



Definitions of meat and other animal products
Senate Rural and Regional Affairs and Transport Legislation Committee

13 August 2021

Woolworths welcomes the opportunity to make a submission to the Senate Rural and Regional Affairs and Transport Legislation Committee (the Committee) into Definitions of meat and other animal products (the Inquiry).

Woolworths opened its first store in 1924 and has since grown to serve Australian communities from over 1000 supermarkets nationwide. We are proud to partner with many thousands of local farmers, producers and manufacturers ranging from small, medium and large scale businesses to sell more than 100,000 items in our supermarkets.

Woolworths has been aware of the issues surrounding the increased demand of plant-based proteins in regard to the questions raised by some in the agricultural community on product labels. Most recently, we actively participated in the Plant-based Labelling and Market Industry Roundtable convened by the National Farmers' Federation in September 2020 (the 2020 Roundtable). A final report was presented to the Federal Minister for Agriculture, the Hon David Littleproud MP, in April 2021.

Our submission provides an overview of our experience with the plant-based sector, as well as our ongoing support for the Australian meat sector and addresses the key themes of this Inquiry including labelling and food safety, in relation to plant-based products.

We recommend the Committee consider previous consultations and forums on this subject which reinforced the effectiveness of existing regulations for plant-based products composition and labelling, as well as initiatives that Woolworths has introduced to support informed consumer choice. As a retailer, our focus on creating convenient experiences for customers involves ensuring labelling is clear and makes it as easy as possible for customers to find the right product. It is in no one's interest, most of all the customer, for a product to be purchased by mistake.

Accordingly, we're committed to labelling that puts our customers' needs first and meets all legal requirements. To that end, we have implemented store layout and signage that clearly separates plant-based protein from meat. To provide further clarity for the sector and in line with the recommendations from the 2020 Roundtable, Woolworths supports the development of industry led 'Labelling Guidelines' to aid retailers, producers and manufacturers of plant-based products on a consistent approach.

Overview of plant-based sector

New and innovative products continue to emerge across a range of categories, however the plant-based sector is an area of marked growth among consumers looking for more choices



in their grocery shop. The category has seen 40% growth (YoY) in plant-based proteins, especially tofu, falafel and plant-based burgers.

Customer research we conducted in March 2021 showed that 62% of our customers purchase meat or dairy-free products at least sometimes. Plant-based protein sales over the last year reflect that the majority of sales (88%) are skewed towards mainstream customers who also bought meat, versus dedicated vegetarians and vegans. In our experience, the majority of sales growth in plant-based protein is a result of new customers to the category. While the market has seen high growth rates, the category remains small with FY21 sales of red meat outsizing plant-based protein sales by a factor of 60-to-1.

There are also a growing number of benefits that the plant-based sector is bringing to Australian businesses including farmers, food scientists and manufacturers. Some examples include:

- Mulgowie Farming Company in Queensland supplies green beans to Woolworths directly and are also able to sell their 'imperfect' beans into the plant-based market and specifically to one of our key plant-based suppliers, Cale and Daughters.
- Other supply partners like V2 Foods, who supply into 600 of our stores with plant-based burgers, mince and sausages are actively working with the CSIRO to help increase the list of Australian ingredients for plant-based products from approximately 65% to 90%+ within 12 months.
- Woolworths Group's venture capital arm, W23, has recently invested in Harvest B - a food technology business based in Sydney, researching and developing new 'Australian made' novel ingredients for plant-based proteins.

Woolworths initiatives to support fresh Australian meat

While the plant-based category has continued to grow, it remains a small category when compared to fresh meat. At Woolworths Group, we are proud to source 100% of our fresh pork, beef, lamb and chicken from Australian suppliers through our Australian First Sourcing Policy. We have also recently expanded our marketing and promotion of Australian products both in our stores and through our online platform to more clearly highlight the sheer number of Australian products available to our customers. We invest millions of dollars every year promoting the fresh meat category and are deeply invested in its continued success.

In response to increased customer demand for red meat, we announced our new standalone business within Woolworths Group called Greenstock in February 2021. Greenstock partners with more than 2,000 red meat producers across Australia, with many of our suppliers providing quality livestock products to Woolworths for over 30 years.

Greenstock's ambition is to deliver growth from our integrated red meat supply chain by meeting the combined needs of our retail, international and wholesale businesses. Together, these markets will open up more opportunities for our suppliers, farmers and a growing number of channels to send Australian red meat products overseas.



Product labelling

We are aware of concerns raised by the red meat sector in relation to plant-based product labelling. A theme raised by some in the sector was mistaken buying of plant-based items.

We value customer feedback and always consider how we can improve customer experience from store layouts, to product range and discussions with new suppliers in how they promote and market their products.

Customer insights on labelling for the plant-based sector

In March 2021, we conducted consumer research into the issue and over the course of one week received 5,700 responses nationwide. A small percentage of customers (7%) said they have purchased a plant-based item in error. This is consistent with customer research data from Food Frontier¹, which reports that 91% of Australians have never mistakenly purchased a plant-based product thinking it was its conventional counterpart. In our experience, grocery shoppers are savvy and discerning in the products they choose to buy.

Plant-based labelling under the Australian New Zealand Food Standards Code

Under the Australian New Zealand Food Standards Code (the 'Code') a food must be labelled with a prescribed name and a descriptor that is sufficient to indicate the true nature of the food (Standard 1.2.2 - 2). Additionally, the Code requires food labels to include a statement of ingredients to be declared using common, descriptive or generic names (Standard 1.2.4 - 4).

Whilst the Code defines meat and meat flesh as being part or whole of an animal carcass (Standard 2.2.1), in 2016 Food Standards Australia & New Zealand ('FSANZ') introduced a provision to allow for the name of a food to be further qualified, making it clear to customers that the food is not the food that is defined in the Code (Standard 1.1.1 - subsection 13(4)).

For example, the Code states *'the context within which foods such as soy milk or soy ice cream are sold is indicated by use of the name soy; indicating that the product is not a dairy product to which a dairy standard applies'*².

As a result of this provision, commonly used terms such as 'sausage' can be used on a food label along with a clear qualifier such as 'meat free', 'plant-based', etc. The inclusion of the clear qualifier allows consumers to make informed choices about the type of food product they are purchasing.

ACCC labelling guide

¹ King T, Weber J. Hungry for plant-based: Australian consumer insights. Colmar Brunton; 2019 Oct 29 [cited 2021 August 6]. Available from: <https://www.foodfrontier.org/reports>. Highlights report jointly published by Colmar Brunton, Food Frontier and Life Health Foods.

² <https://www.legislation.gov.au/Details/F2021C00661>



This FSANZ approach aligns with that of the Australian Competition and Consumer Commission ('ACCC') which published a labelling guide for the food industry '*Food and Beverage Industry - Food descriptors guidelines to the Trade Practices Act*' which states that the key consideration of a label is to ensure the *overall impression* of the label's representation does not mislead consumers.

Woolworths continues to work with its suppliers and own brand and quality teams to provide clarity on the FSANZ requirements under the Code and the ACCC guidelines to ensure customers clearly understand what they are buying.

Woolworths initiatives to support informed consumer choices

When considering the overall impression of a label and its impact on a customer's purchase decision, product placement and any additional signage relating to the product are also important considerations.

With the rise in plant-based products available to our customers, we made changes to clearly segment the products in our Woolworths supermarkets in 2019 under our 'Fresh Made Easy' program.

Fresh Made Easy included a revamp to our fresh food section in our supermarkets including a designated cabinet space for plant-based proteins with eye-catching plant-based banners above each category. These make it very clear to customers what these products are and effectively separate them from meat products.

As part of these changes in store, we also introduced additional training with our store teams to give them the confidence to talk about the contents of product packs and labels. For our online customers, we now also have a dedicated landing page explaining more about plant-based products.

Food safety

Approval requirements for additives

At Woolworths, we serve around 20 million customer transactions a week and pride ourselves on delivering the highest quality products to each and every one of our customers. The safety of our food is regulated by FSANZ whose role is to develop standards that regulate ingredients, additives and permitted levels based on evidence-based scientific data.

Additives which are widely used throughout the food industry will either be derived from natural or synthetic sources. Additives may be used for many purposes including, but not necessarily limited to, enhancing a product's flavour, food safety, or extending the shelf life of the product. For an additive to be used in a food product, it must be permitted for use in that food category by FSANZ. Whilst additives may be used in plant-based products, they are also used in some meat proteins, such as in marinated meats, flavoured sausages, or meat

balls, which may contain colours, flavours, preservatives, or acidity regulators, as a part of their composition.

Requirements on ingredient formulation

The Code also requires food products to bear a label which includes, but is not necessarily limited to, an ingredient declaration and nutrition information panel. A nutrition information panel allows a consumer to see a product's nutritional profile both per serve and per 100g, with an ingredient declaration requiring all ingredients in the food product to be declared.

This requirement to bear both an ingredient declaration and nutrition information panel on food products allows consumers to make informed choices of the ingredients in the product and the nutritional composition of a product at the time of purchase.

Synthetic proteins

We note the scope of the inquiry includes synthetic proteins, which is an emerging area and not yet commercially available within Australia. Before any synthetic proteins are available in Australia, FSANZ will need to review the Code to address safety, composition and labelling of these products. We suggest there is not yet enough progress made on synthetic proteins to consider in detail in this inquiry. In the future, Australia will be able to draw on experiences in overseas markets where these products may be available earlier than in Australia.

Summary

Existing regulations for labelling, product safety and composition provide appropriate coverage for both meat and plant-based products. As outlined in this submission, the vast majority of customers are able to make informed decisions about the purchase of plant-based products. Plant-based labelling has been considered twice by the Ministerial Forum on Food Regulation, including in 2019 when the Forum found existing labelling regulations were fit for purpose. Further regulation was also considered in the 2020 Roundtable, coming to the same conclusion.

Industry led approaches can continue to support informed consumer choice: the initiatives introduced by Woolworths such as 'Fresh Made Easy' - which ensures our plant-based range is located in a designated space with clear signage - is evidence of significant work already invested in ensuring consumers can make informed decisions when it comes to plant-based products. To provide further clarity for the sector, Woolworths would support the development of industry led 'Labelling Guidelines' to aid retailers, producers and manufacturers of plant-based products on a consistent approach.