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Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Reference: Truth in Food Labelling Bill 2003

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WITNESSES

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Thursday, 4 March 2004

Members: Senator Knowles *(Chair)*, Senator Greig *(Deputy Chair)*, Senators Barnett, Denman, Humphries and Hutchins

Participating members: Senators Abetz, Bishop, Boswell, Brown, Buckland, Carr, Chapman, Collins, Coonan, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Nettle, o'Brien, Payne, Tierney, Watson and Webber

Senators in attendance: Senator Knowles *(Chair)*, Senators Barnett, Brown, Denman and Forshaw

Terms of reference for the inquiry:

Truth in Food Labelling Bill 2003.

Committee met at 4.31 p.m.

CAHILL, Dr Matthew, Member, Biotechnology Committee, Avcare Ltd

GAUCHAT, Mr Claude, Executive Director, Avcare Ltd

HUPPATZ, Dr John Lawrence, Science Advisor, Agrifood Awareness Australia

NEIL, Ms Heather, Communications Director, Avcare Ltd

CHAIR—Welcome. Do any of the witnesses have any additional comments to make on the capacity in which you appear here today?

Dr Cahill—I work with Dow AgroSciences Australia.

CHAIR—The committee is taking evidence on the Truth in Food Labelling Bill 2003. Witnesses are reminded that the giving of evidence to the committee is protected by parliamentary privilege; however, the giving of false or misleading evidence may in fact constitute a contempt of the Senate. The committee has before it your submission. Do you wish to make any alterations to that submission?

Mr Gauchat—No. We will keep it the same.

CHAIR—Would you like to make any opening comments before senators ask you questions?

Mr Gauchat—If I may.

CHAIR—Please do.

Mr Gauchat—Thank you, Madam Chair. We appreciate the fact that we can appear before the committee. Avcare is the peak body representing companies that are developing and commercialising agvet chemicals as well as GM crop technology in Australia. Avcare contends that the Truth in Food Labelling Bill is unnecessary, as existing legislation and regulatory regimes provide protection of human health and safety as well as consumer information via

labelling in relation to GM inputs. Avcare supports existing Food Standards Code standard 1.5.2, which is based on sound scientific principles and, in our understanding, provides consumers with fair choice. Existing food labelling requirements ensure that consumers have information available to enable them to make informed choices. The Food Standards Code is complemented by provisions in the Trade Practices Act which ensure that food manufacturers and retailers provide accurate information to consumers. Further, the National Residue Survey and the Australian Total Diet Survey provide publicly available information on residues.

I will make four specific comments on the bill. The first comment goes to the labelling of GM foods. The strength of current Australian legislation in relation to the labelling of foods as GM is that it links labelling to the presence of novel DNA and protein in the final food. A competent laboratory can test for a defined threshold in the final food. The standard is therefore enforceable, and the emphasis on product and not process is a positive attribute of the current labelling regime. Food manufacturers currently have the voluntary option of providing consumers with additional information, such as non-GM or GM free, if they can substantiate the claim and they believe it meets a market need. This approach is in line with current approaches to organic labelling and labelling for religious and/or ethical reasons.

Consumers must have confidence in the claims that are made on labels. FSANZ is to monitor compliance. For example, in June 2003, a survey was conducted to ascertain how businesses are adapting to GM labelling provisions of standard 1.5.2. The survey tested a representative range of soy and corn derived food products for presence of novel DNA. All 51 samples tested complied with the GM labelling requirements. The bill proposes that foods be labelled as containing GM ingredients even if the food contains no traces of novel DNA and/or protein. With no traces of novel DNA and/or novel protein, the foods are identical. Australia's labelling system must be based on science and claims must be able to be verified. Globally, food safety assessments are based on the concept of substantial equivalence, and therefore processed oil derived from GM crops is the same as that from conventional crops.

My second point is on animal feeds. The inclusion of exemptions in the bill for meat, milk and eggs from GM-fed animals recognises the fact that the DNA and other components of feed are broken down by the digestive processes of animals so that its functionality is lost. This means that the DNA of an approved GM grain consumed by the animal will also be broken down in the same way. Therefore, requiring animal feed to be labelled is a bureaucratic process that adds nothing to the information already available to consumers. Avcare understands that the Stockfeed Manufacturers Association of Australia has made a submission to this committee and has addressed these issues in considerable depth with expert advice.

My third point goes to the issue of traceability. On traceability the Gene Technology Grains Committee principles provide a system to establish traceability for GM canola grown in Australia. The principles bring together quality assurance at each stage of the supply chain to ensure product integrity that meets market specifications. I would like to table a copy of the principles for the committee's future reference.

My fourth point is on chemical residues information. Avcare believes that relevant information about residues is part of sound regulatory decision making and monitoring as well as providing information to interested consumers. There are currently two sources of information about chemical residues: the Australian Total Diet Survey and the National

Residue Survey. The results of the 2001 Total Diet Survey show that the levels of pesticide residues, contaminants and other substances in our foods are very low—and in all cases are within the set safety limits. Consumers will be best served by being made aware of the current monitoring systems and the results of these surveys rather than allocating scarce resources to the development of new processes.

In summary, Australia has a rigorous assessment process for testing the safety of food ingredients derived from crops, animals or micro-organisms bred or selected by GM techniques. The cost of this system is borne by both industry and the general public. Likewise, the significant cost burden of the mandatory labelling system proposed in this bill would be carried by both industry and governmen—which must divert resources from real food safety risks to enforcing compliance with GM labelling systems. For these reasons, Avcare opposes the Truth in Food Labelling Bill 2003.

CHAIR—Thank you.

Senator DENMAN—In part 1 clause 6 of your submission you say:

Existing legislation already adequately ensures consumers have accurate and scientifically valid information available to them to make informed choices.

Can you expand on that statement by referring to the legislation that you believe does that?

Dr Cahill—I cannot identify the exact phrase in legislation, but certainly the legislation that covers food standards in Australia is more than adequate to determine the safety of the foods derived from GM crops.

Senator DENMAN—So you do not know which legislation?

Dr Cahill—I cannot tell you the clause, no. But I could certainly take that on notice and provide it.

Senator FORSHAW—I assume what you are referring to there is the legislation and the regulations that govern the operations of FSANZ, for instance—the TGA or whatever. I am not trying to put words in your mouth, but is that what you mean?

Dr Cahill—Yes, that is correct. In fact, the guidelines for each of the food safety assessments provided for FSANZ are extremely rigorous and very detailed. During that process, the safety of food derived from GM crops is more than adequately addressed.

Senator FORSHAW—You talk about GM crops.

Dr Cahill—Foods generally, not just GM crops.

Senator FORSHAW—So your statement is applicable to all?

Dr Cahill—To all foods, yes, that is correct.

CHAIR—Has there been any shift that you have detected in the attitude of states to the current legislation whereby all the state governments agreed with the current legislation when it was introduced and much consultation had been undertaken?

Mr Gauchat—We have not noted any shift, but we are obviously not privy to some state government discussions on this. We are aware that there are quite a few consumer surveys and the statistics are being aired in the media. That may result in certain governments looking

again at their current policy. But we are certainly not aware of any definite shift that has been communicated to us.

Senator BROWN—Thank you all very much. If I heard correctly, a central concern about the legislation is the cost. Is that a fair assessment?

Mr Gauchat—There are two points: firstly, the current regime is based on science and, secondly, an additional sort of extension of labelling would obviously be a cost impost.

Senator BROWN—The science I have looked at, which is psephology, says that the majority of Australians want products that have any GE components at all to be labelled. What is wrong with that science? What is wrong with applying that science to endorsing the thrust of this bill, which is to maximise the information going to consumers about GE contamination?

Dr Cahill—The current legislation actually does exactly what you say—food commodities that do contain GE components are labelled.

Senator BROWN—So you have no trouble with the measures in this bill, or do you spot a difference with the current legislation?

Dr Cahill—The point is, as Claude has identified, that the current legislation already does exactly what you have suggested—that is, identify foods that do already contain an ingredient above a threshold which is derived from a GM crop. So if that is the intention then that is already adequately covered by the current legislation.

Senator BROWN—There are two things there: firstly, the threshold is being halved in this legislation.

Dr Cahill—Yes.

Senator BROWN—So it is going from one per cent to a half per cent threshold. Secondly, as you know, the legislation here is saying that where you have a foodstuff that is derived from a genetically engineered process or basic stock, that should be labelled as well. My experience, from the survey material I have seen and from talking with people, is that people want to know if genetically engineered processes have been involved in the things they are buying to eat or to give their families to eat. What is wrong with that?

Ms Neil—I would like to make a comment about what our understanding is of consumers' buying habits, and then perhaps Dr Huppatz might be able to talk about the threshold levels. Most research on consumer purchasing habits has consumers making their choices overwhelmingly in relation to brand and price. There will be a small percentage of consumers who want particular labelling requirements, and the market responds to that as the market sees it.

Currently, labelling is required if GM is at a level of over one per cent. Certainly in a local supermarket here there is a very major product in the deli section that is quite clearly labelled 'may contain GM soy' and it has no problem selling—but obviously some people might not buy those products. I would like to table an article that was in the *Financial Review* today from Mr David Bowe—he is on the European parliament's Committee on the Environment, Public Health and Consumer Policy. I suppose our position could perhaps be summarised by quoting his final line:

The conclusion is simple: for all the posturing of opponents, it is the customer who will and should decide.

We have labelling that will provide them with that choice at the moment. Perhaps Dr Huppatz can talk about the threshold level.

CHAIR—There being no objection, leave is granted to table that article.

Dr Huppatz—The points that Senator Brown made with reference to threshold levels—and, in particular, foods derived from genetically modified crops—I think need looking at quite closely. Canola oil may be derived from genetically modified canola but as it appears on the supermarket shelf—the processed oil we would normally buy as cooking oil—it has no DNA, no protein and is totally indistinguishable from oil from a non-GM crop. So you immediately have a fundamental problem with how to police such a requirement. From the point of view of wanting to lower the threshold, this brings into play the testing for GM ingredients, particularly in processed foods. In commodities like canola, corn or soya bean, testing is relatively easy to quite low levels. It is much more complex when the GM ingredient is present in a processed food. The threshold levels are there to enable testing to be done in a reasonable, inexpensive way. It is possible to test for ingredients below the one per cent threshold, although there are no laboratories in Australia specifically accredited by NATA to do that, but you immediately incur a vastly increased cost to go below the one per cent threshold.

Senator BROWN—I would like to develop this point a little. A modern consumerist society, I agree, is attracted by looking at the Wednesday specials and so on at the supermarket. It looks at price and the competition between supermarket and so on to minimise the cost of the basket of goods, but there are other values in play here—for example, when it comes to plastic bags we know that all surveys show the majority of consumers continue to take them but a big majority also want government to act to put a levy or prohibition on them so it is fair for everybody. So there is a contradiction there. What you really see coming through in that is that consumers have an intelligence which says, 'If we have some law which shows us the way, we will back it.'

You mentioned canola oil which consumers will be aware is free of DNA contamination because it is an extract from the plants that may have been genetically engineered, but there is—wouldn't you agree?—an awareness by consumers that when they buy canola that comes from GM crops the impact is back there in the environment. There is a huge debate raging worldwide about what that impact on the environment is. There are many consumers who do not want to be part of a GMO-contaminated environment, whether the GMO contamination be in crop lands or whether it be getting from there into the natural environment. Surely they have a right to have the option of saying, 'The oil I'm going to buy—and I'm prepared to pay more for it—is not coming from GMO crops; it's coming from non-GMO crops.' Ought it not be a right of consumers to know that? That is what is built into this bill.

Dr Huppatz—I take your point, but you still have the problem of being able to police such a regulation. When it appears on the shelf you cannot distinguish the oil that comes from a genetically modified canola plant after processing from an oil that comes from a non-GM plant. So to put in place a system that would need virtually to go back to the field that the crop was grown in and be monitored all the way through to the supermarket shelf is a bit like

saying: 'I'll only drink milk that comes from jersey cows; I don't want it from any other sorts of cows.' Is this a practical proposition?

Senator BROWN—Yes, it is. People buy organic milk these days, and wool coming out of wool farms has how many microns on it. What is the difficulty with us ensuring, as legislators, that if GMO crops are sold onto the food chain then they should be labelled as such and that should move right up the food chain with them? That is what the traceability component of this legislation is about. Why shouldn't it be labelled as it goes, right from the farm gate through to the supermarket shelf?

Dr Cahill—I would like to address two points in your questions. The first is that labelling in a positive sense, as you point out, is market force driven when it is not legislated. If the oilseed industry consider that the consumer who is sceptical about GM wants to have an alternative then that market force should do its work and provide that commodity as required. The second point is about your comment about environmental impacts. The overwhelming evidence globally is that the technologies provided by modification can have substantial environmental benefits.

Senator BROWN—Let me go to your first point, which is that markets should determine. Do you see a place for parliament in regulating that market?

Ms Neil—We agree with the current regulatory regime which provides a regulatory framework to inform consumers and has been set at a level based on world's best practice and scientific investigation. We fully agree with labelling in that sense. If a manufacturer chooses to provide some voluntary labelling—as many of them do on issues such as sugar and fat—that will give an indication about an agricultural production method, there is nothing stopping them from doing so now if they believe that the market wants that type of labelling.

Senator BROWN—Do you oppose labelling on cigarette packets that warns people about lung cancer and heart attacks?

Ms Neil—I think that that is an entirely different matter.

Senator BROWN—No, it is not; it is legislated labelling that the industry did not want.

CHAIR—We are not talking about that at the moment; we are talking about this piece of legislation.

Senator BROWN—We are talking about that. I am asking the questions here. We all know that governments do intervene in the market to the public benefit. I put it to you that this legislation exists because there is a public good to come of it.

CHAIR—What is your question?

Senator BROWN—The question is: do you oppose labelling on cigarette packets which warns people about the health concerns?

CHAIR—That is not a question that—

Senator BROWN—It is a question.

CHAIR—I am ruling that it is a question that the witnesses from Avcare do not have to answer. It is not contained in this bill. They do not have to answer it. That is not their specialty; it is not their area of interest.

Senator BROWN—I object to that and I ask you to refer that ruling to the President of the Senate. I will put it in a different fashion. Are you aware that there is a growing demand worldwide for organic goods on supermarket shelves?

Mr Gauchat—Yes. We are aware that that particular segment has grown and we certainly believe in the coexistence of different production systems.

Senator BROWN—Are you aware that that is regulated right from the farm gate through to the supermarket shelves?

Mr Gauchat—I would argue that in Australia that would not be the case. Maybe in some other markets it is.

Senator BROWN—So you are saying that the organic food that we get in Coles and Woolies is not necessarily so, that there is not a traceability factor to it?

Mr Gauchat—I am saying that there is an export standard, which is world class, but there are not the same domestic standards.

Senator BROWN—I ask you again because I am interested in this: are you saying that the organic foods on our supermarkets shelves that we buy are not necessarily so because it is not regulated?

Mr Gauchat—I have never tested the system as a purchaser. I have asked on several occasions where it comes from. I certainly was not given the information on the spot. But I would like to refer to a comment that you made earlier about the risk assessments of GM crops. Certainly Avcare believes in the OGTR process. I think that particular agency is using best world science to make the risk assessments, and therefore the safety aspect has been taken care of. We have labelling laws. Again, consumers have a choice. That is the essence of this inquiry: to what extent do consumers have a choice and, more importantly, to what extent do consumers actually exercise that choice? We would also say that a lot of food companies are providing help through a helpline. If any consumer is interested in finding out the source of certain ingredients or the end product, those helplines assist the consumers in getting the information they want.

Senator BROWN—Does your organisation support the one per cent level of labelling that is currently legislated?

Mr Gauchat—Yes, we do support it.

CHAIR—Last question, Senator.

Senator BROWN—You are getting some assistance from the chair. Is there some specific objection you have to consumers of canola oil, for example, knowing that it came from Tasmania, which is GM free, as against China, which is not necessarily GM free? Why should consumers not know that the canola oil they are using is coming from GM-free crops when they have read about the scientific arguments in both directions about the hazards and/or the safety of GM crops? Why shouldn't they know that?

Mr Gauchat—Our view is that it is probably a question of how many consumers would want to know that. As we said before, if there are sufficient numbers who want it, food companies may well respond and have it labelled as such on a voluntary basis.

Senator FORSHAW—Have you seen the submission from Greenpeace, who are our next witnesses? Have you read that submission?

Mr Gauchat—We have seen it but I cannot recall all the details.

Senator FORSHAW—There is a comment in their submission that refers to the concept of substantial equivalence. They criticise the use of that concept by regulators. They say it 'is based on a flawed assumption'. They go on to say:

> It assumes that if a GE food can be characterised (through chemical composition) as substantially equivalent to its conventional form, then the GE variety is as safe as the non-GE variety. It means that rigorous testing is not required of GE foods.

The submission then goes on to make a few other comments, including referring to criticism from institutions. Do you have a response to the criticism that is contained in the Greenpeace submission on that issue?

Dr Cahill—Food Standards Australia New Zealand accept that substantial equivalence is the best method for determining whether two products are the same and safe, as safe as each other, and a range of very eminent scientific bodies, including the Royal Society, have also agreed that that is the best way to do this task. Globally, the philosophy behind food safety is based on substantial equivalence. That is done everywhere: Canada, US, the UK, Australia, Japan et cetera—the OECD countries; by everybody. Essentially, all the food safety agencies globally use substantial equivalence as the basis for their assessments.

Senator FORSHAW—You are saying it is world's best practice?

Dr Cahill—Absolutely.

Senator FORSHAW—Thank you.

CHAIR—Thank you very much and thank you for giving the Senate your time this afternoon.

Mr Gauchat—Thank you, Madam Chair. I have got a copy of the opening statement I can give you, if that is helpful.

CHAIR—Thank you, that will be excellent.

[5.01 p.m.]

HEPBURN, Mr John, Genetic Engineering Campaigner, Greenpeace Australia Pacific

CHAIR—I welcome Mr John Hepburn from Greenpeace Australia Pacific who will be giving evidence to the committee by videoconference. You are reminded that the giving of evidence to the committee is protected by parliamentary privilege; however, the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee has before it your submission. Do you wish to make any alterations to the submission?

Mr Hepburn—No, not at this stage. I would make a few comments about it, but no changes to it.

CHAIR—You are free to make your comments, at the conclusion of which senators will ask you some questions.

Mr Hepburn—Thank you. Firstly, good afternoon and thank you for the opportunity to speak with you today. I would like to commend the Greens for the initiative. I was listening to the Avcare submission and would like to pick up on a number of points that were made in that. But I will start by going over some of the key points that we have made in our submission: first, the consumer rights to know, the issue of safety and the requirement to have comprehensive labelling in order to ensure the safety of the community and food health, and then I will come to the issue of how you actually police labelling, because there seems to be some dispute around the practicality of having more comprehensive labelling.

Firstly, on the right to know, we would agree with Avcare, as they have stated, that we should let the consumers decide. Unfortunately, our current labelling system does not allow the consumer to decide because it does not provide them with sufficient information. Greenpeace internationally have done an assessment and we have found that roughly 80 per cent of all GE crops grown in the world are used for animal feed. Here in Australia, it is probably similar. We have identified 350,000 tonnes of genetically engineered soy coming into the country last year from the US, all of which went unlabelled. In going through the supermarket shelves, we found four or five products that are actually labelled as genetically engineered. Yet we know, from being able to measure and track the shipments, there are at least 350,000 tonnes of GE material coming into our food chain. So the fact that GE animal feed does not need to be labelled and the current exemptions under our labelling system basically deny the public the right to know what they are eating.

You may be familiar with the recent survey by Biotechnology Australia which was released in January this year. It basically showed that the public concern over GE is increasing and has increased fairly significantly over the last two years, and there is a wide range of concerns. People do not only have a narrow set of health concerns around GE foods. As Bob Brown was saying earlier, there is a pretty wide range of concerns within the community about environmental impacts. A lot of people do not like the idea of the increase in corporate control of our food chain which we are seeing with GE crops. Other people have religious concerns about GE food; they do not like the idea of companies playing God. Whatever your personal view or my personal view might be of those issues, people have a right to hold those views

and to be able to act on those views. I will provide a copy of the Biotechnology Australia survey to the committee, if you have not already seen that.

In relation to the issue of GE oils and highly processed ingredients, our view is that it is bordering on deception to have, for example, a canola oil that is derived from 100 per cent genetically engineered canola and that that can be on the shelf not labelled, when the public think we have labelling laws that are going to give them that information. It is such an obvious loophole. It is not actually being honest and it is not being fair to the public.

I will move on to safety issues. Avcare made the point that an oil from GE canola, for example, is indistinguishable from a conventional oil. There was a study that came out in the March 2003 edition of the *New England Journal of Medicine* which looked at peanut oils. It found that when children are exposed to peanut oils on the skin that may increase the likelihood of developing peanut allergies in later life. What that study does is show that proteins are not completely eliminated during the production process of making oils. If you talk to people in the GE testing labs here in Australia they will tell you something similar—that most of the protein in DNA is destroyed during processing but not all of it. Even the Office of the Gene Technology Regulator in its risk assessment for GE canola indicates that it is negligible levels of protein, not no levels of protein.

The other issue I would like to raise is that of substantial equivalence, which, from our point of view and from the point of view of many organisations such as the Public Health Association of Australia, is not actually a scientific concept and is not a realistic or robust basis for assessing the safety of genetically engineered food. In the journal of nutrition and health last year there was a survey of health assessments done of the likely impacts on health of GE foods. What it found was there had been a total of 10 in vitro studies into the health impacts of GE foods—that is 10 in the world. Most of the regulators, including those here in Australia, rely far too heavily on the data provided by the biotech companies and on studies that have not been peer reviewed.

Touching on the question of how you police it, it is, simply, an issue of full traceability. Most food companies are not willing to label their products as genetically engineered, saying that the public do not want them, but they are moving beyond that to removing GE animal feed. What we are seeing is that major companies like National Foods, Kellogg's, Arnott's, Campbell's, Unilever, the many large Australian food companies, have removed GE from their whole supply chain including animal feed. What would make that job easier for them is if there were labelling of animal feed in the supply chains so that they could basically make clear requests to their suppliers. It is not that difficult to have a full traceability system for something like Canola so that you can be sure that the canola oil you have is derived from a non-GE crop rather than a GE crop. Those traceability systems exist for other products. There is no reason why they should not and will not exist. Therefore the argument that Avcare were making is not, in my view, appropriate. It is possible to have policing systems and quality assurance systems from paddock to plate because that is increasingly the standard that the industry have adopted. I am happy to take some questions on the written submission or on any of the comments that I have just made.

CHAIR—Thank you very much, Mr Hepburn. Are there any questions?

Senator DENMAN—Have you done any study on what it would cost to implement the sort of procedures envisaged by the bill or as outlined in your submission? I am particularly interested in the end result as far as the cost of food is concerned.

Mr Hepburn—We have not done any studies. I believe that there may have been some done by the European Union. I think their new labelling system is coming into force in mid-April, so no doubt there would have been some assessment of the cost impacts of that, which I guess we could learn from. But we certainly have not done a study ourselves.

Senator BROWN—What is the new labelling system in the EU that is coming in in April?

Mr Hepburn—They are basically moving to a full traceability system where any product that is derived from a GE crop will need to be labelled, as will animal feed. Canola oil from GE crop needs to be labelled, and a feed supplier—say, supplying feed to a piggery or a poultry company—would need to label whether or not their feed is derived from a GE crop or not. It stops short of requiring that products from animals that have been fed GE crops need to be labelled. For example, milk that is from cows that are GE fed would not need to be labelled. But they are requiring a label for feed, which then allows companies to put in place much clearer and much more comprehensive traceability systems. That then enables the companies to provide consumers with the information they want. The other difference with the European labelling laws is that they do not have an exemption for point-of-sale and restaurant foods. They require labelling in the EU.

Senator BROWN—Let us get it straight about the animal feed labelling. The requirement for that is not so much so that you can know whether the meat that you are eating came from animals that ate GE contaminated or modified feed but so that you can trace the GE modified crops elsewhere. Can you explain a little bit more carefully why the Europeans are not requiring animals to be labelled but are still requiring the food they eat to be labelled?

Mr Hepburn—The initial proposal was that the animals that had been fed GE crops would need to be labelled. During the negotiation process within the EU, that was watered down and changed. It was a compromise position. There are two issues, as you say. One is being able to trace GE throughout the supply chain, so that if there are any problems you can go back and find out where the problems are—if we find out that there is some health impact of GE foods, for example, or some major environmental impact, although the environment is a separate issue. That is why they are requiring full traceability.

In terms of the consumer right to know, the EU labelling falls short of what groups like Greenpeace were asking for, but it does allow the food companies to control their supply chains much more easily so that they can respond to consumer concerns. Increasingly, the food industry in Europe are communicating to the public whether they are using GE anywhere in their supply chain. Does that answer your question?

Senator BROWN—Pretty much. Going back to traceability, we heard from the previous witnesses that that was a difficulty. What sort of regulations are they putting in place? Does it mean that if you grow a food crop that is genetically engineered or has a genetically engineered component you have to label that? How do they label it? How do you label a truckload of wheat, for example, going to a silo?

Mr Hepburn—I guess in much the same way as we label different varieties of wheat now. There are dockets that travel with each shipment, which are kept segregated. It means that you do need to run separate supply chains. If we introduced GE canola into Australia, we would need to run the GE canola into a separate supply chain so that you are taking it to a different silo, not just mixing up the batches. Certainly in Europe they trace either GE or non-GE crops just through the normal system of dockets and tags on shipments that they use for all grain.

Senator BROWN—When wheat is being moved around the country or, say, Kellogg's wants to buy GE-free corn, how is it made sure, despite the docket system, that GE-free crops do not get contamination from silos or whatever that have had GE contamination? You were talking earlier about negligible protein making a difference to increasing allergies. It sounds like a complicated system if you are going to make sure that the two are kept apart.

Mr Hepburn—It is a complicated system. It certainly begs the question in Australia of why we would introduce GE canola in the first place, given that there does not appear to be any economic benefit to farmers, there is certainly no benefit to consumers and there is unlikely to be any benefit but only risks for the environment—and yet we are going to introduce a burden on the supply chains to keep these crops separate. It is not a simple issue in terms of the costing of segregation. What we see in the US is that some of the middle players—Cargill and other companies—basically take whatever price they can get. There is an increased price for non-GE foods that does not reflect the actual cost of segregation. The segregation systems themselves are relatively straightforward. Different companies require different levels of rigour, depending on their own internal quality systems and the culture within the organisation. Some companies will require a testing regime where they will actually sample the crop or the commodity at different points; others will just rely on a paper trail of identity preservation as enough for them. So it really depends on the different companies.

Senator BROWN—Do you think that a change from a one per cent contamination to a 0.5 per cent contamination hurdle for labelling is going to make much difference to the consumer?

Mr Hepburn—I think it makes a difference to the consumer. Our view is that it should be the lowest detectable level rather than 0.5 per cent or one per cent. What we see in the debate here in Australia over GE canola is the industry designing in allowable contamination of one per cent. From a consumer point of view, something is either GE or not GE. Our view is that it should be set at 0.1 per cent—and it should move down as the detection technology improves to make sure that products are actually GE-free and not just a bit GE.

Senator BROWN—I want to ask about the export potential for GE-free food—that is, human food. Have you got any evidence that that market is growing, as was expected? For example, have you got any evidence on the Asian markets or Pacific Rim markets? Is there any consumer trend of looking for GE-free foodstuffs or is there not much difference as far as that export market is concerned? I ask that question because I know how important agricultural industry is to Australia.

Mr Hepburn—Certainly the trend across Europe is for an increasing consumer rejection. We are also seeing that in Asia. The first consumer surveys done in China, Japan and Hong Kong recently indicated similar levels of public concern over GE food to those we see here in Australia. So roughly 60-odd per cent of the public have serious health or other environmental

concerns over GE foods. In terms of the market response to that, a lot of countries in Asia do not have any GE labelling whatsoever, so consumers are effectively denied the right to know what they are eating—they are denied the choice—and the signals do not go back to the food industry.

So the food industry can continue using GE in some instances because they know that their customers are not going to know about it and do not really have any choice. It removes that pressure from the food industry. In countries like Japan and China which have introduced new labelling—China introduced full traceability labelling recently, not last year but the year before—we are starting to see an increasing number of food companies rejecting GE, and that is reflected in the GE-free shipments that are going to those countries.

Senator BROWN—On the matter of pesticide and other residues, do you have any evidence that with new safety standards—our previous witnesses were talking about foods being safe these days—there is any need for labelling as far as residues are concerned? You have probably heard me argue that people have a right to know about it anyway, but does Greenpeace have concerns that there is still a problem with residues getting into the food chains in Australia, New Zealand or elsewhere?

Mr Hepburn—Undoubtedly. You may be aware that the Food Standards Code was changed a little while ago to allow increased levels of glyphosate in food. It is an issue related to that of genetic engineering, because what we see with these herbicide resistant crops is that farmers, rather than spraying the herbicide on the weeds, spray the herbicide directly onto the food crops—directly onto the soybeans or the canola. That is fairly obviously going to lead to increased pesticide residues in food. So that is certainly a concern that we share.

Senator BROWN—Thank you. By the way, we do have your survey—the opinion poll—attached to your submission.

CHAIR—Thank you for your time, Mr Hepburn.

[5.23 p.m.]

KEDGLEY, Ms Sue, MP, Green Party of Aotearoa, New Zealand

CHAIR—I welcome Ms Kedgley, who is giving evidence via videoconference. Do you have any comments to make about the capacity in which you appear?

Ms Kedgley—I am the safe food spokesperson for the Green Party.

CHAIR—You are reminded that the giving of evidence to the committee is protected by parliamentary privilege; however, the giving of any false or misleading evidence may constitute a contempt of the Senate. We have before us your submission. Do you wish to make any alterations to that submission?

Ms Kedgley—No, I do not.

CHAIR—I now invite you to make any additional comments that you would like to make, at the conclusion of which some senators may have questions.

Ms Kedgley—Thank you for allowing me to make a submission today. I think it is one of the first times a New Zealand member of parliament has presented evidence to the Australian Senate. That may be a harbinger of things to come. You may be wondering why a New Zealand member of parliament would want to address or make a submission to the Australian Senate. There are three reasons. The first of these is that our food regulations and our labelling regulations are exactly the same as yours. They are governed by Food Standards Australia New Zealand, a body in which we have one vote and you have 10 votes. So unless we can persuade Australian legislators to, for example, extend the labelling laws for genetically engineered produce we are not going to bring about change in New Zealand.

The second reason is that I have an almost identical private member's bill in our ballot here in New Zealand, and the third reason is I think it is a tremendously important bill and there would be huge consumer support on both sides of the Tasman. It is extremely timely because, when the existing labelling regime was introduced—the very weak one we have—our government minister said it was important that our regime was aligned and more or less based on the European GE labelling regime. Now, as I am sure you are all aware, the European Union has extended their regime and introduced a strict, comprehensive GE labelling regime which will now apply to all foods derived from GE ingredients and not just ones which have detectable levels of DNA. Now that Europe has done that, we should do the same. Under the new regime, basically all foods in Europe will be identified with a label saying, 'Derived from genetic modification'. Basically it is a simple system, and Senator Brown's bill proposes to do that as well.

As Senator Brown pointed out, consumers have a basic right to sufficient information to make informed choices about the food they buy. But to make that informed choice, labelling must be accurate, complete, meaningful and comprehensible, and I would argue that our present GE labelling laws are none of those things. In fact, it is extremely confusing to consumers. Indeed, it is misleading because our present regime is not based on the proposition that consumers have a right to know whether there are GE ingredients in our food. Rather, it is based on the hypothesis that there are detectable levels of novel DNA or protein remaining in

food. Aside from the fact that I am not aware that anybody is testing to see whether there are detectable levels of novel DNA in, for example, foods like chips—which of course makes that meaningless—that is not what consumers want to know. They do not want to know, for example, when they pick up a bottle of soy in the supermarket—yours or ours—if there are detectable levels of novel DNA in them; they want to know: does the soy derive from genetically engineered soy product?

Consumers are aware that there are literally thousands of processed food products in our supermarkets which contain GE ingredients, and they find it confusing, misleading and extremely annoying that there is nothing on labels to warn them. The only way consumers can try to figure out whether something they are about to purchase contains GE ingredients is to go to Greenpeace's *GE Free Food Guide*—I am not sure if you have it over your way—to see whether the company making the product they are about to purchase has a policy of eliminating all GE foods. They have to ferret through it—they almost need a magnifying glass. They pick up their chips and see it has Canola oil—they do not know whether it is GE or non-GE. The system at present is very confusing. Consumers want to be able to make a simple consumer choice: does that contain GE ingredients or does it not? The European Commission explicitly recognises that some consumers may wish to avoid GE food altogether for a variety of reasons and they should have that right.

Another feature of the new European labelling regime, which is also in Senator Brown's bill and which we strongly support, is that it sets in place a traceability regulation requiring all manufacturers to have in place systems which enable GE ingredients to be traced all the way through the production and distribution systems. This new traceability regime in Europe means that every single GE ingredient will have a unique identifier which enables it to be tracked throughout the food chain.

This will mean that we will not have to rely for enforcement of GE on the expensive process of sampling and testing for GE material. Instead, we will be able to look at the details of GE levels present in every product and shipment that every manufacturer will be required to record and to pass on. This will allow for the proper monitoring of GE foods. So, if any GE food was ever found to cause adverse effects on people's health or on the environment, it could easily be withdrawn from the system. Under our present labelling regime, there is no traceability requirement or system in place, so it would be difficult—or even impossible—to quickly withdraw a product. Manufacturers are only required under our present regime to have 'acceptable means' to identify the GM status of the ingredients of their products. There is no specification what that means.

Last year the New Zealand Food Safety Authority decided that for the first time they would do some auditing of the compliance with the new GE labelling laws. What they found was that only 42 per cent of manufacturers and 47 per cent of importers had current information on the GM status of their foods; only 50 per cent of manufacturers and 32 per cent of importers had verification steps in place—70 per cent did not; 6 per cent of manufactures and 26 per cent of importers did not even bother to get assurances from suppliers about the GM status of their foods.

How on earth can consumers have confidence in a labelling regime when there are such low levels of compliance? We believe setting in place these traceability systems will be very

effective and will make the regime effective. It will actually restore confidence. It will give consumers confidence in the regime and will enable monitoring of our system and withdrawal if it is ever needed. The other provisions we strongly support are mandatory labelling of country of origin, something that our government has been opposing. Consumers in New Zealand strongly support it in surveys. We cannot understand why our government does not support that, but we are delighted to see it in this bill as well as the provision that calls for any information collected by agencies or departments on residues or contaminants in foods and veterinary medicine to be made available on a web site. Once again, this is a basic consumer right to know what is in their food.

For all of those reasons, we strongly support this bill. We have a similar one here in New Zealand, which we hope will shortly be selected from the ballot and that it will pass through the New Zealand parliament so that Food Standards Australia New Zealand can strengthen our present very weak GE labelling regime and introduce a strict, comprehensive regime along the lines of the European one, which I am sure would have tremendous support from consumers on both sides of the Tasman.

Senator BROWN—I was interested in you saying that New Zealand has got one vote out of 10 in the food standards organisation. How did that come about?

Ms Kedgley—It makes you wonder, doesn't it? Basically, New Zealand has the same sort of status as your state of Tasmania. We can only assume that it was rather poor negotiation between Australia and New Zealand, because we are not represented in that body as a sovereign nation but rather have the equivalent voting power of the state of Tasmania. What this means is that we can be, and I assume are, outvoted on any number of issues with respect to food. For example, if I was to introduce a bill in New Zealand along these lines—as I am proposing to—unless the Australians agree with us, there would not be able to be a change in our laws here. So in this regard, we have given up our sovereignty to Australia to a considerable extent.

Senator BROWN—Earlier, we had some representatives from the food industry in Australia and they said that the market should rule. If people want labelling then you would see it being stressed in the market. What is wrong with that?

Ms Kedgley—Basically, the market has not ruled. We have come up with a labelling regime which is very convenient for manufacturers of food and totally unsatisfactory for consumers. Our system basically means that manufacturers can say, 'Don't worry. We've got this labelling regime in place,' but, in fact, you can walk around a supermarket in Australia or New Zealand and you will not find any labels which say there are GE ingredients in food, and yet we know that there are. We know that the seeds in canola oil are very likely to be genetically engineered, but there is no label. Frankly, there is huge consumer demand. Surveys have consistently shown that consumers want this. They are deeply frustrated by the present situation—the lack of labels—and they feel that they have no choice. I do not know if you have the Greenpeace guide on GM free products on your side of the Tasman, but thousands of copies are sold. People are walking around their supermarkets with them and they still find it completely unsatisfactory. Frankly, the market has not ruled. It is interesting that, when your Australian producers want to export to Europe, they will have to undergo the strict labelling regime that is now in place Europe and they will have to demonstrate the traceability all the

way through the system. So, if they want to market their product to Europe, they will have to go through this process. We think they should do it for New Zealand and Australian consumers as well.

Senator BROWN—The contention there is that maybe people do not care at all. Has there been any evidence of public concern or interest about GE contamination in foods in New Zealand?

Ms Kedgley—Yes, the surveys in New Zealand have consistently shown that in excess of 90 per cent of consumers say that they want proper GE labelling. There is great frustration that we cannot introduce that here in New Zealand. In New Zealand someone tried to introduce a bill some years ago and there was absolute outrage because, basically, our law makers had to say, 'We can't do this because we've given over power to Food Standards Australia New Zealand'—at that point it was the Australia New Zealand Food Authority. The New Zealanders were furious that we were not able to do it here on our own and that the whole system was being run through Food Standards Australia New Zealand. When they called for submissions, there were in excess of 3,000 submissions. Huge numbers of New Zealanders have sent in submissions, not specifically with respect to your bill. But, in general, it is an issue which has had a very high profile and consumers have consistently shown in surveys that they are feeling very frustrated about it.

Senator BROWN—The issues from the two sides of the fence are: first, the market will rule; and, second, this bill is putting down conditions which are going to increase the price of food—that was an argument put earlier in the afternoon. The contention is that consumers are really interested in price, that that is the biggest indicator or motivator when people decide where, how, in which shop and what they are going to buy.

Ms Kedgley—On the last point, surveys have shown that about 30 per cent of consumers are very concerned—they read the labels and study them—and that number is growing all the time. I am sure many consumers are very concerned about price, particularly those on lower incomes—of course that is important—but very many consumers are reading the labels more and more.

On the first question, whether proper labelling would cause a great increase in prices, that is exactly what they said, Senator, about the existing labelling regime we have now. I could send you papers in which the food industry predicted that there would be a huge increase. I cannot remember exactly—was it 12 per cent? Prices were going to soar; it was going to be completely unreasonable. Of course, that did not happen. This is always the argument that is brought up. We have to balance that with the fact that consumers actually have a right to know what is in the food we eat and that we need to have monitoring regimes in place so that if we had to recall a GM food, which is not unimaginable, we could trace it through the system and withdraw it speedily.

Senator BROWN—What about the farmers' response at the other end to GE labelling and traceability, which of course puts restrictions on them? Have you detected any response from the farming community about whether it is concerned about government requirements, for example, in carrying out a traceability regime?

Ms Kedgley—First of all, those farmers and all of their producers who are going to export to Europe, which is one of the world's biggest markets, are going to have to do that. No, I have not found any problems here in New Zealand because the majority of ordinary farmers do not yet grow genetically engineered food. In fact, from the farmers' point of view we have a marketing advantage in as much as we do not grow GE foods. The only GE ingredients we have in our food supply are imported from America. There has been no concern expressed by farmers here in New Zealand.

Senator BROWN—That is an interesting point that I would like to follow up. You are saying that farmers in New Zealand—and presumably in Australia—selling their produce into the New Zealand market are going to have to have traceability built in anyway. The European market is going to require that if there is GE involved. It is going to have to show up whether it is from Australia or New Zealand, anyway.

Ms Kedgley—That is right. I do not think we have our heads around that here in New Zealand and maybe you do not either. The European labelling and traceability regulations were passed last year and come into final effect at any moment now. From that time on they will apply to imports into Europe, so our farmers will be required to demonstrate that with all their exports.

Senator BROWN—Thank you.

CHAIR—Thank you for giving us your time this afternoon. We wish you well.

Committee adjourned at 5.43 p.m.