

Cabinet Policy Committee

POL Min (03) 8/5

10 APR 2003

THE TREASURY

Minute of Decision

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Government Response to the Royal Commission on Genetic Modification: Economic Analysis Results and Hazardous Substances and New Organisms Act Implications

On 9 April 2003 the Cabinet Policy Committee:

Economic modelling results

- 1 **noted** that previous international studies have produced mixed evidence of the economic implications of genetically modified (GM) crops;
- 2 **noted** that these previous international studies have considered crops that are not economically significant to New Zealand;
- 3 **noted** that the economic modelling undertaken with New Zealand-specific GM organism release applications indicates a range of possible positive and negative impacts on Gross Domestic Product (GDP), depending on the productivity improvements, price impacts and types of technology modelled;
- 4 **noted** that officials' analysis of the modelling results suggests that forgoing the release of GM organisms is likely to have a more significant negative impact on GDP than any of the GM organism release scenarios;
- 5 **noted** that the analysis suggests that the two major determinants of whether the economic impact of releasing GM organisms is positive or negative in New Zealand are:
 - 5.1 the effect of a release of a GM organism on the international price of New Zealand produce; and
 - 5.2 the size of the productivity gain that can be achieved through the release of a GM organism;
- 6 **noted** that Government policy interventions, such as maintenance of a robust regulatory regime and promotion of domestic biotechnology research, can have a significant impact on the determinants in paragraph 5 above;
- 7 **noted** that the scenarios considered likely to lead to positive impacts on GDP reflect current Government policy of a rigorous regulatory regime, international confidence in that regulatory regime, a case-by-case approach to assessing applications, and successful co-existence between GM and non-GM production methods;

- 8 **noted** that the modelling results suggest that the release of GM organisms closer to the human food chain poses greater economic risks than releases for medical or pest control purposes;

HSNO decision-making processes

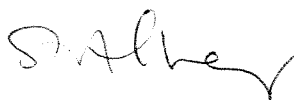
- 9 **noted** that there is a requirement in the Hazardous Substances and New Organisms (HSNO) Act and HSNO Methodology for the Environmental Risk Management Authority (ERMA) to take account of economic costs, benefits, and risks when considering an application for release of a new organism, including national level effects;
- 10 **noted** that Ministers have previously agreed to make a number of changes to the HSNO Act largely in respect of the management of new organisms [CMC Min (03) 3/13, CAB Min (03) 4/1B, CAB Min (03) 4/3];
- 11 **agreed** that no further changes, beyond those noted in paragraph 10, are required to either the HSNO Act or the HSNO Methodology to ensure that the economic consequences of a new organism application are appropriately considered;
- 12 **agreed** that further work be undertaken by ERMA, in consultation with relevant departments, on how it would approach its assessment of economic impacts within the context of the proposed co-existence mechanisms;
- 13 **directed** officials to report back to the Cabinet Policy Committee (POL) by 31 July 2003 on the funding implications of the further work referred to in paragraph 12, in the context of the wider review of ERMA capability;
- 14 **directed** officials from MAF and MfE to report back to POL by 31 October 2004, on any policy implications arising from the work referred to in paragraph 12;

Publication of decisions

- 15 **agreed** to release publicly:
- 15.1 the above decisions; and
- 15.2 the Report on Economic Risks and Opportunities from the Release of Genetically Modified Organisms in New Zealand, subject to minor editorial changes;

Consultation

- 16 **noted** that the Minister indicates that consultation is not required with the government caucuses or with other parties represented in Parliament.



Sue Sharp
Secretary

Reference: POL (03) 77

Copies to: (see over)

Present:

Rt Hon Helen Clark (Chair)
Hon Dr Michael Cullen
Hon Jim Anderton
Hon Steve Maharey
Hon Phil Goff
Hon Annette King
Hon Jim Sutton
Hon Trevor Mallard
Hon Pete Hodgson
Hon Margaret Wilson
Hon Parekura Horomia
Hon Lianne Dalziel
Hon Mark Burton
Hon Paul Swain
Hon Marian Hobbs
Hon Rick Barker

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

Copies to:

Cabinet Policy Committee
Chief Executive, DPMC
Mary Anne Thompson, DPMC
Secretary to the Treasury
Chief Executive, Ministry of Economic Development
Secretary of Foreign Affairs and Trade
Director-General, Ministry of Agriculture and Forestry (Agriculture)
State Services Commissioner
Chief Executive, Ministry of Research, Science and Technology
Chief Executive, Te Puni Kokiri
Minister for the Environment
Secretary for the Environment
Minister of Conservation
Director-General of Conservation

