



**Submission to the
Senate Economics Committee Inquiry
into the
Food Standards Amendment
(Truth in Labelling Laws) Bill 2009**

October 2009

CHOICE is a not-for-profit, non-government, non-party-political organisation established in 1959. CHOICE works to improve the lives of consumers by taking on the issues that matter to them. We arm consumers with the information to make confident choices and campaign for change when markets or regulation fails consumers.



CHOICE appreciates the opportunity to provide this submission to the Senate Economics Committee Inquiry into the Food Standards Amendment (Truth in Labelling Laws) Bill 2009. This submission will focus primarily on aspects of the Bill that relate to country of origin labelling.

Summary of comments

1. Australian consumers want to know the origin of their foods.
2. Consumers express a desire to choose foods that allow them to support Australian farmers, manufacturers and workers.
3. CHOICE agrees that current country of origin labelling laws result in claims that may not be well understood by Australian consumers and supports the call for better country of origin labelling of food.
4. CHOICE supports the intent of this bill but we are not convinced that the proposed amendments are sufficient to provide consumers with the information they need to make informed choices about the foods they buy.
5. Country of origin labelling is likely to be considered as part of the upcoming review of food labelling law and policy.
6. CHOICE believes that any proposed changes to country of origin labelling laws should be based on research of Australian consumer, and supported by public awareness campaigns that help consumers understand the different types of country of origin claims.

Food choices

Many factors influence a consumer's ultimate decision about the foods they purchase including price, quality, convenience, healthiness and taste. Food labels provide a range of information that helps consumers make food choices. Ingredients lists tell them what is or isn't in their food. Nutrition information panels allow them to judge the healthiness of a product and see how much fat, sodium and sugar it contains. Country of origin labelling gives consumers an idea about where their food has been made or produced.

Consumers acknowledge that there is a lot of information on food labels, some of which is not important to them; but most appreciate that information that isn't relevant to them is very important to someone else. A 2003 study



commissioned by Food Standards Australia New Zealand (FSANZ) found that 49% of consumers reported that they use country of origin information. Country of origin ranked as the fourth most commonly used labelling element behind use by and best before dates (85%), ingredients lists (66%) and nutrition information panels (66%)¹.

Public debate about country of origin of food and consumer feedback received by CHOICE suggest that Australian consumers want to be able to identify Australian products. They need food labels to give them the information they need to make purchasing decision that support Australia farmers, Australian manufacturers and Australian workers. This does not mean that consumers will always purchase a product that is “Made in Australia” or a “Product of Australia” when it is available, but they do want to be able to confidently identify them when they do exist. Additionally, country of origin labelling laws are not simply about helping consumers to identify Australian products, but the origin of all products - imported or locally produced.

Country of origin labelling of food

CHOICE agrees with Senators Xenophon and Brown that current country of origin labelling may confuse consumers. The “Made in Australia” and Product of Australia” provisions, defined in the *Trade Practices Act 1974*, relate to a diverse range of consumer goods; from washing machines and the clothes we wear, to building materials and the food we eat.

Australian consumers appear to be more interested in the origin of their food than other consumer goods. This maybe because they believe that foods produced in Australia are safer or of a higher quality, because unlike other consumer goods the way food is consumed means it has a more direct impact on their health, or because they want to support the Australian food industry - including Australian farmers and manufacturers and the Australians they employ. Respondents in a 2001 poll of 300 CHOICE members stated that the most important reasons for buying Australian Made food was because it was “good for the economy” (56%) and “ to create jobs” (41%²).

For this reason, companies want to highlight the ‘Australian-ness’ of their foods. In addition to the two primary country of origin provisions highlighted in the Trade Practices Act, consumers are faced with an array of claims on food labels including: “Manufactured in Australia”, “Made in Australia from local and imported ingredients”, “Made in Australia from imported and local ingredients”

¹ Food Standards Australia New Zealand. (2003), *Food Labelling Issues: Qualitative Research with Consumers*, Prepared by NFO Donovan Research.

² CHOICE. (2001), Report on consumer telephone poll on country of origin labelling, conducted by NCS on 20/21 January 2001.



and “Australian Owned”, each referring to different aspects of the product and a degree of ‘Australian-ness’. There are also endorsement campaigns and trademarked logo such “Australia Made’, ‘Australian Grown’ and ‘AusBuy’.

CHOICE agrees that it can be extremely difficult for consumers to judge the “Australian-ness” of their food when faced with such an array of claims referring to different aspects of the product. Many consumers would not fully understand the fundamental differences behind these claims and campaigns.

Fresh produce for example is relatively simple - we see fruit and vegetables labelled as “Product of Australia” or “Product of the USA” which tells us exactly where that product has come from. The more ingredients and the more processing required to produce a food, the more confusing country of origin labelling becomes.

CHOICE advises consumers to look for products labelled as “Product of Australia” to identify the most authentic Australian products. However, in many product categories a “Product of Australia” may not exist. Consumers still benefit from country of origin information that allows them to identify products that have (a) been manufactured in Australia using Australian workers, (b) used some Australian ingredient thereby supporting some Australian producers, or (c) been produced by an Australian owned company.

CHOICE has recently heard from many consumers expressing concern that the big supermarkets are pushing out local manufacturers and producers to make way for their own private label product ranges like Woolworths Select and You’ll Love Coles³.

“My supermarket carries far too many house brands, many of which are sourced from overseas, and insufficient Australian brands.”

“Variety of products is decreasing as more store brand items are on shelves. In particular Australian products are decreasing in number.”

“Coles has reduced the range of manufacturers, promoting their own house brand. These are often imported goods (e.g. tomatoes) over Australian produce.”

“Generic products are very low priced and therefore tempting to purchase rather than usual brand...especially Australian made”

“I also dislike the trend towards the company generics; I prefer Australian goods and it is often not clear where generics come from.”

³ Selected responses from consumers who responded to the question “What do you like least about your supermarket?” in a 2009 CHOICE Online survey about their own supermarket shopping habits. (Unpublished).

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In some product categories there are no options that meet the strict “Product of Australia” criteria that would require all significant ingredients, packaging and production is sourced within and undertaken in Australia. A trip down the supermarket breakfast cereal aisle shows that few of the leading breakfast cereals claim to be “Product of Australia”. Most claim to be ‘Made in Australia from local and imported ingredients’, ‘Made in Australia from imported and local ingredients’ or simply ‘Made in Australia’. Kellogg is not an Australian company, yet it has manufacturing plants in Australia, employing Australian workers. Coles supermarkets offer their own versions of Kellogg’s cereals such as Rice Bubbles, Coco Pops and Sultana Bran. Many of the Coles own-brand breakfast cereals are made in New Zealand while the equivalent Kellogg’s product is made in Australia. Consumers are not able to purchase a cereal that is a Product of Australia, but they may want to choose the next best thing, one that is manufactured in Australia.

The Food Standards Amendment (Truth in Labelling Laws) Bill 2009

CHOICE agrees with one of the underlying concerns that this bill is attempting to address; that country of origin labelling of food can be confusing and that limited consumer knowledge of the definitions of different country of origin claims may result in consumers being misled - either intentionally or inadvertently. However, we are not convinced that the proposed amendments to the *Food Standards Australia New Zealand Act 1991* outlined in this Bill are the solution to providing consumers with the level of information they need in a way they can easily understand.

For example, clause 1 (a) appears to prohibit claims that a product is ‘Australian Made’. If this is the case, Australian consumers would not be able to support local manufacturers and workers by choosing products that are made in Australia, particularly when there are no equivalent products that meet the higher hurdle set out in the ‘Product of Australia’ provisions. Also, country of origin labelling is not purely about identifying Australian produce, but the country of origin of all products, imported or locally produced.

Second, country of origin information can be very difficult to find on a food label, even when a product is made or produced in Australia. Clause 1 (b) sets out requirements for imported ingredients to be highlighted on the front of the label. CHOICE believes that the prominence of country of origin labelling should be considered more generally regardless of whether a product has been locally produced or wholly imported.

CHOICE supports further work to improve the clarity of country of origin information on food. We are aware that the Australian New Zealand Food Regulation Ministerial Council will soon announce the process and terms of



reference for review of Australia's food labelling laws and policies. We anticipate that country of origin labelling will be within the scope of this review. In our view, any changes should be based on consumer research which assesses Australian consumers' interpretation of different country of origin claims; and should be accompanied by an extensive education campaign that guides consumers on how to interpret the different claims.

FSANZ responsibility for country of origin labelling

The Bill raises a very important point about FSANZ's responsibility for regulating country of origin claims. The primary objectives of food regulation set out in Section 18 of the FSANZ Act are:

1. The protection of public health and safety
2. The provision of adequate information relating to food to enable consumers to make informed choices.
3. The prevention of misleading interpretation.

CHOICE supports these as the primary objectives of food regulation. In 2006, at the request of the Australian New Zealand Food Regulation Ministerial Council, FSANZ developed a new country of origin labelling standard that built on the Trade Practices Act provisions but set out additional labelling provisions that related to food. These included new standards for unpackaged foods such as fresh fruit and vegetables, fish and some deli products.

CHOICE participated in the development of this standard on the FSANZ Stakeholder Advisory Group on Country of Origin Labelling and provided numerous submissions during the standard development process. We believed that it was clearly within FSANZ's remit to develop this standard as it was consistent with the second of the objectives outlined in Section 18 of the FSANZ Act.

However, CHOICE has since learned that FSANZ has received legal advice that it should only set labelling standards if that labelling is addressing the first of the primary objective outlined in the FSANZ Act - the protection of public health and safety. This suggests that the mandate to develop a country of origin labelling, for the purpose of providing consumer information only, not protecting public health and safety, required FSANZ to act beyond its legislated responsibilities.

CHOICE agrees that the protection of public health and safety should be the primary focus of food regulation. However, we do not agree that FSANZ should only be responsible to regulating food labelling that relate to public health and safety and not other elements of food labelling that provides consumers with

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vital information about the foods they eat. We expect that this issue will also be considered during the upcoming review of food labelling laws and policy. Amendments to the FSANZ Act may be required to address areas of labelling that are currently outside the current mandate of FSANZ.

Closing remarks

CHOICE believes that Australian consumers would benefit from clearer country of origin labelling on food products to help them identify where products have been made or produced. Better country of origin labelling would also allow Australian consumers to exercise their choice to support local producers, manufacturers and workers. We also believe that consumers need more information about different country of origin statements so that they are not misled about the 'Australian-ness' of the products they buy.

Country of origin labelling is likely to be considered as part of the broader review of food labelling being undertaken by an independent panel appointed by the Australian New Zealand Food Regulation Ministerial Council. CHOICE suggests that the proposed changes set out in this Bill be reassessed as part of the food labelling review considerations of country of origin labelling. Any changes to country of origin labelling laws for food should be based on research of Australia consumers' interpretation of different country of origin claims.

Once again, CHOICE appreciates the opportunity to provide these comments on the Food Standards Amendment (Truth in Labelling Laws) Bill 2009.