SUBMISSION TO THE AUSTRALIAN SENATE STANDING COMMITTEE ON ECONOMICS

INQUIRY INTO THE FOOD STANDARDS AMENDMENT (TRUTH IN LABELLING LAWS) BILL 2009

GOVERNMENT OF SOUTH AUSTRALIA

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Introduction and Background

The Government of South Australia welcomes the opportunity to make the following submission to the *Inquiry into the Food Standards Amendment (Truth in Labelling Laws) Bill 2009.*

The current requirements for labelling country of origin on packaged foods and certain unpackaged foods are in the Australia New Zealand Food Standards Code (Standard 1.2.11). The Food Standards Code sets out the conditions for the use of various statements, such as 'Product of' and 'Made in', and is consistent with the *Trade Practices Act 1974.*

Senator Xenophon (and on behalf of Senators Brown and Joyce) has introduced a Bill to amend the *Food Standards Australia New Zealand Act 1991* to provide for accurate labelling of food, and or related purposes. The Bill proposes that the word 'Australian' only be used on or in relation to relevant food if it is 100 per cent produced in Australia. The Bill also introduces specific requirements in relation to juice, juice drinks or any other product containing juice.

Current Requirements and Issues

Legislative Labelling Requirements

The current legislative requirements for country of origin food labelling are in Standard 1.2.11 of the Food Standards Code as well as sections 65AA-AN of the *Trade Practices Act 1974*. The South Australian Government recognises there are problems with the current system as the terms used are difficult to interpret and enforce. Examples of difficulties with the current standard include:

- Unclear definition of what constitutes the terms 'significant', 'virtually all' and 'substantially transformed'.
- 'Made in Australia' can be used where goods have been substantially transformed in Australia and 50 per cent of costs of production are carried out here.
- 'Made in Australia from imported ingredients' or 'Packaged in Australia from local and imported ingredients' are 'qualified' claims that can be used where there is uncertainty about whether there was substantial transformation or what percentage of costs of production occurred in Australia. This allows manufacturers to refer to 'Australia' even when less than 50 per cent of production costs occur here.

Approximately 20 per cent of labelling complaints received by SA Health are regarding the country of origin. Unpackaged fruit, vegetables and seafood have been the most common examples that consumers use when expressing concern about country of origin.

National Review of Food Labelling Law and Policy

The Australia and New Zealand Food Regulation Ministerial Council has agreed to undertake a comprehensive review of food labelling law and policy.

The Terms of Reference of the review include:

- examine the policy drivers impacting on demands for food labelling
- consider what should be the role for Government in the regulation of food labelling
- consider what policies and mechanisms are needed to ensure Government plays an optimum role
- consider principles and approaches to achieve compliance with labelling requirements, and appropriate and consistent enforcement
- evaluate the current system and make recommendations to improve the food labelling law and policy.

The review is due to commence in December 2009 or early 2010, and is expected to take 12 months. The review has been endorsed by the Council of Australian Governments (COAG).

Key Messages

The South Australian Government acknowledges the issues faced by consumers and the industry in relation to identifying the origin of a food product and its contents. The South Australian Government supports food labelling, which is truthful and does not mislead consumers. Consumers have a right to be provided with information about the content of food products, including the production and use of imported ingredients. Industry should be open and transparent about where food and its contents come from.

The proposed Bill bypasses the Food Standards Australia New Zealand (FSANZ) standards development process, which is in place to ensure that all relevant parties are consulted. FSANZ has a rigorous process for developing standards that assesses the effects of any new standards on States and Territories, consumers and industry.

The Food Standards Code is enforced by States and Territories under State law. The Bill will remove the right for States and Territories (through the Australia and New Zealand Food Regulation Ministerial Council) to request a review of any FSANZ recommendation related to the new requirements, despite having to implement and enforce these new requirements.

The 25mm letter requirement for front of pack labelling for juice and juice related products may not be possible on all labels. Requiring the list of ingredients on the front for juices and juice related products is also a major change from current food labelling practices, and requires an analysis of the impact on consumers and industry.

The South Australian Government supports action in improving the legislation about country of origin. It is unclear whether introducing an amendment to the *Food Standards Australia New Zealand Act 1991*, which undermines the current system by essentially bypassing it, is the most effective means to improve the legislation.

A process which will enable States and Territories, consumers and industry to contribute to the development of new standards is likely to result in an enforceable solution.

The food labelling law and policy review, which has been endorsed by COAG, is the appropriate forum to explore the issues raised. It is suggested that this Senate Inquiry feed its results into that review. Alternatively, it is suggested that an application be made to FSANZ to change the current country of origin standard.