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Senate Community Affairs Committee
Inquiry into the Food Standards Amendment (Truth in Labeling – Palm Oil) Bill 2009
Department of the Senate
community.affairs.sen@aph.gov.au

22 April 2010

Dear Senator,

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

Thank you for the opportunity to make a submission to the Inquiry.

Summary

1. Deforestation/land clearing for oil palm production has a severe impact on the natural environment. Other lesser but still significant environmental impacts include unnecessary or excessive use of poisons in palm oil plantations and pollution of watercourses and waterways by the dumping of production waste.
2. The certification system developed jointly by industry, social and environmental representatives through the Roundtable for Sustainable Palm Oil (“RSPO”) reduces and in many cases virtually eliminates these environmental impacts as only land cleared before 2005 may be used to produce certified sustainable palm oil and rigorous pollution control measures are required in order to obtain certification.
3. WWF strongly supports the *Food Standards Amendment (Truth in Labelling – Palm Oil) Bill 2009* and the matters within Schedule 1:

16B Matters for which standards must be developed and approved—palm oil

(1) The Authority must, within 28 days after the Food Standards Amendment (Truth in Labelling—Palm Oil) Act 2009 receives the Royal Assent, develop and approve labelling standards that prescribe that producers, manufacturers and distributors of food containing palm oil:

(a) regardless of the amount of palm oil used in the food or to produce the food, palm oil must be listed as an ingredient of the food; and



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(b) if the palm oil used in the food or to produce the food has been certified sustainable in accordance with the regulations, the listing of the palm oil as an ingredient of the food may be shown as:

“CS palm oil”

to indicate its sustainable origins.

(2) Regulations made for the purpose of certifying the sustainability of palm oil must reflect the criteria determined for that purpose by the Roundtable on Sustainable Palm Oil.

3. WWF believes that the criteria and principles of the Roundtable on Sustainable Palm Oil provide by far the best assurance that palm oil is produced sustainably – there is quite literally no other organisation that provides a similar level of assurance – and therefore that it is reasonable that the legislation specifically require certification in accordance with those criteria and principles.

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4. WWF’s mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable and promoting the reduction of pollution and wasteful consumption. WWF has 5 million supporters worldwide and about 85,000 in Australia.
5. WWF is a foundation member of the Roundtable on Sustainable Palm Oil and operates in both Malaysia and Indonesia, the two largest producers of palm oil.
6. In relation to palm oil, WWF wishes to ensure that Australian consumers are able to support sustainable oil palm production by being able to identify and purchase products which contain palm oil or palm oil derivatives certified in accordance with the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO).

Palm oil production

7. The main environmental impact of palm oil production is deforestation/landclearing. In Southeast Asia alone the equivalent of 300 football fields are deforested every hour for palm oil production. Deforestation releases large volumes of greenhouse gases and destroys the habitat of iconic and endangered species like orangutan, Sumatran tiger, elephants and rhinos. For example, studies of oil palm plantations in Malaysia indicate that about 80 mammal species



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inhabit intact forest as opposed to 30 in a “disturbed” (ie logged) forest and 11 or 12 in oil palm plantations.¹

8. The peatland areas of Riau Province, Sumatra, Indonesia, hold Southeast Asia’s largest store of greenhouse gases². The loss of intact forests on the peatlands by felling and then burning for oil palm plantations releases these greenhouse gases. Peatland areas are favored by oil palm cultivators as they are flat and easy to cultivate.
9. Other lesser but nevertheless significant environmental impacts of oil palm production include unnecessary or excessive use of pesticides in palm oil plantations to control rats, and pollution of watercourses and waterways by the dumping of production waste. For example, in 2001 Malaysia's production of 7 million tons of palm oil generated about 10 million tons of solid oil wastes, palm fiber and shells, and 10 million tons of palm oil mill effluent, a polluted mix of crushed shells, water, and fat residues that has been shown to have a negative impact on aquatic ecosystems as well as being the source of large emissions of methane, an exceptionally potent greenhouse gas.

Certified Sustainable Palm Oil & Roundtable on Sustainable Palm Oil

10. In response to the urgent and pressing global need for sustainably produced palm oil, the Roundtable on Sustainable Palm Oil was formed in 2004 to promote the production and use of sustainable oil palm products through credible global standards and the engagement of interested stakeholders. The Roundtable on Sustainable Palm Oil is an industry-lead not-for-profit association which unites stakeholders from seven sectors of the palm oil industry - oil palm producers, palm oil processors and traders, consumer goods manufacturers, retailers, banks and investors and environment/conservation and social/developmental non-government organisations. Roundtable on Sustainable Palm Oil members account for 40% of the global palm oil industry.
11. In November 2008 1.3 million tons of palm oil was certified against the Roundtable on Sustainable Palm Oil standards and by the end of 2009 this volume is expected to rise to approximately 2 million tons or about 8% of global industry production. The volume of certified sustainable palm oil is expected to continue to rise without the need for further deforestation. In Indonesia, for example, about 20 million hectares of cleared land suitable for palm oil plantations is presently available, and an estimated 300-700 million hectares of abandoned croplands worldwide that with enrichment could be suitable for oil palm and biofuel crops.³

¹ Wakker, E (1998). *Forest Fires and the Expansion of Indonesia’s Oil Palm Plantations*. Report prepared for WWF-Indonesia Programme.

² Uryu, Y. et al. 2008. *Deforestation, Forest Degradation, Biodiversity Loss and CO² Emissions in Riau, Sumatra, Indonesia*. WWF Indonesia Technical Report, Jakarta, Indonesia.

³ Mardas, N; Mitchell, A; Crosbie, L; Ripley, S; Howard, R; Elia, C; and Trivedi, M (2009) *Global Forest Footprints, Forest Footprint Disclosure Project*, Global Canopy Programme, Oxford



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Australian manufactured and certified sustainable palm oil

12. Australian Bureau of Statistics data indicates that Australia imported approximately 130,000 tonnes of palm oil and its derivatives annually between 2003-2007, approximately 97% of which was imported from Malaysia and Indonesia, and that palm oil's share of the Australian vegetable oils market is growing.⁴
13. Palm oil certified in accordance with the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO) carries a relatively small price premium, as little as 1%, an amount that is unlikely to detrimentally affect the Australian oil-using manufacturing industry. On the other hand, by encouraging the purchase of certified sustainable palm oil, through labelling amongst other things, the Australian Government, manufacturing industry and consumer can help protect both the global climate and some of the most iconic species on earth.

Thank you for the opportunity to provide a submission to the Inquiry. WWF would appreciate an opportunity to expand upon the submission if a public hearing is held.

If you require any further information, please do not hesitate to contact Lydia Gaskell, Global Forest and Trade Network Manager (02 8202 1231 or lgaskell@wwf.org.au) or me (0410 086 986 or ptoni@wwf.org.au).

Yours sincerely

Paul Toni
Program Leader Sustainable Development

⁴ Spencer, S 2004, *Price Determination in the Australian Food Industry*, A Report. Australian Government Department of Agriculture, Fisheries and Forestry, Canberra.