



Submission to Food Standards Australia New Zealand
on
Proposal P1011 Country of Origin Labelling -
Unpackaged Meat Products
Assessment Report

29 August 2011

57 Carrington Road Marrickville NSW 2204
Phone 02 9577 3333 Fax 02 9577 3377 Email ausconsumer@choice.com.au
www.choice.com.au

The Australian Consumers' Association is a not-for-profit company limited by guarantee.
ABN 72 000 281 925 ACN 000 281 925

ABOUT CHOICE

CHOICE exists to unlock the power of consumers. Our vision is for Australians to be the most savvy and active consumers in the world.

As a social enterprise we do this by providing clear information, advice and support on consumer goods and services; by taking action with consumers against bad practice wherever it may exist; and by fearlessly speaking out to promote consumers' interests - ensuring the consumer voice is heard clearly, loudly and cogently in corporations and in governments.

To find out more about CHOICE's campaign work visit www.choice.com.au/campaigns and subscribe to CHOICE Campaigns Update at www.choice.com.au/ccu.



Executive Summary:

CHOICE strongly supports the extension of mandatory country of origin labelling to unpackaged beef, sheep and chicken meat in Australia as proposed by Food Standards Australia New Zealand in the Proposal P1011 Assessment Report. The extension would close the loophole in Standard 1.2.11 which currently requires unpackaged fish and pork to carry country of origin information but not beef, sheep or chicken meat.

Evidence shows that country of origin information is valued by many consumers when it comes to purchasing food. Although imports of beef, sheep and chicken meat comprise a small proportion of unpackaged meat sold in Australia, CHOICE believes that information asymmetries can reduce consumer confidence in the food supply. CHOICE supports the proposed variation of Standard 1.2.11 to include beef, sheep and chicken meat because it will meet a consumer demand and provide consistency.

Recommendation 1: Standard 1.2.11 which regulates mandatory country of origin labelling should be varied to include mandatory CoOL for unpackaged beef, sheep and chicken meat in accordance with Option 2a identified and preferred by FSANZ.

Recommendation 2: A single sign to be used by independent butchers should be developed in consultation with independent butchers.

Recommendation 3: FSANZ should consult with state and territory enforcement agencies on compliance issues that may arise from the use of a single sign by independent butchers and ensure that adequate resources are available for monitoring and enforcement.



Introduction:

CHOICE appreciates the opportunity to provide the following comments to Food Standards Australia New Zealand (FSANZ) in relation to the Proposal P1011 Country of Origin Labelling - Unpackaged Meat Products Assessment Report (the Assessment Report).

CHOICE has been a strong advocate for country of origin labelling (CoOL) because we know that it is a significant purchasing consideration for many Australian consumers. Most recently, we recommended in our submission to the Review of Food Labelling Law and Policy that Standard 1.2.11 be amended to require CoOL on all fresh produce including meat and poultry. We were pleased to see the Expert Panel recommend the extension of CoOL to all primary food products.

Although imports of beef, sheep and chicken meat comprise a small proportion of unpackaged meat sold in Australia, CHOICE agrees with FSANZ that information asymmetries can reduce consumer confidence in the food supply.¹

The current review of Standard 1.2.11 was triggered by community concerns over identifying imported beef following the change in Australia's bovine spongiform encephalopathy (BSE) food safety policy.² CHOICE supports FSANZ's decision to expand the scope of the review beyond beef to include sheep and chicken meat in order to remove the current inconsistencies.

CoOL clearly falls within FSANZ's objectives under s 18 of the *Food Standards Australia New Zealand Act 1991* (Cth) which include providing adequate information about food to enable consumers to make informed choices and preventing misleading or deceptive conduct.

CHOICE notes that the Regulatory Impact Statement (RIS) prefers maintaining the status quo in the absence of an economic benefit from the proposed alternatives.³ However, we believe that the RIS fails to measure the impact on industry that a loss of consumer confidence would have or the value consumers place on meaningful country of origin labelling. Further, it is evident that the costs to stakeholders are minimal with major retailers voluntarily adopting CoOL for beef, sheep and chicken meat and the option of a single sign for independent butchers.

¹ Food Standards Australia New Zealand (2011), *Proposal P1011 Country of Origin Labelling – Unpackaged Meat Products Assessment Report*, 20.

² Ibid 3.

³ Food Standards Australia New Zealand (2011), *Proposal P1011 Country of Origin Labelling – Unpackaged Meat Products Supporting Document 1 Regulation Impact Statement*.



CHOICE welcomes FSANZ's broad approach to the costs and benefits likely to arise from extending CoOL to beef, sheep and chicken meat. We agree that the community benefits that would result from removing the current omission.

It is clear that consumers want to be able to identify Australian meat and that it is in the interests of stakeholders along the food supply chain to maintain consumer confidence. Removing the current inconsistency in CoOL and extending mandatory labelling requirements to beef, sheep and chicken meat will enable consumers to make an informed decision about whether to buy Australian or imported meat. CHOICE therefore supports the extension of the coverage of Standard 1.2.11 to beef, sheep and chicken meat.

CHOICE's submission focuses on the areas of information sought from submitters that are most relevant to consumers, namely the importance of CoOL, the proposed extension to sheep and chicken meat, options for extending CoOL and the use of the single sign.

1. Importance of country of origin labelling (CoOL)

Country of origin information is one of the most valuable pieces of labelling information to consumers. In a CHOICE survey of over 900 members in September 2010, 85% of respondents said they would like to know, at the very least, the origin of the ingredient that characterises products. The importance of CoOL is also evidenced by the FSANZ Consumer Attitudes Survey 2007 in which 59% of respondents reported looking for country of origin information.⁴

Anecdotally, country of origin is one of the most common food labelling issues raised by consumers to CHOICE. We note that this is supported by research including the 2008 FSANZ consumer attitudes survey which found that it was the third most nominated labelling element.⁵

We note that the literature review commissioned by FSANZ for the Assessment Report found that consumers care as much, if not more, about the country of origin of fresh foods and suggested that an even greater number of consumers may use CoOL for beef, sheep and chicken meat than indicated by previous FSANZ consumer surveys.⁶

⁴ Food Standards Australia New Zealand (2011), *Proposal P1011 Country of Origin Labelling – Unpackaged Meat Products Assessment Report*, 12.

⁵ Ibid 13.

⁶ Ibid 14-15.



Based on the strong support for CoOL, particularly in terms of fresh food, CHOICE believes that consumers place a high value on this information and that many would use CoOL on unpackaged beef, chicken and sheep meat.

2. Extension of CoOL to lamb and chicken meat

CHOICE strongly supports the extension of Proposal P1011 to sheep and chicken meat. FSANZ's review of Standard 1.2.11 following the Australian Government's request in relation to beef provides an opportunity to remove the current omissions. Providing consumers with consistency in CoOL will ensure confidence and protect Australia's lamb and chicken industries from potential consumer concerns over the lack of mandatory labelling for their products, even though there is only a small proportion of imported sheep meat and no imported chicken.

We note that the Assessment Report found that the costs of mandating CoOL would be minimal⁷ and it is likely that extending mandatory labelling to sheep and chicken would not involve significant implementation or enforcement costs beyond those involved in introducing CoOL for beef.

3. Proposed options

Options 1b and 2b

CHOICE does not support Option 1b or Option 2b.

A voluntary code of practice would leave consumers in the dark about the origins of those products which were not labelled. We know that CoOL is an important issue for consumers and a voluntary code would be more likely to produce a loss of consumer confidence.

The Assessment Report notes that voluntary schemes overseas have not been universally adopted.⁸ It is possible that in Australia, retailers who sell Australian meat would voluntarily adopt country of origin labelling while those who sell imported meat would not, creating uncertainty for consumers.

⁷ Ibid 24.

⁸ Ibid 19.



Further, while the RIS found that the costs to industry would be similar to the costs of a mandatory scheme,⁹ there would be no compliance monitoring of a voluntary scheme, further undermining consumer confidence.

It appears that the main beneficiary of a code of practice would be those retailers selling imported meat who would not have to label their product. Consumers, on the other hand, would miss out on the advantages of consistency and certainty offered by a mandatory scheme.

CHOICE supports streamlining CoOL and this requires both mandatory labelling and oversight by one regulator, not an industry body.

Option 2a

CHOICE strongly supports Option 2a because it is a mandatory scheme overseen by the regulator.

The main benefits to stakeholders of the mandatory CoOL system proposed in Option 2a are consistency and consumer confidence. Further, the stakeholders' investment would be similar to that involved in a code of practice. As the Assessment Report notes, some major retailers are voluntarily providing country of origin information which indicates that the costs are not prohibitive and there are perceived benefits.

Further, consumers have shown that they are willing to pay a premium for Australian produce in many product categories and this provides stakeholders with a marketing advantage in the event of increased competition from imported meat.

The Assessment Report found that enforcement agencies are not likely to incur significant additional costs because monitoring systems for similar products have been established already.¹⁰ CHOICE believes that the small proportion of imported beef and sheep further indicates that monitoring costs would be minimal.

Mandatory CoOL is likely to have a beneficial impact on the domestic beef, sheep and chicken meat industries to the extent that consumers may display a preference for local products.

Importantly, the Assessment Report found that the impact on consumers at the checkout will be minimal, reflecting the limited overall costs to industry.¹¹ This is supported by

⁹ Ibid.

¹⁰ Ibid 20.

¹¹ Ibid.

the willingness of some retailers to voluntarily adopt CoOL for beef, sheep and chicken meat.

Based on the evidence presented in the Assessment Report,¹² it is unlikely that extending mandatory CoOL will result in a significant increase in the price of meats.

Recommendation 1: Standard 1.2.11 which regulates mandatory country of origin labelling should be varied to include mandatory CoOL for unpackaged beef, sheep and chicken meat in accordance with Option 2a identified and preferred by FSANZ.

4. The use of a single sign by independent butchers

CHOICE believes that the option of single sign would enable independent butchers to minimise costs while ensuring that consumers can access country of origin information. This would retain consumer confidence and ensure that independent butchers can continue to operate, providing competition to bigger retailers and the service that many consumers value.

However, we believe that the introduction of a single sign would need to be accompanied by effective monitoring to ensure that consumers are provided with accurate information. FSANZ should consult state and territory enforcement agencies on compliance issues related to the single sign and ensure that there is enforcement is adequately resourced.

Recommendation 2: A single sign to be used by independent butchers should be developed in consultation with independent butchers.

Recommendation 3: FSANZ should consult with state and territory enforcement agencies on compliance issues that may arise from the use of a single sign by independent butchers and ensure that adequate resources are available for monitoring and enforcement.

¹² Ibid.