

23 April 2010

Naomi Bleeser  
Committee Secretary  
Senate Standing Committee on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

Dear Ms Bleeser

**By email: [community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)**

Woolworths welcomes the opportunity to comment on the *Food Standards Amendment (Truth in Labelling – Palm Oil) Bill 2009*.

At Woolworths we strive to do the right thing as part of our determination to grow a sustainable business. Key to this goal is ensuring that we have in place sourcing practices that support and protect the communities and environment in which we operate.

Woolworths welcomes and supports the labelling requirements contained in the Bill as well as the support it provides for use of sustainable palm oil. Since 2007, Woolworths has taken steps to minimise the use of palm oil in its products and in March 2010 Woolworths announced its commitment to labelling palm oil in its Private Label products. Woolworths also announced that it would be transitioning to the use of Roundtable on Sustainable Palm Oil (RSPO) certified palm oil in those products by 2015. Woolworths has also recently applied to become a member of the RSPO.

To ensure that the labelling requirement is workable and can be practically implemented Woolworths has proposed a minor amendment to the proposed Bill as part of our submission. This amendment relates to the labelling of compound ingredients which may contain traces of palm oil.

Please find attached our submission to the Senate Committee's Inquiry. Should you require further information regarding this submission or have any further questions, please do not hesitate to contact Charlie Beasley, Public Policy Manager on (02) 8885 9133 or at [cbeasley@woolworths.com.au](mailto:cbeasley@woolworths.com.au).

Yours sincerely,

**Rod Evenden**  
**General Manager – Private Label**  
**Woolworths Limited**

# WOOLWORTHS LIMITED

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

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# 1 Woolworths commitment to sustainability

Woolworths Limited is proud of its 85-year history as a leading retailer in Australia and New Zealand.

Woolworths believes that in leading the way in responsible and sustainable retailing it best supports and protects the communities and environment in which it operates. Woolworths recognises that this approach is crucial to its own long-term growth and also enables it to drive lasting and beneficial change that extends beyond its operations.

An essential part of this approach is having in place appropriate and sustainable sourcing practices.

## 2 Background to Sustainable Palm Oil

Woolworths acknowledges that the growing demand for palm oil is putting added pressure on rainforest areas in Southeast Asia, West Africa and South America. Woolworths understands that loss of forest in Indonesia is threatening the survival of many native species and the draining of peatlands is contributing to climate change.

Woolworths also notes that there are nutritional concerns and benefits in using palm oil – it contains about 50% saturated fats but has no trans-fats. In contrast some of the viable alternatives to palm oil are high in trans-fats which are known to be detrimental to cholesterol levels.

## 3 Woolworths and Palm Oil to date

Woolworths currently sells a range of Private Label food, everyday needs and household products in our supermarkets across Australia. Our Private Label brands include the popular Woolworths *Home Brand* and Woolworths *Select*.

In response to the growing concerns about use of palm oil, Woolworths made a commitment in 2007 to minimise the use of palm oil in its *Select* brand food products. Since this time, Woolworths has made significant progress in eliminating the use of palm oil in its *Select* brand products – almost 95% of all *Select* brand food products are now free of palm oil.

Woolworths has also recently applied to become a member of the Roundtable on Sustainable Palm Oil (RSPO). In becoming a member of RSPO, Woolworths notes that it will join many of the world's leading retailers and some of the world's largest FMCG manufacturers.

Woolworths notes that it and other industry participants face a number of challenges in replacing palm oil in certain food categories. This is due to a combination of concerns regarding product performance, functional and nutritional concerns. For example, replacing palm oil (palm stearin) in bakery goods creates particular nutritional challenges as, from a functional perspective, the most readily available alternatives to palm stearin for bakery products are butter and partially hydrogenated fats (both of which contain trans-fats). As noted above palm oil is, in contrast, virtually trans-fat free.

## 4 Woolworths' 2010 Palm Oil commitment

In March 2010, Woolworths committed to taking further action to support the use of sustainable palm oil announcing that:

- Woolworths will label palm oil where it is a major ingredient in a product for all Private Label Woolworths products (both food and non-food). We will re-label products progressively over the next 2 years as part of our standard packaging renewal process; and
- where Woolworths uses palm oil in a Woolworths Private Label product we will progressively move to support the use of only RSPO certified palm oil. Woolworths' target for completing the move to RSPO certified palm oil is 2015. Woolworths notes that its ability to meet this target will depend on commercially competitive supply of RSPO certified palm oil becoming available during this period.

Woolworths has specified 2015 as the target date for use of RSPO certified palm in order to allow sufficient quantities of RSPO certified palm oil to become available to the market. This is because current global supplies of RSPO certified palm oil are very limited – in 2008 Woolworths understood production of RSPO certified palm oil was estimated at 1.7 million tonnes whereas total global palm oil production in that year exceeded 50 million tonnes.

Woolworths has now commenced reviewing its private label supply contracts as part of the implementation of this new policy. As part of our commitment to transparency, Woolworths will annually report on the progress of implementing our Palm Oil policy in our *Corporate Responsibility Report*.

## 5 Woolworths' comments on the Proposed Bill

Woolworths welcomes and supports the *Food Standards Amendment (Truth in Labelling – Palm Oil) Bill 2009*. Woolworths specifically welcomes the use of RSPO criteria in the Regulations as the basis for determining whether palm oil is sustainable. As noted above, Woolworths has already committed to labelling palm oil in its Private Label products and transitioning to the use of RSPO certified palm oil in those products by 2015. Woolworths hopes that in undertaking these measures, Woolworths can be part of a comprehensive, equitable and sustainable solution to resolve the current concerns that are being expressed about use of palm oil across the world.

Whilst supporting the intention of the Bill, Woolworths would like to raise one practical issue regarding the labelling requirement contained in s16B(1)(a) of the Bill. As currently drafted, s16B(1)(b), requires producers, manufacturers and distributors of food containing palm oil to label the presence of palm oil “*regardless of the amount of palm oil used in the food or to produce the food*”.

Woolworths is concerned that a requirement to label all palm oil in a food product, regardless of the quantity of palm oil in that product, is likely to be unworkable and has the potential to create significant compliance difficulties for food manufacturers, processors and distributors. This is because such a requirement would mean manufacturers, processors and distributors would need to identify and label the presence of traces of palm oil in every compound ingredient, food additive or processing aid that is, or may be, used in a final food product. Woolworths notes that manufacturers, processors and distributors have limited visibility of, and ability to ascertain, the constituent components of these minor ingredients particularly where they contain trace ingredients. As such, in many instances it will not be practicable or possible for a food manufacturer or processor to ascertain whether palm oil is present or not in a minor ingredient.

Woolworths notes that FSANZ currently has criteria defined regarding the labelling of compound ingredients in food product ingredient lists. *FSANZ Standard 1.2.4 Labelling of Ingredients* currently requires food manufacturers and processors to label the sub-ingredients of a compound ingredient only where that compound ingredient constitutes more than 5% (in weight) of total ingredients in the final food product). Where a compound ingredient constitutes more than 5% of a food product's total ingredients (in weight), all the ingredients in the compound ingredient must be listed on the final food product's ingredients list.

Woolworths considers that it would be appropriate to put in place a similar threshold in relation to proposed palm oil labelling requirement. Woolworths considers that putting in place this threshold would avoid the practical compliance issues outlined above whilst still enabling the Bill's overall policy objectives of labelling palm oil to be achieved. This is because the vast majority of palm oil used in food products would be labelled and it would only be, in effect, trace or miniscule volumes of palm oil that would not be specifically labelled.

On this basis, Woolworths proposes that the labelling requirement in section 16B(1)(a) be amended to provide that producers, manufacturers and distributors do not need to label palm oil where it is contained in a food ingredient, processing aid, food additive or flavour that itself constitutes less than 5% of a food product.

Woolworths would be happy to provide further information in relation to this proposed threshold exemption if that would be of assistance.

Finally, whilst Woolworths supports the labelling of palm oil, Woolworths does note that it is not always practical or appropriate to place, or require, labelling on food products related to individual environmental or community concerns and issues. This is due to the fact that introducing labelling requirements in the absence of a consistent, robust and rigorous standard and compliance framework is likely to create industry and consumer confusion. This is also likely to have the unintended effect of undermining the very reason for introducing the labelling requirement. It also has the potential to considerably increase compliance costs and risks for businesses. Consideration must also be had to the limited size of food packaging and the considerable labelling requirements already in place for packaged food products.

In this regard, Woolworths welcomes the COAG *Review of Food Labelling Law and Policy* that is currently considering the broader issue and appropriateness of food labelling requirements.