settled and requires ongoing assessment.
5. The competitiveness of poppy growing in Tasmania is not guaranteed and all avenues for productivity must be open to adoption, including Genetic Modification.

Importantly, the above factors must be considered in a context where crop growing in Tasmania is under stress like it has not been in generations. Farms and buyers of produce are being squeezed from all sides. The health of the poppy industry to farmers and other parties is a matter of enormous importance. If the industry is mishandled by ad hoc decisions resulting in unforeseen structural changes to the poppy industry then the livelihood of many Tasmanian farming families will be seriously damaged.

Tasmania is recognised as the best place in the world to grow poppies.

It is incumbent on the industry participants and government to foster an environment that promotes and encourages the pursuit of excellence in all facets of poppy production in Tasmania.

_Glynn Williams_
President

5th November 2012