



Australian Government

Australian Government response to the Senate Economics
References Committee report:

Third party certification of food

August 2017

The Australian Government welcomes the comprehensive report of the Senate Economics References Committee inquiry into third party certification of food released on 1 December 2015. The Government thanks the Committee for its careful deliberations and will further consider the report's recommendations, recognising some are matters which the Commonwealth will have to work with the states and territories to consider:

- that food manufacturers clearly label products which have received third party certification **(Recommendation 1)**
- that the government consider the monitoring and compliance of halal certification of meat for export; and becoming the sole signatory on the government halal certificate **(Recommendation 2)**
- that the government, through bilateral and multilateral forums, promote greater international acceptance of a 'whole-of-country', government-led halal certification system **(Recommendation 3)**
- that the government consider requiring certification bodies to register their operations under certification trade marks **(Recommendation 4)**
- that the government consider requiring that halal certification of goods in the domestic market comply with the standard agreed for export **(Recommendation 5)**
- that the halal certification industry consider the establishment of a single halal certification authority and a single national registered certification trade mark **(Recommendation 6)**; and
- that meat processors clearly label products sourced from animals subject to religious slaughter **(Recommendation 7)**.

There are a range of third-party certification schemes operating in Australia that provide additional information to consumers. Some schemes relate to values such as ethical sourcing, environmental sustainability and animal welfare (e.g. fair trade, dolphin-friendly tuna and RSPCA-approved, respectively). Other schemes are linked explicitly to methods of food production, such as organic, halal and kosher. All of these schemes require food producers who make claims to clearly label their products to ensure integrity of the supply chain. This includes meat processors identifying red meat sourced from animals subject to religious slaughter for the halal and kosher markets and organic producers labelling their produce to reflect its integrity.

Certification bodies operate within the business registration and disclosure framework that applies across Australia and are subject to the Australian Consumer Law which requires that claims made in relation to products sold domestically are not false, misleading or deceptive. The Australian Consumer Law allows the Australian Competition and Consumer Commission and state and territory regulators to investigate and take action.

The Commonwealth, state and territory Legislative and Governance Forum on Food Regulation in 2011 endorsed a risk-based hierarchy to guide decisions about food labelling. This three-tiered hierarchy lists in descending order of priority: food safety; preventive health; and consumer values issues. The Forum considered that a self-regulatory approach to labelling for consumer values would likely be more responsive to consumer needs than a regulatory response.

However, it is clear that some consumers want more information beyond food safety and nutritional quality to enable them to make informed choices about the food they purchase in line with their preferences. Some consumers are also concerned about the standard to which third party certification is provided and whether the fees paid by businesses for certification result in increased food prices. However, the Committee found there is insufficient evidence to suggest that third party certification has an impact on food prices.

Consistent with the Government's reforms to country of origin labelling, we are committed to enabling consumers to make informed choices about the food they buy. We also acknowledge that food businesses are currently adapting to significant changes to country of origin labelling regulation, with associated compliance costs.

While we don't want to unnecessarily increase regulatory or production costs for businesses or increase the cost for consumers, we do want to ensure consumers get accurate information to assist in informed decision making. We also need to ensure that we support Australia's agricultural industries which rely heavily on exports to international markets.

The Australian Government will consider reforms to the regulation of third party certification of food in Australia that would:

- allow consumers to make informed decisions;
- not lead to excessive increases in business costs or consumer prices; and
- be consistent with Australia's international trade obligations.

It is noted that proposals relating to consumer affairs are not matters for the Commonwealth to decide alone. Accordingly, the Government has asked the Legislative and Governance Forum on Consumer Affairs (CAF) to place on its agenda an examination of the effectiveness of existing regulation in relation to:

- whether consumers are being misled or deceived by current practices in relation to the third-party certification of food;
- whether certification bodies should be required to publicly disclose the standards to which they certify;
- whether certification bodies should be required to publicly list the businesses that they have provided certification to; and
- whether further regulatory action is warranted.

The Government will also ask the Australia and New Zealand Ministerial Forum on Food Regulation (Food Forum) to consider ways to bring halal certification of food in the domestic market into line with the standard agreed for export.

Any major proposals arising from the CAF or the Food Forum will be required to undergo a cost benefit analysis and a regulation impact statement process. If any proposals are adopted there will need to be an appropriate phase-in period so there is a cost effective way to adjust to any new requirements that will minimise any impact on price for consumers.

The Government recognises that certification trade marks assist some consumers by indicating a product or service meets a particular standard. The owner of a certification trade mark may apply it to their own product or service, and allow others to apply it to their products or services as approved users, in accordance with the particular rules of that certification trade mark.

While there is no requirement on any business to register a trade mark, the Australian Government, through IP Australia, will consider convening a forum with food certification bodies to discuss the use of certification trade marks and their advantages for certification bodies and consumers. The Government will encourage participation by halal certification bodies in the forum.

The Australian Government only has a role in relation to halal certification of red meat for export. This role resulted from the findings of the 1982 *Royal Commission into the Australian Meat Industry*.

This enables us to support Australia's red meat industry which relies heavily on exports to international markets. Halal red meat exports are an essential part of market access to a large number of key markets, including Islamic countries that only allow the importation of halal certified meat, as well as non-Islamic countries that require halal meat for their Muslim populations or for further processing and re-export.

This provides for improved market eligibility and commercial returns to a value of over \$1 billion to the Australian agricultural businesses such as farms, processors and transport operations, and the broader Australian economy. Closure of these markets would result in substantial losses to Australian agricultural businesses such as farms, processors and transport operations.

Additionally, many halal export markets are seeking meat and meat products for which there is a low demand in Australia. The Australian red meat industry reports that this market access provides the ability to have a larger product range and has a cost-reducing effect on production per head for meat which also enters the domestic market.

As such, the Government, in consultation with industry, will also consider amendments to the *Export Control (Meat and Meat Products) Orders 2005* to strengthen oversight and monitoring of halal certification for export, which will also include an option for the Government to be the sole signatory on halal certificates for export, where this is acceptable to importing countries. This variation would increase halal certification options for the export red meat industry and will further enable the Government to promote the Australian Government Authorised Halal Program internationally as a whole-of-country, Government-led halal certification system.