



Cradle to Grave Subsidies for GMO Development

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Government has approved new blanket subsidies for GM developers that complete the cradle to the grave state assistance programme for GMOs, said Sustainability Council Executive Director Simon Terry.

Under the new spending recently approved by Cabinet*, GM developers will pay an average of just 17% of the cost involved in ERMA assessing applications. The Government will meet the balance – an estimated \$2 million a year. Prior to this change in policy, ERMA was required to achieve 100% cost recovery by January.

There are valid reasons for providing targeted state funding – primarily to help with the cost of public participation in ERMA hearings and to encourage compliance. However, providing such a high level of subsidy, to all comers, for all classes of applications, and regardless of the merits of the application, is bad economics. GM release applications should not be given blanket subsidies. If Government believes a particular project is so deserving, let it give the subsidy transparently after “case by case” assessment.

Blanket subsidies have already been set up at the other end of the lifecycle for GM projects. Under law passed earlier this month, GM developers will not be liable if something goes wrong so long as they abide by ERMA’s conditions on a release. Any damage caused as a result of ERMA failing to foresee a problem will not be a GM developers’ responsibility. As Government has also ducked accountability for such costs, these will fall on innocent citizens and businesses. Meeting claims for third party damage is a standard business cost and if GM developers are allowed to avoid providing cover for these, it is a major subsidy.

Government is the biggest investor in New Zealand based research directed at GM release. It explicitly picks the projects it will subsidise when funding a series of multi-million dollar CRI projects targeting GM release - through the Foundation for Research Science and Technology. There should be no difficulty building into each of these grants funding to meet the full cost of an ERMA application. Government should also require that the projects it sponsors pay for any damage caused and provide insurance cover itself if finance market terms are not suitable.

Taxpayers, not the private sector, provide the lifeblood for GM release projects. They are entitled to transparency and financial accountability, particularly in light of the high level of public opposition to GM crop release at this time.

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**Review of Cost Recovery Policy: Applications to ERMA for Approvals*, Minister for the Environment, approved by Cabinet, 11 Aug 03, and released to the Sustainability Council under the OIA.