

2008-2009

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

**FOOD STANDARDS AMENDMENT  
(TRUTH IN LABELLING – PALM OIL) BILL 2009**

EXPLANATORY MEMORANDUM

(Circulated by authority of Senator N Xenophon, Senator B Brown and Senator B Joyce)

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(TRUTH IN LABELLING – PALM OIL) BILL 2009**

**1. Background**

The purpose of this Bill is to provide for the accurate labelling of palm oil in food.

Palm oil is used in approximately 40 percent of food products, however manufacturers are currently able to label palm oil as "vegetable oil", even though it originates from a fruit and is high in saturated fats, unlike vegetable oil.

Furthermore, the current production of palm oil, which predominantly occurs in Malaysia and Indonesia, results in extensive deforestation and, as a consequence, the removal of wildlife habitat, namely affecting the endangered Orang-utan.

It's estimated that an area equivalent to 300 soccer fields of forest is cut down each hour for oil palm plantations, resulting in the deaths of more than 1000 Orang-utans a year.

This Bill is designed to give consumers accurate information to make an informed choice about whether they want to purchase or consume a product, whether for health or conservation reasons.

Palm oil can be produced sustainably, and the international Roundtable on Sustainable Palm Oil (RSPO) has set out criteria to measure sustainable palm oil production.

These include transparency, compliance with local, national and international ratified laws and regulations, use of best practices by growers and millers, environmental responsibility, appropriate work labour laws and development of new plantings.

The RSPO was formed in 2004 with the objective of promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders. It is a not-for-profit association that includes stakeholders from seven sectors of the palm oil industry - oil palm producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks and investors, environmental or nature conservation NGOs and social or developmental NGOs.

This Bill encourages the use of certified sustainable palm oil, with manufacturers meeting the criteria set out by the RSPO able to label the ingredient as such to indicate its sustainable origins, in so doing advising consumers that palm oil is an ingredient of the product however it has been produced with minimal impact to the environment and no impact on wildlife habitat.

Ultimately, the intent of the Bill is to provide consumers with accurate labelling information about palm oil to enable them to make an informed choice.

The Bill provides 6 months for the Authority (FSANZ) to develop and approve labelling standards for producers, manufacturers and distributors of foods containing palm oil.

The Bill also provides that any changes to the regulations by FSANZ must uphold the intent of the Bill, which is for palm oil to be accurately labelled on all food products.

## **2. Short Title**

This clause is a formal provision and specifies the short title of Bill, once enacted, may be cited as the *Food Standards Amendment (Truth in Labelling – Palm Oil) Act 2009*.

## **3. Commencement**

This clause provides for the commencement of sections 1, 2 and 3 of the Act, the day on which this Act receives the Royal Assent, and for Schedule 1 to commence 28 days after the day on which the Act receives Royal Assent. The Authority (FSANZ) will have 6 months from the day after which the Act receives Royal Assent to develop and approve labelling standards for producers, manufacturers and distributors of foods containing palm oil.

## **4. Schedule**

This clause states that each Act specified within a Schedule under this Bill would be amended or repealed as set out by the provisions of this Bill, and any other item in a Schedule to this Bill has effect according to its terms.

## **5. Purpose of Act**

This clause states that the purpose of this Act is to ensure that consumers are provided with clear, accurate information about the inclusion of palm oil in foods, and to encourage the use of certified sustainable palm oil in order to promote the protection of wildlife habitat.

## **6. Schedule 1 – Amendment of the Food Standards Australia New Zealand Act 1991**

Clause 1 sets out the requirements by which manufacturers must label palm oil among its ingredients where used and also the regulations by which palm oil can be labelled as certified sustainable, if applicable, to indicate its sustainable origins.

Subsection (1) states that from six months after the day on which the Bill receives Royal Assent, producers, manufacturers and distributors of foods containing palm oil must list palm oil as an ingredient of the food regardless of the amount used in the food or to produce the food, and if the palm oil has been certified sustainable in accordance with the regulations, it may be shown as "CS Palm Oil" to indicate its sustainable origins.

Subsection (2) provides that the regulations to determine whether the palm oil is able to be certified sustainable is to be based on the criteria as set out by the Roundtable on Sustainable Palm Oil, which include transparency, compliance with local, national and international ratified laws and regulations, use of best practices by growers and millers, environmental responsibility, appropriate work labour laws and development of new plantings.

Under Subsection (3), any standard developed under this section is not subject to any review requested by the Australia and New Zealand Food Regulation Ministerial Council and, while under subsection (4), Food Safety Australia and New Zealand (FSANZ) can revoke this standard and make another standard, any new standard would still need to meet the requirements of subsection (1) whereby manufacturers and distributors of foods containing palm oil must list palm oil as an ingredient of the food,

and if the palm oil has been certified sustainable in accordance with the regulations, it may be shown as "CS Palm Oil" to indicate its sustainable origins.

Subsection (5) requires that any new standard or variation of a standard made under subsection (4) is also not subject to any review requested by the Australia and New Zealand Food Regulation Ministerial Council.

To avoid doubt during times where changes may occur or be in the process of occurring in terms of standards being revised by FSANZ or similar, subsection (6) requires that there must, at all times, be a standard in force with regard to the labelling of palm oil, 28 days from the day this Bill is enacted.