

Additional Comments by Nick Xenophon Independent Senator for South Australia

1.1 Enough is enough. In their current form Australia's food labelling laws – particularly as they relate to country of origin labelling – are woeful. They result in anomalies such as imported orange concentrate to be labelled 'Made in Australia' if it is reconstituted here. Australian consumers, and for that matter Australian producers, deserve far better.

1.2 Senator Milne's Competition and Consumer Amendment (Australian Food Labelling) Bill 2012 (No. 2) was preceded by a bill I introduced with Nationals Senator Barnaby Joyce and then-Greens Leader, Senator Bob Brown in 2009. This Bill is a further attempt at reforming country of origin labelling as we know it.

1.3 Consistent with recommendation 41 of the 2011 report *Labelling Logic* by Dr Neal Blewett AC (commonly referred to as the Blewett Review), this bill sought to amend the *Competition and Consumer Act 2010* to create a specific section that deals solely with country of origin claims regarding food. The bill also sought to provide for country of origin labelling to be dependent on the ingoing weight of ingredients and components (excluding water) rather than on where processing and packaging took place.

1.4 It should be noted that the Blewett Review was criticised by many including the writer, as not going far enough in terms of country of origin food labelling reform. However, it was still a material improvement on the current laws where the 51 per cent substantial transformation rule can also mean that a meat pie could be labelled 'Made in Australia' even though the meat could be fully imported (because other ingredients are Australian and the processing and packaging takes place here). Notwithstanding the overly cautious approach of the Blewett Review, the Government's response was pathetic. It failed to recommend any substantial changes to food labelling laws. There has been a substantial lack of political will on the part of the Government to reform this crucial issue of consumer choice and information,

1.5 The Committee has acknowledged that while some concerns were raised regarding specific provisions of the bill, there was widespread support for the intention of the bill. Concerns raised included the absence of a definition of 'substantially transformed' and a lack of distinction between packaged and non-packaged foods which could lead to loopholes allowing imported fresh food to be sold as Australian if it is processed and sold in packages here. Concerns were also raised that the bill may affect Australia's manufacturing sector negatively.

1.6 In order to address these concerns the Committee has made a number of recommendations, such as recommending that the Government should consider developing a more effective definition of 'substantially transformed'. I fully support the Committee's recommendations in that respect.

1.7 However, while the current bill may have a number of technical shortcomings, these could be overcome with appropriate political will. Therefore this should not be

seen as an opportunity for the Federal Government to further delay much needed reform of Australian country of origin labelling laws, particularly given the Federal Government's poor track record when it comes to responding to previous food labelling reviews.

1.8 For instance, I believe the Federal Government's response to the Blewett Review was a win for multinational, foreign-owned companies who can export their products to Australia where unsuspecting consumers purchase them, believing they are supporting Australian producers. By ignoring the recommendations relating to country of origin claims, the Federal Government is effectively allowing Australian consumers to continue to be misled.

1.9 The urgency of country of origin food labelling reform needs to also be considered with the Closer Economic Relationship with New Zealand.

1.10 Arising out of a recent hearing of this Committee into biosecurity matters, AusVeg – the peak industry body of vegetable producers – issued the attached media release. The AusVeg release highlights a glaring loophole in our laws in that a vegetable from a third country could be packaged in New Zealand and labelled as a 'Product of New Zealand'. The clear definition of 'Product of Australia' is that the produce was grown and processed in Australia. The AusVeg revelations raise serious questions over the Closer Economic Relationship with New Zealand and the ability of consumers to be misinformed. This is another area of food labelling laws that must be dealt with urgently.

Recommendation 1

1.11 The bill be passed with significant and appropriate amendments, because of the imperative that consumers not be misled as they are under current food labelling laws.

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14 March 2013

For immediate release

Horticulture New Zealand CEO publicly admits to importing vegetables from China and sending on to Australia

An admission by the New Zealand horticulture industry's Chief Executive has confirmed once again that the New Zealand processed vegetable industry is importing vegetables from China, repackaging them in New Zealand and sending them to Australia under the labelling claim, 'Made in New Zealand from local and imported ingredients'.

In a recent media release, Horticulture NZ Chief Executive, Mr Peter Silcock, conceded that New Zealand receives vegetables from China, freezes them and sends them to Australia.

"These sorts of practices are designed to mislead consumers about the origin of their food. If they see that something is a 'Product of New Zealand' they expect that it has been grown there, not sent from China to get a sprinkling of New Zealand product before being sent to Australia," said AUSVEG Chief Executive Officer, Mr Richard Mulcahy.

AUSVEG is the National Peak Industry Body representing Australia's 9,000 vegetable and potato growers.

The Horticulture New Zealand release claims that there is no difference between 'Made in Australia from local and imported ingredients' and 'Made in New Zealand from local and imported ingredients.'

"The deciding difference is that China has a Free Trade Agreement with New Zealand and that these practices are now so commonplace they are being endorsed by the New Zealand horticulture industry," said Mr Mulcahy.

AUSVEG has been campaigning for more stringent Country of Origin Labelling laws so that these sorts of loopholes are not possible.

"It's unfair that the goodwill of Australian consumers who buy New Zealand produce on the basis that it comes from New Zealand is being so badly abused. Consumers have a similar expectation when buying locally grown produce here in Australia - they expect it to be Australian," said Mr Mulcahy.

"Consumers are finding current labels declaring Country of Origin extremely confusing and difficult to understand. New regulations must be put in place to ensure that no claim of origin can be made that can deceive consumers," said Mr Mulcahy.

Recent surveys by consumer watchdog Choice show that only 12 per cent of respondents were able to accurately identify the meaning of 'Made in Australia', while only three per cent knew the correct definition of 'Made in Australia from local and imported ingredients'.

"It's obvious from the consistency of the survey results we keep seeing that something must be done to address the flaws in the regulations governing Country of Origin Labelling," said Mr Mulcahy.

ENDS

