



### **Standing Committee on Economics**

### **Inquiry into the Food Standards Amendment (Truth in Labelling - Palm Oil) Bill 2011**

### **Submission by Sucrogen Foods Pty Ltd**

#### **Background**

Sucrogen Australia markets fats and oils on behalf of its owner Wilmar International Limited. Wilmar is a publicly listed company on the Singapore SGX and has extensive interests in palm oil production and processing amongst its agri-business portfolio. It has a strong involvement in plantation ownership. The company has adopted a responsible plantation management approach to enable it to enhance nature's biodiversity without compromising yields or plantation profitability. Wilmar is committed to managing land and plantations in a way that keeps illegal logging, forest fires and poor farming practices at bay.

#### **Round Table on Sustainable Palm Oil (RSPO)**

Wilmar promotes sustainable palm oil production and aims to increase its production volume in the supply chain from third-party certification using the [Roundtable on Sustainable Palm Oil \(RSPO\)](#) standards framework as benchmark. The company believes that RSPO currently represents the highest standards for the industry.

One of the first palm oil companies to achieve RSPO certification, having attained the first certification for 4 estates and 3 mills in December 2008, Wilmar is progressing pursuing audits for the rest of the Group. It is expected that all Wilmar plantation operations will have been audited in 4 years.

Wilmar also procures and sources oil palm fruits from local - supported and independent - smallholders for their mills. Many of these suppliers may not meet these expectations immediately, which may limit the ability to procure palm oil from sustainable sources.

#### **Chain of Custody**

Despite the supply chain complexity, the company is resolved to work with multi-stakeholders, including local farmer-suppliers, the industry and civil society organisations, to address these challenges. Wilmar has started socialising the RSPO concept and its accompanying standards to associated smallholders, training and encouraging them to adopt responsible agricultural practices. The ultimate aim is to bring them on board to this certification scheme and integrate them into the sustainable value chain.

A traceability system for sustainable palm oil is a clear and decisive step towards increased transparency in the supply chain. This system needs to be third-party certified, and is used in the supply chain to track, record and report the amount of palm oil coming from certified sustainably-managed plantations.

With certified sustainable palm oil – complying with the RSPO requirements and independent verification now available, all members in the supply chain can now purchase and demonstrate their support for sustainable palm oil production through one of the four RSPO approved supply chain models:

- Identity Preserved
- Segregation
- Mass Balance
- Book and Claim

This system is called Chain-of- Custody.

When completed, the process will allow for the use of certification in product labelling for those customers who wish to use it.

## **Biodiversity**

One of the most effective ways to achieve this is the incorporation of the [High Conservation Value Forest \(HCVF\)](#) concept into plantation management. Wilmar is committed to such an exercise before commencing any new plantation development activities. They work with international and local conservation experts to seek more informed feedback and recommendations. This extends to developing wild life corridors extending natural habitats and breeding grounds.

Furthermore the company has rangers who undertake daily patrols and are empowered with full police power and authority, targeting illegal logging, hunting activities, wildlife trade and game meat consumption. Wilmar employs biodiversity and conservation managers as well as a primatologist to develop and implement conservation management plans.

Recently Wilmar reaffirmed its commitment towards the long-term protection and conservation of orangutans and their habitat when they entered into a tri-party Memorandum of Understanding (MoU) with the Borneo Orangutan Survival Foundation (“BOSF”) and the government of Central Kalimantan, Indonesia.

This landmark MoU formalizes and consolidates the partnership between BOSF, the Government of Central Kalimantan and Wilmar who will work together on a common Agenda:

1. Commitment to the long-term conservation of orangutans and their habitat;
2. Dedication to developing a pilot project of Best Management Practices (BMP) for orangutans in oil palm plantations, to eventually communicate to other oil palm companies as a working example of how to achieve orangutan conservation on plantations, with the hope that this could ultimately become an industry-wide programme in Central Kalimantan.

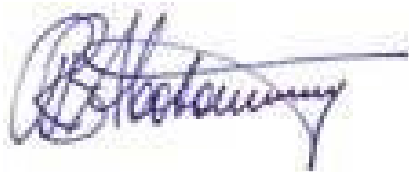
As the committee can see from this brief summary Sucrogen’s principal, Wilmar has a strong commitment to sustainability principles in relation to its business operations.



In relation to the Bill before the Committee Sucrogen Foods offers the following comments.

1. FSANZ has an established and well developed system to ensure food safety and health.
2. The space on food labels is hotly contested as evidenced by the Blewett review into food labelling, Labelling Logic.
3. The current Bill cuts across those well defined processes which through thorough scientific review and debate sets appropriate standards. The nature of this bill is to address environmental labelling by cutting across established processes. No case is made that palm oil is the biggest environmental issue warranting treatment over and above other environmental or health issues.
4. Obesity is one of the biggest health issues facing Australians with 62% of males, 45% of females and 22% of children overweight or obese with type 2 diabetes being the leading cause of illness for men by 2023 (AIHW 2008)
5. The obesity issue is not specific to palm oil and labelling of palm oil as such will not address this matter.
6. The best environmental outcome is achieved through programs such as the RSPO and the measures described above. This will bring about real change on the ground, protecting bio-diversity and producing sustainable outcomes. It is not clear how much labelling will make a difference. Depriving farmers of income from one crop will only perpetuate the inclination for them to clear forest and crop switch as they endeavour to eke out a living.
7. Nevertheless for those food processors who wish to make claims about the sustainability of their products the RSPO and Chain of Custody programs will provide a sound basis for those claims.

We would be pleased to provide further information should the committee require it.



Russell Abotomey

**Sucrogen Foods Aust Pty Ltd**

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