



Unilever Australasia Submission

To the House of Representatives Economics Standing Committee, 15
August 2011

In response to:

**Food Standards Amendment (Truth in Labelling – Palm Oil) Bill 2011
Including Schedule 2 - Amendment of the Competition and Consumer
Act 2010**

“The problem is not palm oil as such but the way it is produced”

Boris Patentreger, Forest Conversion Officer at WWF, 2 February 2011, Gembloux.

1. ABOUT UNILEVER

Unilever works to create a better future every day. We help people feel good, look good and get more out of life with brands and services that are good for them and good for others. In a history that now spans three centuries, Unilever has grown into one of the world’s most successful consumer goods companies. No matter who you are, or where in the world you are, the chances are that our products are a familiar part of your daily routine. In fact, two billion times a day, someone somewhere chooses a Unilever product

Our proud history in Australia and New Zealand began with the first ever soap production factory in Sydney in 1899, followed by the commencement of production in New Zealand in 1919. The Unilever of today employs more than 1800 people throughout our offices and manufacturing sites across Australia and New Zealand and generates sales of more than \$1 billion each year.

Our portfolio includes some of the Australia’s best-known household names, including: Flora, Lipton, Bushells, Dove, Rexona, Sunsilk, Vaseline, Omo, Continental and Streets. More than 70% of the products we sell in Australia and New Zealand are manufactured in our factories at North Rocks and Minto in NSW, Tatura in Victoria and Petone in New Zealand.

In 2010 Unilever was named Food Industry Leader in the Dow Jones Sustainability World Indexes for the 12th year running. Our Unilever Sustainable Living Plan sets out our continued commitment to develop new ways of doing business that will drive sustainable growth. This starts with achieving three big goals by 2020:

1. To halve the environmental footprint of our products.
2. To help more than one billion people take action to improve their health and well-being.
3. To source 100% of our agricultural raw materials sustainably.

2. SUMMARY

Unilever Australasia welcomes the opportunity to make a submission to the House of Representatives Economics Committee Inquiry into the Food Standards Amendment (Truth in Labelling – Palm Oil) Bill 2009.

Unilever strongly supports the need to move with pace to a fully sustainable palm oil industry, and has been a driving force behind progress in this area. We do not believe the Food Standards Amendment (Truth in Labelling – Palm Oil) Bill 2011 will achieve outcomes in relation to improving sustainability of the palm oil industry. Instead it is an unworkable, problematic and unnecessary piece of legislation that undermines good legislative practice and process and will in fact compromise the focused work being done by major FMCG companies and other stakeholders to drive a fully sustainable palm oil industry. Additionally it will mislead consumers by creating the impression that all palm oil, regardless of how it is produced, is bad and to be avoided.

Instead of rushing this bill through, Unilever believes that the legitimate questions raised on palm oil labelling should be considered in the context of the upcoming Labelling Logic review of Food Labelling Law and Policy (Blewett Review) - to promote a consistent approach to food labelling.

There are many outstanding issues that require clarification and possibly further amendment for labelling of both foods and the more recently implicated home and personal goods area (where the use of palm oil derivatives makes labelling even more complex).

3. ENVIRONMENTAL CONSIDERATIONS AND THE PROPOSED BILL

Palm oil represents an important component of consumer goods, as well as of the diet of the 6 billion people who live on this planet and demand will continue to rise. Oil Palm is an efficient and high yielding crop that can be cultivated sustainably. Substituting palm oil with alternative, less efficiently produced, vegetable oils could only be done at the expense of increased land use.

Unilever is a significant purchaser of palm oil buying 3% of the world's palm oil supply and by 2015 100% of our palm oil will come from certified sustainable sources. As one of the driving forces behind the

Roundtable on Sustainable Palm Oil (RSPO) Unilever believes that current and future palm oil needs can be met through sustainable production on current land use without any further deforestation (based on all relevant forecasts from FAO to OECD to World Bank regarding the growth in demand for food stuffs) and the priority now is for all stakeholders to join forces to speed up the production of sustainable palm oil.

The labelling of palm oil will not support RSPO in reaching this goal. We reiterate these points with recent comments from Darrel Webber, Secretary General of the Roundtable on Sustainable Palm Oil: "Distinguishing palm oil as the only edible oil that requires labelling implies that other edible oils do not face similar challenges. RSPO takes a strong view against this supposition as issues surrounding environmental destruction, social concerns and wildlife conservation are prevalent across the board with cultivation of any type of monoculture crops. "Further to this, such a labelling exercise that singles out palm oil may only serve to ostracize agricultural farmers in developing countries such as Indonesia, Malaysia and Papua New Guinea, whose key source of income comes from palm oil. These smallholders need to be educated, guided, encouraged and inspired to adopt sustainable standards and solutions, rather than have their livelihoods affected. RSPO certification program aims to support smallholders in this light¹."

4. HEALTH CONSIDERATIONS AND THE PROPOSED BILL

Palm oil labelling will not add to the consumer understanding of the saturated fat levels in a product or achieve any health outcomes. Unilever is committed to providing transparent labelling across its consumer products portfolio and our priority is to provide consumers with the necessary information they require to make informed purchasing decisions in the key areas of health, safety and nutrition. Our foods products provide, among other nutrients, saturated fat content per serve and per 100g/ml in the Nutrition Information Panel giving an accurate picture of total saturated fat content of all contributing ingredients. Additionally Unilever will be implementing the improved % daily intake guidance thumbnails including saturated fat on all front of packs by mid 2013.

5. LABELLING STANDARDS AND GOVERNANCE AND THE PROPOSED BILL

The proposed Bill circumvents good regulatory process and overrides State and Territory Laws in relation to food labelling. Rather than rushing this bill through, Unilever believes that the legitimate questions raised on palm oil labelling should be considered in the context of the upcoming Labelling Logic review. This will ensure a holistic discussion around on-pack nutrition and ingredient information

¹ For further details please see: <http://www.rspo.org/?q=content/rspo-comments-proposed-palm-oil-labelling-bill-australia>

within the appropriate Commonwealth, State and Territory processes. It is imperative that a consistent approach is taken to food labelling and one that addresses first and foremost the key areas of health, safety and nutrition.

In relation to the more recently implicated area of other consumer goods (such as home and personal care products) where palm oil derivatives are widely used, the issue is even more problematic and the proposed Amendment to the Consumer and Competition Act 2010 is unworkable. Apart from the challenges of identifying and tracing palm oil derivatives (given the broad feedstock of oils used to generate derivatives), this labelling proposal would result in barriers to trade and innovation restrictions (due to unique labels required for Australia versus other markets) as well as a disproportionate cost and complexity with no beneficial result.

6. CONCLUSION

Unilever and the wider industry, in conjunction with a range of stakeholders, is already taking strong action to develop a fully sustainable palm oil industry and address the issue of deforestation caused by palm plantations. The passing of this Bill will only detract from this work, will demonise sustainable palm oil and would result in unworkable, cumbersome and costly regulation when all effort and resource from industry and stakeholders should be put into driving the work of the RSPO to incentivize and support the palm oil industry in adopting fully sustainable practices.

The *Food Standards Amendment (Truth in Labelling – Palm Oil)* Bill 2011 including Schedule 2 – amendment of the Competition and Consumer Act 2010 should be rejected or in the very least significantly amended through industry and stakeholder consultation to make it workable and in keeping with the principles for good food and consumer goods labelling practice.