

SUBMISSION 35



17 August 2011

Dear Sir

Re: Inquiry into the *Food Standards Amendment (Truth in Labelling - Palm Oil) Bill 2011*

Campbell Arnott's welcomes this opportunity to make a submission to the House of Representatives Economics Standing Committee's Inquiry into the *Food Standards Amendment (Truth in Labelling - Palm Oil) Bill 2011*.

Campbell Arnott's proudly manufactures a range of simple meals, baked snacks and healthy beverages across four sites in Virginia (Queensland), Huntingwood (New South Wales), Shepparton (Victoria) and Marleston (South Australia). Across Australia, we employ over 1500 staff and purchase some 100,000 tonnes of locally grown ingredients including flour, sugar, canola oil, meat and vegetables.

Campbell Arnott's supports sound legislation in the areas of health and food safety and support the recommendations made in the final report of the Blewett Labelling review regarding a hierarchical approach to labelling. Under this framework, labelling of palm oil would justly fit with consumer value Issues. The review recommends these issues be managed through a mix of co-regulatory and self-regulatory measures .

Campbell Arnott's is a responsible manufacturer and has committed publicly to the use of sustainable palm oil. We are doing this by:

- 1.) Reducing the overall level of palm oil used in our products; and
- 2.) Working with our suppliers to move to 100% certified sustainable palm oil, if available, by 2015.

Commencing this year, we will take a gradual approach to achieving this target, moving 20% of our supply each year to certified sustainable palm oil. Campbell Arnott's will do this with minimal label changes so as to minimise costs.

Campbell Arnott's does not support the *Food Standards Amendment (Truth in Labelling - Palm Oil) Bill*.

In a cost competitive environment, this legislation will add significant cost to our business and the products we produce for our consumers. We have estimated that implementation of the legislation would result in additional costs of over \$2 million as a result of packaging changes. The legislation also provides for the labelling of palm oil as a component of primary ingredients; this would require significant additional management of ingredients throughout the supply chain to ensure all sources of palm oil are identified for inclusion in the label of each product. This will add time, complexity, resource and ultimately cost to our production processes.

Campbell Arnott's has a long-standing commitment to manufacturing in Australia and has continued to invest substantially in our local manufacturing operations. But we are competing in a global marketplace where costs of unnecessary regulation impact on our long-term competitiveness.

Introduction of this Bill would add significantly to the cost and complexity of our Australian manufacturing operations and we do not support its passage.

For the further information of the Committee please find attached to this submission a copy of Arnott's Position Statement on Palm Oil.

If you require any more information about any of the concerns I've raised above, please do not hesitate to contact me.

Yours sincerely

Jacqueline Chow
General Manager



Arnett's committed to sustainable palm oil

While Arnett's Australia New Zealand (ANZ) uses only a small amount (less than 0.05%) of the total 40 million metric tonnes¹ of palm oil produced annually, we are committed to playing our part by sourcing sustainable palm oil that avoids deforestation.

Arnett's ANZ believes the most effective way to do this is to:

1. Reduce overall usage of palm oil

In 2010, Arnett's ANZ decreased its palm oil usage by approximately 25 percent by replacing palm oil with alternative oils across a number of products. The Company will remain committed to identifying opportunities to further reduce usage of palm oil on an ongoing basis.

2. Source certified sustainable palm oil

Working closely with its palm oil supplier, who is an active member of the Roundtable on Sustainable Palm Oil (RSPO), Arnett's ANZ is targeting the use of 100% certified sustainable palm oil, if available, by 2015. Commencing 2011, the Company will take a gradual approach to achieving this target, shifting around 20% of its supply² each year, if available, to certified sustainable palm oil.

(ends)

1. RSPO & Palm Oil presentation, July 2009

2. Arnett's supply of palm oil is currently sourced from peninsular Malaysia only, from land which has been used to produce palm oil or other agriculture crops for decades. The Malaysian government has committed to maintaining 50% of its natural forests.