



26th September 2011

Committee Secretary
Select Committee on Australia's Food Processing Sector
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Australia's Food Processing Sector

The Lakes Entrance Fishermens Co-Operative Society Limited (LEFCOL) represents commercial fishermen operating in both State & Commonwealth waters and is recognised as being home to one of the largest fishing fleets in Australia. Annual catch averages 4000 tonnes of sustainably harvested fresh wild caught seafood with a combined **landed** value of approx. \$25 million.

The Fishing Industry in Lakes Entrance contributes an estimated \$200 million annually to the economy.

Although the actual harvest of seafood may not be considered to be a part of the "Processing Sector" many onshore businesses who are part of the sector such as LEFCOL rely on the harvest and consider fishers to be critical suppliers to the seafood processing sector.

LEFCOL welcomes the opportunity to comment on the Australian Food Processing Sector and how we believe seafood forms an important part.

Competitiveness & Future viability

Australian fisheries are amongst the most sustainable in the world all of which comes at a significant cost to operators for all the right reasons. Australia is a net importer of seafood with the growing demand exceeding domestic supply. One of the major risks for the Fishing Industry is the nation's increasing reliance on imported products. Given the sustainability credentials of our fisheries we are increasingly concerned about our competitiveness in the market place, many seafood products from overseas have very little sustainability, environmental or workplace credentials therefore are considerably cheaper.

In a Global Seafood Market significant improvements need to be made to the regulatory environment for our industry to remain competitive & viable into the future.

Regulatory Environment – Food labelling

The recent government review of food labelling law & policy found that food labels are highly valued as a communication option for healthy choices and consumer value information, this relates to personal values to allow them to make decisions about a range of issues that include animal welfare issues, religious beliefs, environmental issues, human rights and Country of Origin¹.

Sale of seafood can be categorised into three main groups being:

1. fresh
2. frozen packaged; and
3. cooked

We are concerned with the current regulatory environment in regards to 2 & 3.

Frozen packaged:

Two issues exist with sales of seafood in this way being retail (supermarkets) & wholesale (food service sector).

The current laws fail to provide the consumer the complete picture and need significant improvement in regard to origin labelling. In regard to retail sales the “Origin” declaration is insufficient, unclear and at times confusing given that products may be harvested in one country such as Argentina and arrive via other countries such as Malaysia who provide further processing.

For example, Argentine flathead is being imported and sold under the name “Flathead”; although an approved Australian fish name it has significant consumer knowledge as being an Australian product. As stated earlier the label should provide the consumer with information that they value. The product in this example should be labelled clearly in the product description as “Imported Flathead” and the origin panel state that the “Catch Origin” is Argentina and “Process Origin” is Malaysia.

LEFCOL has specific examples of this occurring and would be happy to provide them to the Committee if required.

Our concern in regard to wholesale sales of frozen packaged seafood is covered under cooked seafood below.

Imported product sold in the *Frozen packaged* market should be forced to use a standard fish name that includes the words “Imported” as a minimum.

Cooked Seafood:

Given the strong consumer demand for Australian seafood it is incredibly frustrating and concerning that imported seafood is able to be sold without any declaration regarding its origin being made at the plate. This is a significant issue for both the seafood processing sector and more importantly the consumer.

The current failure of labelling laws in regard to cooked seafood is contributing to an increasing number of consumers losing confidence in what seafood they are eating. Consumers need to be comfortable eating seafood and be provided a clear understanding of where it originated.

It is our preference that the specific country of origin should be labelled however would be satisfied if as a minimum “Imported” was (if applicable) on all seafood sold cooked to ensure that the consumer has the opportunity to make an informed decision when purchasing seafood.

¹ Labelling Logic – Final Report of the Review of Food Labelling Law and Policy
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Cooked Seafood (cont..)

28% of all seafood purchased is consumed outside the home, of this 61% is consumed at restaurants, fish & chip shops and clubs² therefore the opportunity for imported product to be passed off as Australian is high.

The Northern Territory introduced imported labelling laws for cooked seafood in 2008 with a report regarding the impact on consumption recently released³.

For cooked seafood the report found:

- The consumer survey showed that after freshness, country of origin is the second most influential factor for consumers when choosing seafood, in any type of venue.
- Consumers also displayed a preference for seafood clearly labelled as Australian more than a similar product without an origin label
- Consumers indicated they would be willing to pay 25% more for a 'local wild-caught' seafood product than a similar option sourced from overseas
- Over 40% of respondents assumed seafood which did not display a label of origin was imported. A further 23% indicated they did not know the origin of unlabelled seafood

Some believe that the issue of providing consumers with information regarding country of origin is an issue of marketing. I agree that the marketing of a particular product such as "Lakes Entrance Flathead Fillets" is the responsibility of fishers and the seafood industry however this differs to origin information which is the function of regulation to ensure that venues provide the correct information. Consumer research clearly indicates that they have a preference for Australian seafood.

It is correct that venues can currently choose to label their menus with Australian seafood; these venues are not our concern as they obviously want to sell quality products to the customers and will attract return business. The venues that are selling seafood on their menus simply for profit are our concern; the consumers in these venues are being ripped off.

Opponents to such a move attempt to confuse the issue with an ingredients argument, figure 1 below shows the Northern Territory fact sheet for the labelling laws and addresses this issue.

Costs for compliance on small business is also used as a barrier, we would argue that fishers are all small businesses and are currently being unfairly disadvantaged as a result of the manner imports are able to be sold. The Northern Territory research found that the costs for the food sector to implement and comply with the legislation was generally not high (average of \$603), however if changes were progressively implemented many of these costs would be eliminated with normal cycles of menu changes.

Such laws could also provide a significant improvement in regards to by-product utilisation; fishers are price takers in the market with many species often getting very low returns. These species could easily become import replacements and add to the value of the seafood processing sector if they were able to compete on a level playing field in which consumers could clearly understand the difference between imported & domestic products.

² Australian Seafood Co-Operative Research Centre

³ FRDC Project No. 2009/216 Tracking the impacts on seafood consumption at dining venues arising from the Northern Territory's seafood labeling laws.

Cooked Seafood (cont..)

As an example, the Prawn Fisheries of Victoria & NSW find it almost impossible to compete against imported products, if the laws were changed so that “Imported” was displayed on menus etc. if imported prawns were used in restaurants, fish & chip shops and clubs the economics of these fisheries would dramatically change to the positive.

Imported seafood products sold *cooked* must (as a minimum) be labelled as “Imported” to ensure the consumer is provided with the valuable information they desire along with providing the seafood processing sector with a level playing field to remain viable into the future.

Regulatory Environment – Cross jurisdictional regulations

Of all the issues that come up in Fisheries the Offshore Constitutional Settlement (OCS) would be the one that has caused the most angst & confusion over the years. The OCS arrangements or lack of are complex, confusing and in some cases anti-competitive.

Unfortunately fish do not understand the OCS and can't see lines on a map therefore add to the problem. Example: Two Commonwealth licenced fishers operating outside 3 nautical miles adjacent to the VIC/NSW border with Eden and Lakes Entrance as their respective home ports. They both catch 500kg of Octopus working alongside each other as incidental by-catch from normal fishing operations, the operator returning to Eden is free to retain the 500kg yet the operator returning to Lakes Entrance is only permitted to retain 50kg and forced to discard perfectly good Octopus for no reason other the OCS rules, these crazy arrangements differ from specie to specie & state to state.

All these rules do is force perfectly good seafood to be dumped dead which could be feeding our nation.

In an ideal world we would have one system or jurisdiction looking after all fisheries, given that ideal worlds are unlikely a priority must be for OCS's to be renegotiated with all states and a system developed whereby all catch is managed in a sustainable manner, all jurisdictions who take the catch contribute to the management costs of the relevant fishery and forced dumping of seafood is eliminated.

Offshore Constitutional Settlements must be renegotiated with all states to ensure stock sustainability, cost recovery & resource utilisation is addressed.

LEFCOL on behalf its members strongly believes that the above issues need urgent attention by Government to allow the Seafood Processing sector to continue into the future.

Yours faithfully

Dale Sumner
General Manager

Figure 1. NT Fact Sheet



Imported? Check the label

When you're buying seafood, do you ever wonder whether it's imported?

Wonder no more. Fish retailers in the Northern Territory are required to label all imported seafood sold for public consumption accordingly. This includes fish and chip shops, restaurants, cafes, bistros, hotels, motels and delicatessens in supermarkets.

Any seafood not harvested from Australian waters is to be clearly labelled as "imported". This label is to be used on menus, menu boards, brochures, flyers and any other advertising.

If a restaurant dish contains more than one type of seafood, and one or more of the seafood ingredients have not been harvested in Australian waters, it will be labelled: "contains imported seafood products".

There are no requirements for fish retailer venues to identify the country of origin of imported seafood. There is also no requirements for fish retailers to label seafood as Australian or local product. Some fish retailers may choose to do this.

Labelling requirements provide you, the consumer, with important information when buying seafood.

For more information:
phone **8999 2144**



photos courtesy of Darwin Fish Markets

Sample menu showing seafood labelled under the new requirements

fresh ideas | real results

DEPARTMENT OF REGIONAL DEVELOPMENT, PRIMARY INDUSTRY, FISHERIES AND RESOURCES

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