



Australian Government

Australian Government response to the
House of Representatives Standing Committee on Agriculture
and Industry report:

A Clearer Message for Consumers

JUNE 2015

**GOVERNMENT RESPONSE TO THE 2014 HOUSE OF REPRESENTATIVES
STANDING COMMITTEE FOR AGRICULTURE AND INDUSTRY REPORT ON ITS
INQUIRY INTO COUNTRY OF ORIGIN LABELLING FOR FOOD
*A CLEARER MESSAGE FOR CONSUMERS***

The Government welcomes the comprehensive report on Australia's country of origin labelling framework for food by the House of Representatives Standing Committee on Agriculture and Industry (the Committee), released on 27 October 2014. The Government thanks the Committee for its careful deliberations, and notes all of the report's recommendations, including those aimed at:

- introducing new country of origin labelling representations that indicate the proportion of local ingredients (Recommendation 1)
- increasing the relative size of country of origin labelling text (Recommendation 2)
- introducing a visual descriptor reflecting the new country of origin labelling representations (Recommendation 4)
- having the Government work with industry and consumer advocacy groups to develop and implement an education campaign (Recommendation 5)
- encouraging the Government to work with industry to explore technological mechanisms through which country of origin information could be provided voluntarily (Recommendation 6).

The Government's policy for country of origin labelling for food is that Australians should have access to reliable information about where their food comes from. This is so they can make informed decisions about the origin of the products they buy. The Government is committed to a country of origin labelling framework that is easy to understand, simple to use and consistent with Australia's international trade obligations, without creating unnecessary red tape for business. To this end, the Ministers for Industry and Science and for Agriculture have been consulting widely on possible reforms that will be considered by Government in the next few months.

The Australia New Zealand Food Standards Code (the Food Code) mandates country of origin labelling for most food products sold in Australia and the *Commerce (Trade Descriptions) Act 1905* requires certain goods, including all imported food and beverage products, to be labelled with the country in which they were made or produced. Under the Australian Consumer Law (ACL), country of origin claims for all products, including food, must not be false, misleading or deceptive. Businesses comply with these provisions where they meet ACL's 'safe harbour' defences or can otherwise prove that their claims are not false, misleading or deceptive. Both the Food Code and the ACL are incorporated into Commonwealth, State and Territory legislation to enable uniform application and enforcement across Australia.

As pointed out by the Committee, country of origin labelling, particularly for food, has been the subject of several inquiries, reports and proposals for change. This demonstrates the extent of interest in country of origin labelling within the Australian community. In keeping with a Council of Australian Governments' response to one inquiry, the Australian Competition and Consumer Commission released new guidance material for consumers and industry in October 2012 (<http://www.accc.gov.au/publications/where-does-your-food-come-from>) and April 2014 (<http://www.accc.gov.au/publications/country-of-origin-claims-the-australian-consumer-law>). This guidance material was aimed at helping consumers to better understand the framework so they could make informed purchasing decisions – as well as helping businesses to label their products more clearly and to work more confidently within the framework.

However, the Committee's recent findings suggest that, despite the new guidance material, both consumers and industry still find Australia's current country of origin labelling framework confusing and unhelpful. As suggested by the Committee, the issue is not so much that current origin claims do not comply with the legislation, but rather, those claims are not clear enough for consumers to easily understand. Claims like 'Made in Australia from local and imported ingredients', which do not provide any indication of the relative proportion of such ingredients, are particularly frustrating for consumers. For this reason, the Committee recommended a number of improvements to the current framework.

In response to the Committee's recommendations, the Government will develop proposals for strengthening Australia's country of origin labelling framework that:

- would give consumers clearer information about where their food comes from, which would be easier for them to understand, and allow them to make better informed purchasing decisions;
- would not lead to excessive increases in business costs or consumer prices; and
- would be consistent with Australia's international trade obligations.

While no decisions have been made, proposals under active consideration include a requirement for country of origin labels for food to indicate the proportion of local ingredients. In line with some of the Committee's recommendations, stakeholders are being consulted on whether this could be achieved through:

- prescribed standard country of origin statements, as determined by consumer and industry testing;
- a visual indicator identifying the proportion of local ingredients (with tolerances), from zero to 100 per cent, with up to four bands in between, as determined by consumer and industry consultation; and
- origin text at least 30 per cent larger than surrounding mandatory text, placed inside a prominent box on food and beverage labels.

Consistent with other recommendations by the Committee, the Government will also consider working with stakeholders on an education campaign and options for more comprehensive origin labelling on a voluntary basis. In this respect, the Government recognises the important work being done by industry to develop technological responses to consumer demands for information valued by various sections of the Australian community. Consideration will also be given to clarifying and simplifying the ACL safe harbour defences.

The Government's proposals for reform will be consistent with Australia's international trade obligations.

The Government will refer its proposals for reform to states and territories through relevant intergovernmental forums for consideration and agreement. Once agreed proposals are legislated, businesses will be provided with a phase-in period to ensure they have time to adjust to the new labelling requirements.