

**Submission to the Community Affairs Legislation Committee**

Inquiry into the

**Food Standards Amendment (Truth in Labelling – Genetically Modified Material) Bill 2010**

February 2011

## 1.0 Introduction

The National Baking Industry Association (NBIA) is the marketing arm of the Baking Industry Group. The Baking Industry Group is a not for profit organisation, whose role is to provide industry leadership to develop, support and protect the principles of efficiency, quality and best practices in the Baking Industry. With membership in every State across Australia, the Baking Industry Group prides itself on being the national body for the Baking Industry, playing a vital role in the development, promotion, education, training and protection for business owners within this industry. With close to 400 members, membership ranges from small corner store bakeries to large milling companies. While our membership is diverse, all members are committed to safeguarding the industry and providing the best quality outcomes to consumers.

The **Food Standards Amendment (Truth in Labelling – Genetically Modified Material) Bill 2010** (the Bill) intends to increase already stringent labelling requirements, particularly in relation to genetically modified (GM) ingredients in food products. It is the view that this will allow for more consumer choice regarding the consumption of GM food.

NBIA does not necessarily disagree that consumers have the right to be informed with regards to their purchasing choices, however we believe that the amendments proposed in the Bill will have a significant affect on retail bakeries. A substantial number of our bakery members are small businesses. It is our aim to protect these small businesses against the unnecessary regulatory burden that could be imposed on them if this Bill was passed without any adjustments.

## 2.0 GM Food in Australia

Presently, there are a number of GM ingredients in Australia that could be used in the Baking Industry, for example, GM soy, GM canola and GM corn used in corn flour, as well as emulsifiers, such as Lecithin and Diglyceride, which are produced from GM products.

Now GM wheat is becoming a possibility in Australia. In 2006, BASF (one of the world's leading chemical companies) invested \$28 million for GE wheat research in Australia, and in 2007 conducted its first field trials. Now with Monsanto having purchased a 20% stake in Intergrain (one of Australia's largest wheat breeding companies) in 2010 with the intention of introducing GM wheat into Australia the possibility seems a lot more likely.

In Australia, the development and environmental release of GM organisms is overseen by the Office of the Gene Technology Regulator (OGTR) in accordance with the *Gene Technology Act 2000*. Additionally, Food Standards Australian and New Zealand (FSANZ) carry out safety assessments on each new genetic modification before deeming it to be safe.

Whilst the GM food ingredients and products currently present in Australia have been deemed to be safe, there is some concern regarding health risks associated with GM food products with some studies showing GM foods can indicate new allergens, altered organ size, and reduced fertility (Source: Spliced Bread: The Threat of Genetically Engineered Wheat in Australia).

## 3.0 GM Food Labelling in Australia

The FSANZ Food Standards Code outlines labelling requirements in Australia. In particular, *Standard 1.5.2 – Food produced using Gene Technology* regulates the labelling laws of GM foods. Since December 2001 it has been mandatory for GM foods, ingredients, additives, or processing aids which contain novel DNA or

protein that has come from an approved GM food to be labelled in conjunction with the words 'genetically modified'. If the food is unpackaged, this information is displayed on or in connection with the display of the food at the point of sale.

Some foods are excluded from GM labelling requirements. Highly refined foods, such as sugars and oils, are exempt from GM labelling requirements as the refining process has removed DNA and protein from the food. Also, food intended for immediate consumption which is prepared and sold from food premises and vending vehicles, including restaurants, take away outlets, caterers, or self-catering institutions are exempt from GM labelling requirements. Further, foods with less than 1% (per ingredient) of an approved GM food unintentionally present in a non-GM food does not require labelling. (Source: FSANZ)

Currently with regards to general labelling requirements, food made and packaged on the premises from where it is sold is exempt from labelling requirements. Therefore most retail bakeries that bake on-site are not required to label their bakery products. (Source: FSANZ)

#### **4.0 The Effect of the Bill**

Section 4 **Purpose of Act** in the Bill states: "The purpose of this act is to require producers, manufacturers and distributors of food to label all products that contain genetically modified material."

This requirement is irrespective of:

- (a) the amount of genetically modified material in the food; and
- (b) the manner in which the genetically modified material made its way into the food; and
- (c) the fact that the food was not intended to contain genetically modified material.

Essentially, this would mean that many of the small retail bakeries who are currently exempt from labelling requirements may need to implement a labelling system if the food products made on-site contain any genetically modified material or ingredients.

This is not a viable option for small retail bakeries as this could mean these small businesses that bake and sell from the same site are subject to stringent labelling requirements. These strict labelling requirements would in fact be a completely new requirement for many bakeries which are currently exempt from labelling requirements. This would result in costs being driven up substantially due to extensive investigation into all ingredients used as well as purchasing of labelled packaging. This cost would undoubtedly need to be passed onto the consumer if the business is to remain viable.

Retail bakeries do not have the resources available to determine which ingredients are GM, but rather would rely on the manufacturer's and supplier's information regarding GM ingredients. Ingredients used in the bakery would be delivered packaged, and therefore labelled in accordance with the FSANZ Standards.

Further, as the Bill proposes GM labelling requirements regardless of the amount, or intention, of GM material present in the food, this eliminates the 1% per ingredient threshold which is likely to result in an increase of ingredients being labelled 'genetically modified' and therefore reducing the number of choices consumer have in the marketplace.

## **5.0 Recommendations**

As stated previously, NBIA's argument is not that these labelling requirements of GM material should be disposed of, but rather that amendments need to be made so that retail bakeries, which bake on-site possibly using GM ingredients, are not burdened with the same rigorous labelling requirements as the producers and manufacturers of the ingredients themselves.

Ingredients delivered to the retail bakeries are packaged and hence would require labelling, therefore meeting the requirements of the proposed Bill. As such, NBIA is recommending that the point of generation of the GM material or ingredient, is responsible for the detailed labelling of GM material.

Retail bakeries should simply be able to have a list of ingredients used in their products, detailing whether they are GM or not, but not specifically have to label each product they produce and sell from their site as 'genetically modified' or not.

With regards to increasing the consumers right to choice in relation to consuming GM food, a number system could be implemented that indicates when an ingredient is genetically modified or not. For example, if a manufacturer produces oil that is genetically modified, this ingredient could have a corresponding number that indicates the oil has been genetically modified (for example, a number starting with a 5 could indicate 'genetically modified'). The label on the oil would have that specific corresponding number present and list the ingredients, specifically detailing and labelling what is 'genetically modified'. When that particular oil is then used in the bakery the ingredient would be listed with the corresponding number, for example "Oil 501". If the consumer would then like more specific information about that GM ingredient they can seek it from the manufacturer. Alternatively, the corresponding numbers could be applied nationally and an online database implemented where consumers could access the information without the need to directly contact the specific manufacturer.

This would significantly reduce the burden and cost impact on small businesses.

## **6.0 Other matters**

In addition, NBIA would like to express that we have a strong position against genetically modified wheat being used in Australia. Irrespective of the possible health concerns, we have concerns for businesses in the Baking Industry, especially small businesses, and the effect this will have on them.

Even if the GM wheat is deemed to be as safe as its counter-part, it is unlikely to produce any more or better quality wheat than non-GM wheat, therefore providing no benefit to the end product.

With conglomerates funding the testing, if GM wheat is promoted and used in Australia, it is likely that all Australian farmers growing the wheat will be required to pay royalties to these big companies. As a result, farmers are likely to put up the price of wheat which in turn will drive up the costs for businesses – many of which are small business and would not be able to afford this without passing on the increase to the consumer.

Additionally, once GM wheat is produced it will be very hard to contain as the grains and seeds can easily travel in the air, and the expansion of GM wheat will be spread quickly – whether intentionally or not. This will make it extremely difficult for farmers to prove and promote that they are using non-GM wheat, but also, with the elimination of the 1% threshold will mean many more ingredients will be labelled as 'genetically modified' due to GM wheat unintentionally being used.