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Committee Secretary  
Senate Standing Committee on Community Affairs  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Committee Secretary

**Inquiry into Food Standards Amendment  
(Truth in Labelling – Palm Oil) Bill 2009**

I respond to the invitation to provide a submission to the Inquiry and offer the following comments on the principal issues to be considered by the Committee.

**The rights of consumers to be provided with accurate and truthful information to enable them to make an informed choice about the food products they are eating and purchasing.**

- Legislation exists to protect Australian consumers and regardless of the method of communication - advertising, packaging, logos, or nutritional claims – information provided must neither mislead, nor deceive<sup>1</sup>.
- More specifically, the *Food Standards Australia New Zealand Act 1991* set downs that adequate information relating to food should be provided to consumers to enable them to make informed choices<sup>2</sup>.
- In addition, the Australian Competition and Consumer Commission's *Food Labelling Guide* is intended to educate the 'food and beverage industry about their obligation to ensure that their product labelling, packaging and advertising is accurate and is not likely to mislead consumers<sup>3</sup>'.

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<sup>1</sup> Peter Kell, Deputy Chair, Australian Competition and Consumer Commission, *ACCC uses Consumer Rights Day to warn food industry of need for honest communication*, March 2009:

<http://www.ausfoodnews.com.au/2009/03/16/.html>

<sup>2</sup> *Food Standards Australia New Zealand Act 1991*, 1.

<sup>3</sup> Australian Competition and Consumer Commission, *Food Labelling Guide*, 2009, 1.

- Australian consumers, therefore, have the right to access explicit information relating to the food they purchase and eat.
- Despite these provisions, consumers looking for ‘healthy’ food, or ‘organic’ food or a product prepared in an ‘environmentally friendly’ way can still be confused by the information provided by the industry. Palm oil is a prime example.
- Research has shown that a diet high in palm oil produces an increase in total low-density lipoprotein (LDL) or ‘bad’ cholesterol that builds up on the inner walls of the arteries to the heart and brain. Combined with other substances, it can form plaque, narrowing the arteries and reducing their flexibility. Being high in saturated fat and low in polyunsaturated fat, palm oil increases the risk of heart disease. The research extends as far back as 1970<sup>4</sup>.
- A number of health groups, including the World Health Organization<sup>5</sup> and Heart Foundation<sup>6</sup>, have identified the risk and called for a substitute to decrease demand for unhealthy imported palm oil.
- In light of these well documented concerns, consumers have the right to be provided with details of the full nutritional components of a product and, thus, the ability to make an informed choice to establish whether palm oil or, additionally, sustainable palm oil, form part of the product they intend to purchase.

**That allowing palm oil to be listed as ‘vegetable oil’ on food packaging is misleading to consumers.**

- At this time, however, consumers are unable to make an informed choice as there is no legislative requirement for manufacturers to identify palm oil in their products. Rather they can ‘hide’ behind the generic terminology ‘vegetable oil’.
- It is essential that consumers are no longer misled by the imprecise term, ‘vegetable oil’, which can comprise a range of different products with different health effects.
- Research data from the Australian Oilseeds Federation indicates that some 60 per cent of oils used in our food industry do not meet Heart Foundation Tick nutrition standards<sup>7</sup>.
- Currently only three vegetable oils – peanut, sesame and soy bean – must be identified on product labels in Australia because of the number of people who might suffer an allergic reaction.
- I would argue for mandatory labelling of palm oil as an ‘oil that must be declared’ to support consumers’ right to not be misled and provide them with the knowledge to make an informed choice.

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<sup>4</sup> Brown E, Jacobson MF, *Cruel Oil: How palm oil harms health, rainforest and wildlife*, Center for Science in the Public Interest, Washington DC, 2005, 3.

<sup>5</sup> World Health Organization, *Diet, Nutrition and the Prevention of Chronic Diseases*, WHO Tech Rep Series 916, Geneva, 2003.

<sup>6</sup> Heart Foundation, Media Release: *Food Industry Must Take A Stand On Oils*, 29 September 2009.

<sup>7</sup> Heart Foundation, Media Release: *Food Industry Must Take A Stand On Oils*, 29 September 2009.

**That palm oil is considered high in saturated fats and consumers should be made aware if it is used in foods they are eating for health reasons.**

- Palm oil is not a health food whether it is described as 'organic', 'natural' or 'palm fruit oil' rather than palm kernel oil.
- Concern arises from the vast array of food and confectionary that utilise palm oil in production. Indeed, after soybean oil, palm oil is the most widely used due to its taste and cooking properties. Because of its versatility and it being about one-third cheaper than soybean oil, it is a staple of the baking, fast-food and other industries.
- As I show above, most health authorities warn that palm oil promotes heart disease, reiterating the bulk of medical research into the health implications for different fats.
- Compelling evidence of the impact of changing from palm oil to soybean oil can be gleaned from a 1987 health promotion program in Mauritius. High rates of heart disease prompted the government to switch its subsidy from oil comprising mostly palm oil to one made mostly of soy. The World Health Organization reported that the change resulted in a 15 per cent decrease in serum cholesterol in the population<sup>8</sup>.
- With the surfeit of evidence on the detrimental effect of palm oil in food, consumers should be made aware of its impact and be able to identify easily its presence at the point of sale.
- Without government commitment to change, Australian consumers aspiring to a healthy diet and lifestyle will be unable to identify the presence of palm oil in products due to lack of specific labelling, thereby compromising their own healthy goals.

**That the impact of palm oil production on wildlife, specifically Orang-utans in South East Asia, is significant unless it is done sustainably.**

- Palm oil production and logging operations are closely linked, as the rainforest is first logged for the valuable timber and then burned before planting.
- Other associated environmental issues from this process include soil erosion, water pollution, loss of biodiversity and toxic herbicides.
- The end result of such destruction of enormous tracts of tropical rainforest and its replacement with monoculture plantations threatens many already critically endangered wildlife species in Indonesia and Malaysia, but especially the Sumatran and Bornean orang-utans as their rainforest habitat vanishes.
- The major threats to orang-utans are habitat loss, habitat degradation, and habitat fragmentation. The displaced animals may starve, be killed, or die due to lack of unoccupied land for home range or feeding

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<sup>8</sup> Dowse GK, *et al*, 'Changes in population cholesterol concentrations and other cardiovascular risk factor levels after five years of the non-communicable disease intervention programme in Mauritius', *British Medical Journal*, 1995; 311: 1255-9.

grounds. Research shows that the number of Bornean orang-utans declined by 97 per cent during the 20<sup>th</sup> century<sup>9</sup>.

- The Sumatran tiger, Asian elephant and Sumatran rhinoceros are also endangered by this clearing and fragmentation of the rainforest that hinders migration patterns and blocks travel corridors.
- I would question the reliability of existing sustainable palm oil production practices and, given the projected increase in demand for palm oil, even whether restrictions on further development of rainforests and peat forests can be enforced.
- Considering the higher cost of rehabilitating old disused land compared to the cheaper option of slash and burn agriculture, the projected rise in demand, and the presence of corruption and nepotism in the industry<sup>10</sup>, my concern is that, rather than sustainable palm oil production, destruction of rainforest habitat will continue resulting in the extinction in the wild of already endangered animals.

**That sustainable palm oil can be produced with low impact on the environment and wildlife and with better labour laws on plantations.**

- Palm oil production is industrial agriculture practised by large corporations in countries where labour and plantation production costs are cheap.
- Monoculture has replaced the immense variety of hundreds of species of trees and plants so that most animals cannot survive.
- Social and human problems associated with palm oil plantations extend to the forcible eviction of indigenous people, low pay among palm oil workers, and the use of child labour.
- The impact of palm oil plantations could be reduced if they were to be established on disused agricultural land, eg old rice paddies or old plantations. But rehabilitation costs of disused land far exceed those associated with clearing new land and selling the valuable tropical timber trees.
- It may be possible for palm oil to be grown sustainably but the focus would need to move from easy access to rainforest land and cheap labour to reduce costs to a longer term perspective of environmental and social standards which would, of course, raise the price of palm oil itself.
- The success of sustainability would depend upon the political will of governments in producing countries, international manufacturers that utilise palm oil and financial institutions that provide the monetary backing.
- It would also require an independent body to verify the environmental and social propriety of claims to such sustainability.

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<sup>9</sup> Nellemann C, and Newton A, eds, *The Great Apes – The Road Ahead*, in Brown E, Jacobson MF, *Cruel Oil: How palm oil harms health, rainforest and wildlife*, 26.

<sup>10</sup> Wakker E, *Funding Forest Destruction: The Involvement of Dutch Banks in the financing of Oil Palm Plantations in Indonesia* in Brown E, Jacobson MF, *Cruel Oil: How palm oil harms health, rainforest and wildlife*, 21.

- I note that Switzerland's largest supermarket chain, MIGROS, was the first European retailer to hire independent auditors to verify that its palm oil suppliers continue to meet environmental and social principles<sup>11</sup>.

**That manufacturers should be encouraged to use sustainable palm oil in their production process and can subsequently use the status of 'Certified Sustainable Palm Oil' as a business benefit.**

- While some companies have recognised and acted upon the concerns surrounding palm oil, consumers can also contribute to reducing the destruction of rainforests and wildlife in palm oil production and improve their own health by avoiding products containing palm oil. To do so, however, the details must be clearly defined on the packaging.
- The Roundtable on Sustainable Palm Oil (RSPO) was established in 2001 to ensure sustainable production and use and bring deforestation under control through clear, ethical and ecological standards for producing palm oil. Its members include many of the large global users of palm oil.
- There have, however, been reports of a lack of commitment among many manufacturers to sustainable palm oil plantations, with only some 40 per cent of the industry joining RSPO.
  - Their reluctance may stem from the lack of success of the first shipment of certified sustainable palm oil, some 1.3 million tonnes, to Europe. The price premium of 8 – 15 per cent saw only 1 per cent of the shipment purchased, with the remainder being returned<sup>12</sup>.
- It would also seem that membership of RSPO is not sufficient proof of a company's environmental credentials. In December 2009, Greenpeace released a report that an Indonesian conglomerate affiliated with RSPO was engaging in widespread illegal deforestation and peat land clearance. Not only is this practice illegal under Indonesian law, it also ignores the key principles of RSPO<sup>13</sup>.
- On the day the Greenpeace report was released, Unilever, the world's largest palm oil user, announced that it was suspending all future purchases of palm oil from the Indonesian company due to the serious allegations of destruction of high conservation value forests and expansion on to peat lands<sup>14</sup>. Several other major companies subsequently launched similar internal investigations following the Greenpeace Report.
- While manufacturers should be encouraged to use sustainable palm oil and promote and enhance the status of 'Certified Sustainable Palm

<sup>11</sup> Brown E, Jacobson MF, *Cruel Oil: How palm oil harms health, rainforest and wildlife*, 31.

<sup>12</sup> Oliver M, 'Tropical Forests and the Palm Oil Controversy', *Conscious Living Magazine*, [http://www.consciousliving.net.au/magazine/index.php?option=com\\_content&task=view&id=384&Itemid=553](http://www.consciousliving.net.au/magazine/index.php?option=com_content&task=view&id=384&Itemid=553)

<sup>13</sup> Greenpeace UK, *Illegal Forest Clearance and RSPO Greenwash: Case Studies of Sinar Mas*, 11 December 2009, <http://www.greenpeace.org.uk/files/pdfs/forests/sinarmasRSPOgreenwash.pdf>

<sup>14</sup> Unilever, *Unilever takes stance against deforestation*, Unilever Global, London, 11 December 2009, <http://www.unilever.com/mediacentre/pressreleases/2009/Unilevertakesstanceagainstdeforestation.aspx>

Oil', the current structure and practices of production and the difficulty of enforcing guidelines make it problematic. The supply chain itself is so complex, with sustainable palm oil being mixed with non-sustainable, that most companies would have difficulty identifying the origin of the oil they use.

- Finally, I would highlight the fact that the Heart Foundation reports that there are sufficient quantities of locally-produced oils, eg canola oil, to meet all domestic demand. If Australian manufacturers switch to healthier oils, they would not only improve the health of the Australian people, they would also support Australian farmers and reduce the damage palm oil plantations inflict on the environment<sup>15</sup>.

Demand for palm oil is forecast to double by 2020 to 89.1 billion pounds, despite the ecological and social impacts of plantation agriculture<sup>16</sup>. Accordingly, we should raise awareness that palm oil is not only harmful to health but also the environment, and its use should be minimised. Other oils – soy, canola, corn, safflower and sunflower – can be substituted for palm oil in many fried foods. Where more solid fats are essential, it is preferable to use palm oil obtained in sustainable, environmentally sound ways; by not continuing to expand palm plantations that destroy natural rainforest but rather by rehabilitating agricultural land, despite the greater cost and time lag.

Although this inquiry is focussed on palm oil, it brings to light the broader issue of misleading food labelling in general. I have long campaigned for greater clarity, precision and enforcement of food labelling on such issues as:

- Free-range and barn-laid eggs;
- Free range chickens and free-range pork;
- Terms such as 'organic', 'natural', 'lite', 'light', 'fresh', 'fresh daily', 'baked not fried', 'low in fat', 'unsweetened', 'fat free', to cite just a few;
- Olive oil standards;
- A range of food additives.

In my view, we have inadequate food labelling laws in Australia. I believe that legislative measures are required, supported by government supervision and auditing of the legally defined standards. In essence, the whole area of food labelling in this country is in need of substantial reform.

Yours sincerely

Bob Such MP JP  
**Member for Fisher**

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<sup>15</sup> Heart Foundation, Media Release: *Food Industry Must Take A Stand On Oils*, 29 September 2009.

<sup>16</sup> <sup>16</sup> Brown E, Jacobson MF, *Cruel Oil: How palm oil harms health, rainforest and wildlife*, v, 2, 7.