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Submission No. 119
(Inq into Obesity)

WOOLWORTHS LIMITED

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17 June 2008

Standing Committee on Health and Ageing
Mr James Catchpole
Secretary
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Mr Catchpole

Re: Obesity in Australia inquiry

We welcome the opportunity to respond to this inquiry by providing some insight into the grocery retail business.

As a leading retailer in Australia, Woolworths Limited recognises that obesity is a major health problem that is a burden on public health services. It is also an issue that government and industry together have a part to play to help tackle.

The size and complexity of the challenge requires a nationally coordinated, cross-sector approach that shifts public perception of the issue and changes consumer behaviour.

In Australia, Woolworths is taking a leading role in the promotion of fresh food and helping make fresh food fun for kids.

Please find attached our submission to the committee's inquiry.

If you wish to discuss these matters or make further inquiries please contact Nathalie Samia, Group Manager- Government Relations on (02) 8885 3446.

Yours sincerely,



Andrew Hall
Director Corporate & Public Affairs

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Obesity in Australia

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1 Executive Summary

Woolworths Limited welcomes the opportunity to make this submission to the House of Representatives Standing Committee on Health and Ageing Inquiry into Obesity in Australia.

Woolworths Limited is made up of some of the most recognisable and trusted brands in retailing, serving millions of customers every day with great choice, low prices and excellent quality. As a group across Australia and New Zealand, Woolworths Limited has more than 3000 stores and 180,000 employees.

We recognise obesity is a major health problem in Australia that is a considerable cost burden on taxpayer-funded public health services. The size and complexity of the challenge requires a nationally coordinated, cross-sectional approach that shifts public perception of the issue and changes consumer behaviour. We believe the response to the challenge must be long term and evidence based.

Grocery shopping is at the heart of family life and as a leading grocery retailer in Australia, we believe we have an important role to play in promoting healthy eating habits that prevent overweight and obesity. Indeed, we have already made significant steps that encourage Australian shoppers to make healthy eating choices by adapting our store format, improving the availability and affordability of fresh food, and educating parents and children about the importance of a balanced diet.

While we support the government in their efforts to tackle the obesity challenge, we do not believe a heavy-handed regulatory or tax/subsidy response is appropriate. Ultimately the solution must be the responsibility of individuals. It is the government's role to ensure sufficient mechanisms are in place to support people in making the right choices for themselves and their families.

We are committed to working closely with government and other relevant stakeholders to develop an appropriate response to this important social, health and economic challenge.

2 The obesity issue

The higher incidence of overweight and obesity is a well-founded social concern. Half the Australian population is overweight and a third of these are obese. It is an alarming trend that has worsened over the past 30 years and is relevant across socio economic groups.

Obesity has serious implications for the Australian economy in terms of health costs and workforce productivity. In 2005, the total cost of obesity in Australia was estimated by Access Economics to be close to \$4 billion or 0.4% of gross domestic product.

The cause of people becoming overweight is well understood – excessive energy intake over a sustained period will lead to weight gain. Preventing people from becoming overweight therefore requires a combination of improved nutritional intake and increased physical exercise so that the energy consumption and expenditure equation is balanced.

While the cause of obesity and solutions to the challenge are fundamentally simple, the factors that influence excessive weight gain are harder to measure and therefore address.

We know our modern environment has a major role to play in our overweight population. As an obesogenic society, over-eating and sedentary lifestyles are considered normal, which promotes a broader acceptance of weight gain. Our urban lifestyles encourage eating out, fast food consumption and car driving. Our buying habits have also changed with more consumers buying fewer items more frequently instead of the large weekly shop. This change in consumer behaviour has meant more people are buying their groceries in convenience stores where the fresh food options are limited.

The limited success of past efforts highlights the extent of the challenge. In particular, changes in food standards, nutritional labelling and marketing practices have contributed to increased awareness of the problem with limited changes in behaviour.

A shift in public attitude towards healthy food choices and greater physical activity is therefore a necessary pre-cursor to preventing and managing the obesity epidemic. Achieving this cultural shift will require the active participation of a range of stakeholders including all levels of government, the health and education sector, and food and retailing industries.

The response must be commensurate with the challenge but must also recognise that obesity is largely about individual choice. Preventing and managing obesity must focus on encouraging individuals to make better eating and lifestyle decisions. The solution is not simply a matter of telling people to eat less and exercise more. Rather it must also consider ways to make healthy food more accessible and affordable. Woolworths is proud to be making some contribution to this challenge.

3 Woolworths' role in promoting healthy eating

A commitment to fresh food lies at the heart of Woolworths' food retail offer in Australia. Woolworths is one of the largest buyers of fresh food in Australia and this year marked the 20th anniversary of the "Fresh Food People" slogan.

Our commitment to fresh food goes far beyond a slogan. We have introduced a range of initiatives aimed at helping Australian families make better eating choices. We believe these should serve as a minimum benchmark for grocery retailing in Australia.

3.1 Store layout

Woolworths has made a number of changes to its store layout to promote healthy eating choices. Our fresh food section is the first thing a customer sees when they enter our Woolworths/Safeway supermarkets. A significant investment is being made to refurbish these sections across our supermarket portfolio so they continue to attract customers; ensuring fresh food is an integral part of the regular grocery shop. Design changes include larger aisles, minimum signage and a greater emphasis on fresh produce.

Confectionary-free aisles are another important store layout strategy aimed at encouraging healthy eating. We recognise the pester power of children at the point of service and so we are increasing the number of confectionary-free aisles found across our stores around Australia. With larger, more visible signage, we hope this will make for easier and less stressful shopping for parents.

3.2 Improving the quality and availability of fresh foods

All year round access to high quality, affordable fresh foods is essential to preventing overweight and obesity in Australia. Woolworths has made a significant investment working with our suppliers to provide good quality fruit for many more months of the year.

We have also driven food innovation to make interesting food more readily and widely available. 20 years ago the average Australian family salad was limited to an iceberg lettuce and chopped tomato. Woolworths now offer over 10 different lettuce varieties and in excess of four salad mixes, which are often available washed and ready to eat.

3.3 Making fresh food fun

Any parent knows children love junk food and sweets. Part of the attraction is the way these products are promoted to appeal to children's appetite for fun. As part of our commitment to participate in obesity prevention, Woolworths has embarked on a multi-million dollar campaign aimed at making fruit and vegetables fun for children.

Called "Fresh Food Kids", the campaign was launched in August 2007 and followed a Woolworths commissioned survey that showed 93 per cent of parents wanted to see fresh food advertised in the same way as junk food. Responding to this challenge, we redirected our marketing to have an increased emphasis on fresh food for kids. The integrated campaign comprises:

a high rotation television advertising schedule that is being run at key times to reach children during their snack period. This campaign has increased the proportion of our total advertising spend that is dedicated to fresh food eating;

an interactive Fresh Food Kids website (www.freshfoodkids.com.au) where kids and parents can find educational material, games and children's recipes approved by leading nutritional experts;

conveniently packaged fresh fruit and vegetables; and

in-store and schools-based activities that provide nutritional advice, parenting assistance, and meal and finance planning in an engaging and fun format.

Our Fresh Food Kids TV campaign won praise and support from a number of groups, including the Parents Jury who named it the winner of the Parents Choice Award at the 2007 Parent's Jury Children's TV Advertising Awards.

We intend on developing and expanding this campaign into a strong national program that advocates and supports positive behavioural change for all Australian children and their parents.

3.4 Community Grants Program

In February 2008, building on the Fresh Food Kids campaign, we announced an exciting new community program aimed at expanding our healthy eating initiatives. The \$2million Fresh Food Kids Community Grants Program will help community groups develop and grow grass roots programs for primary school aged children. Many communities are already developing ideas and activities that promote healthy lifestyles and we want to assist such groups achieve success. We will be looking for community activities covering nutrition and physical activity across the nation.

3.5 Helping parents make healthy buying choices

In addition to campaigns aimed at children, Woolworths has implemented a range of initiatives aimed at helping adults make healthy eating choices.

A dedicated number of front covers of our catalogues include fresh food promotions and we have increased the proportion of fresh foods that are promoted in each catalogue. We have a dedicated section on our website that encourages healthy eating with advice for parents on preparing interesting, healthy meals. Our monthly Fresh magazine is also available free in store to our customers. The magazine promotes healthy recipes and includes other lifestyle articles.

Our Fresh Market Update is another way we help adults buy the freshest food available. With fluctuating supply and demand, the fruit and vegetable industry is often difficult to predict, especially for customers confused by changing prices, quality and seasonal choice. In an effort to explain how to make the most of seasonal produce, how to get the best value and why certain products are either abundant or in short supply, Woolworths recently launched a televised weekly Fresh Market Update. Hosted by a roster of expert produce buyers, the Update tells shoppers what's fresh, what's new and what's readily available at any fruit and vegetable retailer.

3.6 Our private labels

Our commitment to supporting Australian's in their healthy lifestyle choices goes beyond promotions and education campaigns. Across the Woolworths Private Label brands great care is taken to ensure the ingredients used are as nutritious as possible.

Woolworths Private Label brands include Select, Homebrand, Fresh, Organics and Naytura. Our team of in-house food scientists and nutritionists review every specification and ingredient list to ensure each product meets our high standards. As a result, we aim to minimise the use of artificial colourings, additives and preservatives. Woolworths also has a policy of removing palm oil from our private label products. Palm oil is a saturated fat and its harvesting and manufacture has been widely criticised for causing unnecessary environmental damage to tropical forests.

In terms of product labelling, Woolworths' Private Label brands aim to exceed regulatory standards and provide as much information as possible. This includes listing ingredients such as trans fat content.

We have also developed a range of products that have been carefully selected to care for our customers' health and wellbeing. Our Naytura Private Label includes products that provide the highest quality taste while being low in salt, sugar, fat and additives. The range currently includes nuts, dried fruits, cereals, spreads and biscuits. Woolworths Organics is a range of organically certified fresh foods and grocery products that includes fresh fruit and vegetables, poultry, tinned products, milk and cheese. We

will continually look to expand these ranges to provide our customers with a wider variety of healthier food options.

3.7 Encouraging health and well-being in the workplace

Woolworths' commitment to obesity prevention and healthy lifestyle choices is reflected in our various health and wellbeing workforce initiatives.

While the majority of our workforce enjoys a relatively active role in our retail stores, our head office staff are mostly office bound. To encourage an active lifestyle, we built a walking path around the perimeter of our head office and provide free access to a multi-use court that can be used for basketball, netball, tennis and volleyball. A cost effective onsite gym is also available and memberships, massage, personal training and nutrition consultations can be salary sacrificed.

4 Conclusion

Woolworths supports the government's efforts to develop a national obesity prevention program. As the leading grocery retailer, we recognise the role we can play in obesity prevention and we are proud of the steps we have taken to help our customers make healthy eating choices. Australia's growing overweight and obesity problem is influenced by a complex web of interdependent factors that need to be understood and addressed. We are committed to working with government to help promote healthy eating with store layout enhancements, and advertising and educational programs while ensuring the affordability and availability of quality, nutritional products.