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Senate Economics Committee  
Inquiry into the Food Standards Amendment (Truth in Labelling Laws) Bill 2009  
Department of the Senate  
[economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

26 October 2009

Dear Senator,

### **Inquiry into the Food Standards Amendment (Truth in Labelling Laws) Bill 2009**

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

#### **Summary**

1. Deforestation/landclearing for oil palm production has a severe impact on the natural environment. Other lesser but nevertheless significant environmental impacts of oil palm production include unnecessary or excessive use of poisons in palm oil plantations and pollution of watercourses and waterways by the dumping of production waste. The certification system developed jointly by industry, social and environmental representatives through the Roundtable for Sustainable Palm Oil ("RSPO") reduces, 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 are required as part of the certification process.
2. WWF requests that the Committee recommend that the *Food Standards Amendment (Truth in Labelling Laws) Bill 2009* be amended to oblige Food Standards Australian New Zealand to develop a standard:
  - a. Requiring products which contain any quantity of palm oil or palm oil derivatives to include the words "palm oil" in their list of ingredients;
  - b. Limiting the use of the words "certified sustainable palm oil" in lists of ingredients to products which contain palm oil or palm oil derivatives certified in accordance with the criteria and principles of the Roundtable on Sustainable Palm Oil (RSPO).
3. WWF requests that the Committee recommend that Australian manufacturers use palm oil or palm oil derivatives certified in accordance with the criteria and principles of the Roundtable on Sustainable Palm Oil.



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### **Submission**

#### **WWF**

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. 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.
5. Amongst other things, WWF wishes to ensure that its Australian supporters have the opportunity to contribute to sustainable oil palm development by being able to identify and purchase products which contain palm oil or palm oil derivatives certified in accordance with the criteria and principles of the Roundtable on Sustainable Palm Oil (RSPO).

#### ***Palm oil production***

6. 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, and indeed the ecosystem of which they form but a small part. For example, studies of oil palm plantations in Malaysia indicate that about 80 mammal species inhabit intact forest as opposed to 30 in a "disturbed" (ie logged) forest and 11 or 12 in oil palm plantation<sup>1</sup>.
7. The peatland areas of Riau Province, Sumatra, Indonesia, hold Southeast Asia's largest store of greenhouse gases<sup>2</sup>. 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.
8. Other lesser but nevertheless significant environmental impacts of oil palm production include unnecessary or excessive use of poisons 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 responsible for large emissions of methane, an exceptionally potent greenhouse gas.

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

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



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### ***Certified Sustainable Palm Oil & Roundtable on Sustainable Palm Oil***

9. 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 all 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 organizations. Roundtable on Sustainable Palm Oil members account for 40% of the global palm oil industry.
10. 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 with perhaps 300-700 million hectares of abandoned croplands worldwide that with enrichment could be used to grow palm and biofuel crops<sup>3</sup>.

### ***Australian manufactured and certified sustainable palm oil***

11. Australian Bureau of Statistics data indicates that Australia imported approximately 130,000 tons of palm oil and its derivatives annually between 2003-2007, approximately 97% of which was imported from Malaysia and Indonesia, and palm oil's share of the Australian vegetable oils markets is growing<sup>4</sup>.
12. Palm oil certified in accordance with the criteria and principles 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 labeling 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.

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<sup>3</sup> 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

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



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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](mailto:lgaskell@wwf.org.au)) or me (0410 086 986 or [ptoni@wwf.org.au](mailto:ptoni@wwf.org.au)).

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