

# TASMANIAN POPPY INDUSTRY

## FACT SHEET

Prepared by



## NOT YOUR AVERAGE POPPY

|                          |  |                                   |
|--------------------------|--|-----------------------------------|
| <b>REPRESENTATION</b>    | Poppy Growers Tasmania Inc is the State's peak industry body representing 85% of Tasmanian poppy growers.<br>Its only source of funding is from voluntary grower levies.       |                                   |
| <b>Area</b>              | Up to 30,000 ha  |                                   |
| <b>Growers</b>           | Approximately 850  |                                   |
| <b>Farm Gate Value</b>   | Approximately \$100 million  |                                   |
| <b>Community Value</b>   | A minimum of \$2000.00 per hectare i.e. \$50 million of the \$100 million is expended by the farmer in rural Tasmania to purchase goods and services to actually grow the crop |                                   |
| <b>Value to Tasmania</b> | Approximately 3 to 4 multiplier \$300/400 million  |                                   |
| <b>Employment</b>        | 350 FTE  | by poppy companies                |
|                          | 250 FTE  | contractors, suppliers & advisors |
|                          | <u>600 FTE</u>   | farmers                           |
|                          | <u>1200</u>  | full time equivalents             |

The poppy companies combined employ more than an operating pulp mill

|                         | <b>Land</b>             | <b>Water</b>        |
|-------------------------|-------------------------|---------------------|
| Value at Farm Gate      | \$312m Dairy            | \$401m Salmon       |
| in context of           | \$168m Beef             | \$103m Abalone      |
| importance to           | \$100m Poppies          | \$ 61m Lobster      |
| Tasmania.               | \$ 90m Wool             | \$ 23m Oysters      |
| Agriculture/Aquaculture | \$ 89m Potatoes         | \$ 8m Other Seafood |
| Source                  | \$ 57m Other Hort       |                     |
| 2010/2011               | \$ 44m Sheep            |                     |
| DPIPWE                  | \$ 41m Other livestock  |                     |
| Scorecard               | \$ 38m Other Vegetables |                     |
|                         | \$ 37m Onions           |                     |
|                         | \$ 32m Apples           |                     |
|                         | \$ 21m Carrots          |                     |
|                         | \$ 18m Wine             |                     |
|                         | \$ 6m Peas              |                     |

An Innovation Strategy for Tasmania, Jonathon West 2009 at pages 33-35 discusses how Tasmania could gain from a food oriented innovation strategy.

PGT proposes that Professor West's strategies for food innovation are currently being realised by the poppy industry.

- **The Wealth created would be geographically decentralized**

All regions of Tasmania benefit from the activities of the poppy industry especially the North, North East, North West, Midlands, Central Highlands, Coal River and Derwent Valley.

- **The Wealth created would be socially decentralized.**

All economic strata in Tasmania benefit from the activities of the poppy industry, from farmers, suppliers, contractors, scientists, professionals, post graduates, managers and researchers.

The Poppy industry draws upon a wide range of knowledge and expertise and is increasingly sophisticated in the types of skills and professional knowledge required.

- **The Wealth created would be economically decentralized**

The economic structure induced by the poppy industry is not the common bi-focated pattern.

The industry, while dominated by two giant corporations and one smaller organisation in the processing sector, comprises many small to medium sized businesses throughout the state which are locally owned.

In other words, wealth generating assets are distributed widely among the population.

- **The power and influence created by the poppy industry is a pattern of decentralization**

With the poppy industry's broad reach throughout rural and regional Tasmania comes greater independence and self reliance. No-one group, company or location dominates.

- **The poppy industry is culturally admired**

Tasmanians are justifiably proud of the poppy industry with its world renowned science, technology and farming practices which produce pain management material for the benefit of mankind.

This is a high profile industry with which an increasing number of Tasmanians identify with and are happy to extol the virtues of.

- **The poppy industry taps into and is advantaged by influential and powerful global trends**

Global demand for pain management products continues to increase and is likely to accelerate in the future, as hundreds of millions of consumers in China, India, Asia, Africa and South America pass the prosperity threshold needed for them to take advantage of pain management products.

The Tasmanian poppy industry is ideally situated to provide the base material for these pain management products.



- **Allied industries would be strengthened**

Many industries would benefit from an expanded poppy industry. Farmers, contractors, farm suppliers, farm consultants, logistic providers would all benefit from a strong and expanded poppy industry, together with many professions allied to the rural industries.

- **The poppy industry is environmentally sustainable and is seen to be so**

The careful planning and natural resource stewardship which embodies the poppy industry creates a dynamic in which it is in Tasmania's best interest to reinforce protection of its environment – since a healthy environment is at the very foundation of this most important industry.

- **Irrigation Development is a flagship initiative of the Tasmanian Government**

It is important to recognise that Tasmania's most significant infrastructure development program since the hydro schemes – irrigation development – requires that all irrigation developments must meet stringent environmental standards and openly promotes its heavy reliance on the sale of water to irrigate poppy crops for these developments to remain economically viable.

*Keith Rice* - Chief Executive

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**TASMANIAN POPPY INDUSTRY**

**POSITION PAPER**

IN RESPECT OF

**MAINLAND GROWING  
OVERSEAS IMPORTS**

Prepared by



**GROWING POPPIES ON MAINLAND AUSTRALIA & OVERSEAS IMPORTS**  
**13<sup>th</sup> December 2013**

**This updated position paper was unanimously supported by the Committee of Management of Poppy Growers Tasmania Inc at their meeting on Thursday 12<sup>th</sup> December 2013**

There are many compelling reasons which should limit poppy growing to the island of Tasmania and not provide for proliferation of growing onto mainland Australia.

Poppy Growers Tasmania (PGT) position in respect of proliferation of growing poppies on mainland Australia is:-

- The highest possible consideration must be given to the fact this is a **NARCOTIC PRODUCT** governed by international convention to which Australia is a signatory.
- There is a world order in respect of the supply and demand of narcotic products administered by the International Narcotics Control Board (INCB) which is the regulatory body of the United Nations Commission on Narcotic Drugs (UNCND)
- Such is the importance of supply and demand of narcotic products that world leaders came together in 1961 to ratify the United Nations Single Convention on Narcotic Drugs 1961, thereby establishing a world order to administer supply and demand for the benefit of mankind.
- A measure of the importance of UNCND is its status within the United Nations governance hierarchy. The UNCND sits alongside the United Nations International Atomic Energy Authority in Vienna
- Atomic energy and narcotic drugs are both of enormous benefit to mankind and both can be the cause of enormous harm to mankind
- The UNCND is charged with many issues all of which centre on the supply and demand of licit drugs for the benefit of mankind
- Narcotics are not a normal commodity subject to the usual economic considerations. Free Trade Agreements do not include them on Public Health grounds as they are subject to separate international treaties and agreements. Narcotic production has to be dealt with in a very responsible way and with international agreement
- The three commercial poppy companies in Tasmania have advised that Tasmania is exhausting its supply of suitable land to grow poppies. PGT disputes that Tasmania is anywhere near exhausting its supply of sustainable land to grow poppies
- That being the situation they claim they need to expand to mainland growing to be able to meet increased future demand for narcotic drugs

- Increased future demand - PGT has not seen any papers or projections where this has been discussed at the UNCND
- What discussions have taken place regarding projected future demand?
- Have such projections been discussed with the PACB and the Federal Department of Health and Ageing?
- Has the Australian Government advised the UNCND in regard to such projections of increased demand?
- Does the UNCND agree with the projections?
- Has the Australian Government had any discussions with the United States Drug Enforcement Administration (DEA)? It is PGT's very firm understanding that an essential element of the US agreement in respect of the 80/20 Rule was narcotic product would only be grown on the island state – Tasmania.
- What is the position of the two traditional growing countries – India and Turkey? If Turkey is concerned they could raise their concerns with the US who in fact could prohibit entry of narcotics from Australia. Turkey is very influential and is a strategic ally for the US.
- What is the position of the US itself? The US prohibits growing of narcotic products, but continues to come under pressure from its farming lobby to be permitted to grow narcotic poppies. If growing on mainland Australia were to be permitted the US would come under intense pressure from its farmers to also be allowed to grow, in Washington State for instance.
- The 1971 National Standing Control Committee on Drugs of Dependence Inter-Governmental Agreement between all the States and the Federal Government was adopted in a global context. Security was maintained within Australia and the rest of the world was assured that the small island State of Tasmania would not alter the global supply and demand balance. The assurance was accepted by the INCB and the US State Department and has held for over forty years. In recent years, productivity in Tasmania has greatly increased, but the main product is now thebaine. Traditional and other suppliers produce mainly morphine so a balance has been maintained.
- The companies propose to extend poppy growing to the State of Victoria which has about four times the surface area of Tasmania. Obviously the possibility exists to unbalance world supply by greatly increased Australian production. NSW and WA expressed an interest in 1971 to poppy growing and only agreed to the restriction to Tasmania on the basis that if growing is ever extended to the mainland, then they would also reopen their interest.
- As a signatory to the Single Convention, Australia has an obligation to advise INCB of this development and give them the opportunity to evaluate the consequences.

- The largest market remains the US and Australia also has an obligation to advise DEA and State Department of the change which could well unsettle their key preferred supplier in Turkey. The US may consider the expansion to be inappropriate and could also revive the prospect of US production to supply its home market. The 80/20 Rule is currently only applied to morphine but could easily be extended to codeine if the supply volumes lead to declines in the Turkish industry.
- The approval of production in Victoria is completely unnecessary as Tasmania has more than adequate production capacity.
- Contracting for this year has been reduced so how does that fit with supply shortage?
- Capacity continues to increase with major irrigation works in Tasmania which will provide large tracts of additional poppy growing area and drought proof existing poppy growing area
- Tasmanian poppy growers have always risen to the challenge to increase area and there remains substantial capacity to increase overall productivity from each hectare.
- Tasmanian poppy growers have a proven record of investment in new technology and systems to increase land use and productivity.
- The poppy companies have said for the past two (2) years that they need to mitigate the risk of supply failure. PGT believes this could be achieved by the companies increasing their holding capacity on site and farmers agreeing to grow their normal crop plus an additional 10/20% which would be grown, harvested, stored and processed along with the normal crop, **BUT** would not be paid for until the following year. This would assist the companies by not having to pay for an expensive inventory until they actually processed that safety stock.
- PGT understands we cannot support farmers who do not give the crop the attention it requires. However there should be an opportunity to identify the less productive growers and provide them with the opportunity to become more productive over the next five (5) years or leave the industry.
- PGT strongly urges the Tasmanian Government in its negotiations with the Federal, State and Territory Governments in any discussions going to the relaxation of the 1971 National Standing Control Committee on Drugs of Dependence Inter-Governmental Agreement to in the first instance, and as a matter of priority ensure that dialogue has occurred between the Australian Government and the UNCND, the Australian Government and the US DEA to gain their views in respect of the supply and demand projections of narcotic drugs and the need to expand the growing area to mainland Australia.
- In the event that the US and INCND recommend an expansion of the growing area to mainland Australia to meet the projected demand for narcotic drugs, PGT would seek that a period of at least five (5) years be allowed before commercial mainland growing is approved and that an Inter-Governmental Agreement be negotiated which provides a guaranteed area of poppies to be grown in Tasmania subject to pre-determined productivity requirements.

- Importing narcotic product from overseas - PGT maintain that the above mentioned reasoning applies equally to narcotic product imported from overseas as it does to narcotic product grown on mainland Australia.
- Additionally, importation further encourages proliferation and if agreed to, why would Australia favour farmers in Portugal for example rather than Victoria? Imports on a regular basis should not be permitted and only allowed in extreme conditions as a result of an annual shortfall.

*Keith Rice* (Chief Executive)

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**TASMANIAN POPPY INDUSTRY**

**POSITION SUMMARY**

IN RESPECT OF

**GENETICALLY MODIFIED POPPIES**

and the

**THE TASMANIAN GM MORATORIUM**

Prepared by



- Poppy Growers Tasmania Inc (PGT) is the State's peak industry body representing 85% of all Tasmanian poppy growers
- PGT has canvassed its membership through various means to ascertain their views in respect of GM poppies being grown in Tasmania
- The PGT Committee of Management unanimously supports the lifting of all restrictions on the use of GM technology in research, breeding and commercial cultivation for all cultivars within the *papaver* family
- PGT seeks the urgent amendment of the Genetically Modified Organisms Control Act 2004 (Tas) (The Act) to enable GM in poppies by lifting all restrictions beyond those imposed by the Commonwealth – Office of the Gene Technology Regulator (OGTR)
- It is the breeding techniques and opportunities that Gene Technology presents that is of vital interest to Tasmanian growers looking to the breeders of poppies – the licensed manufacturers – to develop higher producing varieties and to reduce crop input costs by introducing cultivars that are stronger disease resistant and with tolerance or susceptibility to herbicides
- To progress GM in poppies in Tasmania, requires the active support and encouragement of Government
- "Use it or lose it", too often, successful industries that germinate in Tasmania blossom elsewhere
- Tasmanian grown poppies produce narcotic compounds that are extensively refined and processed in Tasmania and overseas for the creation of pharmaceutical products. The end-products are made and exist in markets that are far, far removed from any food market or a market with source of origin relevance
- It is the position of PGT that there is no meaningful link between the relevant markets for food products of any description with that of Narcotic Raw Materials. (The issue of poppy seed for human consumption is addressed on Page 3)
- The legislation for GMO does not involve concepts that are measurable and testable – it is a vague and ambiguous law
- A realistic appraisal of the Tasmanian situation is that we are not unique in making claims about "Clean and Green" and the use of the expression Clean and Green and the Brand of a place can exist regardless of the presence of GM in local agriculture
- Poppies, GM or not, cannot harm honey markets

**Response to issues raised in DPIPWE Final Report – Review of the Moratorium on GMO’s in Tasmania (2013)**

- Page 39 – (b) Poppies – Impact. “Submissions from the poppy industry indicated that GM varieties may have a role to play in reducing the use of chemicals used for weed control and have the potential to increase yield and/or alkaloid content or to help in the management of disease such as downy mildew”

*PGT response to the above is* the poppy crop is quite expensive to grow and the industry is subject to increasing overseas competitive pressure from lower cost producing countries. Any reduction in the use of chemicals is of significant benefit to the environment. Likewise any reduction in the use of and therefore the cost of chemicals increases the industries competitiveness as does any increase in crop productivity

- Page 40 – (b) Poppies - Impact. “GSK on the other hand noted that GSK exports poppy seed to international culinary markets - hence the concerns about GM food may apply to the poppy crop. However, they did feel that “there is a trend towards acceptance of GMO poppy in relation to the supply of medicinal alkaloids”.  
Poppy processor TPI Enterprises also raised similar concerns in respect of poppy seed exports to international culinary markets on the ABC Country Hour on or about Friday 10<sup>th</sup> January 2014

*PGT response to the above is* that only seed from the morphine poppy is exported to the culinary market. The morphine poppy would most likely not be subject to GM.

If GM was applied to the morphine poppy then that seed could not be exported to the culinary market. The poppy processors would need to make a commercial decision in that regard.

It is exactly the same situation that currently exists with the thebaine poppy seed. Thebaine is highly toxic. The companies that have a high yielding thebaine poppy have made a commercial decision not to sell that seed to the culinary trade, it is treated and used as bio-fuel.

It is important to recognise that it would be **highly unlikely** that all the Tasmanian poppy crop would be GM.

- Page 40 – (b) Poppies - Impact. “The benefit of using GM technology was discussed by all three poppy submissions. PGT noted the “market for opioids is growing relentlessly”. Only one submission provided actual quantitative data on the likely benefit to Tasmania of GM poppy production. Based on their 2012-2013 export sales turnover, Tasmanian Alkaloids advised that a “40% higher alkaloid content in poppy crops could be produced using GM technology which would result in a benefit of \$56 million annually across the whole poppy crop”.

***PGT response to the above is*** these productivity gains would be enormous for growers and the industry in Tasmania, PGT does not want to see this advanced science and technology leave Tasmania simply because GM technology remains prohibited in this state.

With all three poppy companies currently conducting growing trials in Victoria where GM technology is welcomed and encouraged the very clear consequences for Tasmania will be an exodus of scientific and technological GM research and development to Victoria.

Tasmanian Alkaloids is a highly reputable Tasmanian company, a subsidiary of the global pharmaceutical giant Johnson and Johnson. It is world renowned for being at the vanguard of science and technology particularly in relation to its world breakthrough with high yielding thebaine and codeine poppy cultivars.

Tasmania cannot afford to lose its reputation as being the world leaders in poppy production.

- PGT argues in the strongest possible terms that the Tasmanian Government has a huge moral and social responsibility to support and encourage this world renowned industry to ensure it continues to invest in research and technology in Tasmania.

From humble beginnings 50 years ago the Tasmanian poppy industry is now recognised as the world leader in the provision of pain management products for the global health and pharmaceutical industries.

The Tasmanian poppy industry is responsible for the provision of in excess of 45% of the global demand of these pain management products.

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#### **Gene Technology and Tasmanian Primary Industries Position Statement**

**9<sup>th</sup> January 2014**

**The Minister for Primary Industries and Water, Hon Bryan Green stated:-**

“Though there will be a moratorium, the Government supports the use of GMOs in pharmaceutical poppies not intended for use as food or feed, provided that markets for Tasmania’s non-genetically modified food products are maintained and appropriate co-existence arrangements can be developed.

DPIPWE and DEDTA will work with the pharmaceutical poppy industry and key stakeholders to develop appropriate co-existence strategies for managing the potential contamination and market risks associated with non-food GMO pharmaceutical poppies, in anticipation of the poppy industry investing in commensurate research and development (R & D) in Tasmania”.

## Conclusion

1. As the industry's peak representative organisation, PGT welcomes the opportunity to work collaboratively with DPIPWE, DEDTA and other key stake holders to initiate the development of the appropriate co-existence strategies mentioned above.

2. PGT urges the Government when it introduces to the Parliament its package of legislative amendments for the indefinite continuation of the moratorium on GMO in Tasmania to:

- Ensure the legislation allows for the use of GMOs in all pharmaceutical poppy crops with seed by-product not intended for use as food or feed
- Provides that any application to the Secretary DPIPWE be made **prior** to an application being made to the national body – Office of the Gene Technology Regulator (OGTR).

PGT is advised the OGTR application process is very expensive and time consuming and the current legislation requires an application to the Secretary DPIPWE be made **after** the OGTR has approved an application to use GM. Given the cost of the OGTR process, companies are not prepared to invest time, money and effort into that process without having confirmation that an application has been approved at the state level prior to an application being made to the OGTR.

3. Recommended process

- Provide for a simple set of guidelines for the Secretary to follow once he/she has received an application to commercially use GM poppy as a non food pharmaceutical crop
- Provide for the Secretary to grant approval to use GM poppy commercially subject to any conditions which may include prohibition from food sales and to comply with all OGTR conditions
- Provide for the Secretary to not unreasonably withhold approval to use GM poppy as a non food pharmaceutical crop
- Provide for the Secretary to issue an approval within thirty days after receiving an application
- Exempt any decision from administrative review and or appeal

*Keith Rice* (Chief Executive)

