



AUSTRALIAN MADE

PRODUCT OF AUSTRALIA

AUSTRALIAN GROWN

AUSTRALIAN SEAFOOD

A U S T R A L I A N

SUBMISSION TO THE SENATE INQUIRY INTO

BEEF IMPORTS INTO AUSTRALIA

AUSTRALIAN MADE CAMPAIGN LIMITED

March 2013

SUMMARY AND RECOMMENDATIONS

Australian Made Campaign Limited (AMCL) welcomes the opportunity to make this submission to the Senate inquiry into beef imports into Australia.

Consumers are increasingly concerned about the origins of the food they eat. Such concerns are driven by a number of factors – economic, health & safety and environmental. Research clearly shows that consumers have a strong preference for the fresh and processed food they buy to be Australian.

In the case of beef, there is strong and justifiable concern about possible contamination of imported meat by diseases such as BSE and FMD and the consequent dangers to human health.

It is also clear that consumers are dissatisfied with the current labelling laws in general, particularly as they relate to processed foods, and are seeking a system which provides greater clarity.

AMCL is a not-for-profit private company which administers the iconic Australian Made, Australian Grown logo under contract to the Federal Government. In terms of product labelling our primary focus is of course country of origin labelling and our submission will focus on this area.

RECOMMENDATIONS

AMCL's recommendations in relation to country of origin labelling for food products are that:

1. all food products should be required to carry a country of origin claim – Food Standard 1.2.11 requires further revision to achieve this;
2. the definition of 'substantial transformation' needs to be made more exclusive in relation to food products so that it is more difficult for certain products, particularly those with a high imported content, to meet the substantial transformation test necessary for the 'Made in ...' claim;
3. regulations should be drawn up specifying those processes, or combinations of processes, which do not constitute substantial transformation for the purposes of a 'Made in ...' claim;
4. an administrative mechanism should be established to enable a company to obtain a ruling as to whether a product meets the criteria for a particular country of origin claim.
5. the use of qualified claims such as 'Made in Australia from imported and local ingredients' should no longer be permitted unless the product meets the tests for an unqualified 'Made in Australia' claim;
6. the criteria for qualified claims should be clearly defined in legislation.

FOOD STANDARD 1.2.11

It is AMCL's position that all food products should be required to carry a country of origin claim. Food Standard 1.2.11 (Country of Origin Requirements) currently requires a country of origin label on all packaged food and unpackaged fruit and vegetables, pork and seafood. The revised standard which comes into effect in July 2013 extends compulsory country of origin labelling for unpackaged foods to beef, veal, lamb, hogget, mutton and chicken.

While we applaud the changes to the Standard as a major step forward, we wonder why it could not have simply been extended to cover all meat, poultry, seafood, fruit and vegetables. The revised Standard does not require a country of origin label for less common meats such as horse, rabbit, crocodile, kangaroo, etc., as well as various types of poultry, such as duck, turkey, quail, etc.

AMCL believes that the interests of businesses and consumers alike are best served by consistent and easy to understand labelling laws.

'SUBSTANTIAL TRANSFORMATION' AND FOOD LABELLING

The major area of consumer concern in food labelling continues to be the 'Made in ...' claim and related qualified claims, such as 'Made in Australia from local and imported ingredients'.

The 'Made in ...' claim, as currently defined in the Australian Consumer Law, relates to manufacturing processes and costs of production, rather than to content. A food product which contains a high percentage of imported ingredients can still legally be described as 'Made in Australia', provided it meets the twin criteria of 'substantial transformation' in Australia and 50% of costs incurred locally.

The cost criterion is relatively straightforward – it is either met or it isn't, although where there is a sizeable imported component, it can be affected quite dramatically by movements in the exchange rate.

Our major area of concern is in the interpretation of the term 'substantial transformation' in regard to food products, particularly as set out in the ACCC booklet *'Food and beverage industry: country of origin guidelines to the Trade Practices Act'*. Under these guidelines, mixing, homogenisation, coating and curing are all processes "*likely to be considered as substantial transformation*".

Thus, mixed diced vegetables, blended fruit juices, crumbed prawns and ham and bacon may qualify as Australian Made **even though all the major ingredients may be imported**, as long as 50% of the cost of production is incurred in Australia.

We note from the same publication that the government has the power to make regulations stating that certain changes are not considered to constitute substantial transformation for the purposes of the legislation, however no such regulations have been made.

In 2011, AMCL moved to amend the rules for use of the logo with the 'Australian Made' claim to exclude certain processes which are currently considered under ACCC guidelines to constitute substantial transformation. Thus products such as ham and bacon processed in Australia from imported pork, imported coffee beans roasted in Australia, imported prawns crumbed in Australia, and blends of local and imported juices are no longer eligible to carry the AMAG logo. They do not meet the substantial transformation test essential for the 'Australian Made' claim and they cannot

access the 'Product of Australia', 'Australian Grown' or 'Australian Seafood' claims because of the imported content.

AMCL recommends that regulations under the Australian Consumer Law be made listing the processes or combination of processes which do not constitute substantial transformation.

In addition, we recommend that much uncertainty for businesses could be avoided if government were able to provide a simple administrative mechanism whereby a manufacturer who is uncertain as to whether it may make a country of origin claim in respect of a good is able to apply for and receive a ruling on the matter, for an appropriate fee and within a reasonable timeframe.

QUALIFIED CLAIMS

Qualified claims, such as 'Made in Australia from local and imported ingredients', are a particular source of confusion and concern for consumers and business alike. ACCC guidelines state that a qualified claim may be made when a product does not meet the criteria for an unqualified 'Made in Australia' claim. It may also be used, apparently, when a product does meet the criteria for an unqualified 'Made in Australia' claim and the company wishes to provide more information about the product.

There is a widely held belief that 'Made in Australia from local and imported ingredients' means that local ingredients make up more than 50% of the product's content, and that 'Made in Australia from imported and local ingredients' means that imported content predominates. However there is no published guideline to support this.

The Australian Consumer Law is silent on the question of qualified claims.

AMCL's position is that qualified claims such as 'Made in Australia from imported and local ingredients' should no longer be permitted unless the product meets the tests for an unqualified 'Made in Australia' claim.

Criteria for any qualified claims should be clearly set down in legislation. Such claims should not incorporate phrases such as "Made in Australia" for which legislative criteria exist. Examples of such claims would be "Processed in Australia" and "Packed in Australia".

Ian Harrison
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