Australian National
Retailers Association

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

October 2009

Prepared by
Australian National Retailers Association
www.anra.com.au

8/16 Bougainville Street, Manuka ACT 2603
P 02 6260 7710 **|** **F** 02 6260 7705

Level 9 1 Spring Street, Sydney, NSW 2001
P 02 8249 4520 **|** **F** 02 8249 4914

INTRODUCTION

The Australian National Retailers Association (ANRA) represents the leading national retailers in Australia, across a broad range of retail products and services. Members of the Association include Australia's most trusted household names in supermarket chains, department stores and speciality retailers.

ANRA members are:

Woolworths	McDonalds	Bunnings Group
Coles Group	Just Group	Best + Less
Franklins	David Jones	Angus and Robertson
Borders	Luxottica Australia	Harvey Norman
Reece	Spotlight	Forty Winks

In 2007 ANRA members employed about 450,000 Australians.

ANRA was formed in 2006 to ensure that governments, and the community, understand the contribution retailing makes to the national economy. The retail sector touches the lives of all Australians every day. An efficient, competitive retail sector generates tremendous consumer and economic benefits. ANRA seeks to ensure that public policy makers understand the retail sector and support policies which enhance the capacity of the sector to meet consumer needs.

Country of Origin requirements

ANRA is of the view that current legislative requirement in relation to the country of origin rules for food components in the Food Standards Code and the Trade Practices Act function effectively to provide information to consumers. The proposed amendments would reduce the effectiveness of the current regime by introducing a much tougher standard for use of the "Australian" in labelling. The proposed changes will severely impact Australian producers and food processing companies and would confuse consumers.

The requirements in the Bill to have 100 per cent of components from Australia means products which are grown and manufactured in Australia cannot claim to be Australian products if they contain any imported components. This could include processing aids, preservatives or other food additives which do not characterise the final product. This Bill would also cover products with ingredients that cannot be sourced from within Australia.

These changes would also impact on the use of the popular *Australian made* logo. Presently, products which use this logo are only required to have 50 per cent of the production costs incurred within Australia. The requirement, as part of this new Bill, to have 100 per cent of components from Australia is also above the current *Product of Australia* requirement. This requirement states 'Product of' is a premium claim and the country of origin claim must be the country of origin of each significant ingredient of the food and all or virtually all the processes of production or manufacture of the goods must have happened in that country. Many Australians prefer to purchase products from Australia where possible and these changes may lead them to purchase products which are manufactured overseas or wholly imported in the belief they are no different to those which are manufactured locally or with only a few imported ingredients. This is due to the term 'imported' needing to be displayed on the front of all labels with equal prominence once it contains a single imported ingredient.

Increased labelling costs

The requirements in the Bill to list imported ingredients in a font size of at least 15mm on front of pack labelling is highly prescriptive and will be impractical in some instances, particularly where there are existing space restraints on the label. It would be unfortunate if, in order to comply with the proposed legislation, other important information such as front of pack nutrition labelling had to be sacrificed.

Due to the season nature of food supply, the requirement for imported ingredients by manufacturers may vary significantly throughout the year. This new Bill means that every time the ingredients mix changes in a product (reflecting seasonal changes) there would be a requirement for a new label. The increased cost of multiple labels would almost definitely be passed on to consumers.

Further, in the case of severe flooding, or other unforseen circumstances, there may occasionally be a need to source ingredients from overseas to guarantee continued supply of the product. In this case the business would be doubly penalised – not only having to source supply as a matter of urgency, but requiring a new label before the product can be distributed for sale.

Finally, the Bill would mean a significant departure from other international markets, particularly New Zealand, which would require manufacturers to produce multiple labels between countries. This too would see increased costs being passed on to consumers.

Juice and Fruit Drink labelling

Composition and naming requirements for juice and fruit drinks are already covered by the Food Standards Code. Further, fruit juice composition and naming requirements are already covered by the Food Standards Code and are unable to include peel as part of the composition. Fruit Drinks are allowed to include orange peel as part of the fruit content as long as it is included in the ingredients declaration on the label.

The requirements relating to juice and fruit drinks in the proposed Bill is highly prescriptive, and will lead to increased costs, without significantly altering the allowable ingredients and use of product terms for both fruit juice and fruit drinks.

Conclusion

If adopted the Food Standards Amendment (Truth in Labelling) Bill 2009 will have an adverse effect on manufacturers and consumers through increased costs. Furthermore, local producers may suffer if their Australian product, which contains an imported component, is no longer able to be classified as Australian.

When proposing amendments to the regulatory regime for retail trading ANRA asks legislators to have regard to the inevitable realty that overly prescriptive regulation with high compliance burdens ultimately means higher prices for Australian consumers.