



Submission to the
National Food Plan Green Paper

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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.

Introduction:

CHOICE appreciates the opportunity to comment on the National Food Plan Green Paper 2012. CHOICE has represented the interests of Australian consumers throughout the process of developing the National Food Plan (NFP), and we welcome the commitment to a whole-of-government approach to Australia's food supply.

CHOICE believes consumers must be front and centre of the NFP. Consumers have interests along the food supply chain and the NFP must draw out links between food security, competition and nutrition.

A fundamental and contested issue in the NFP process to date has been food security. Although Australia may be food secure based on the measure used in the NFP green paper, adequate supply of nutritious and fresh food is more important than a calculation based on the amount of food exported. Further, access and equity for all Australians is critical and should be a primary focus of the NFP. Overall measures of food security mean little when there are disadvantaged communities experiencing difficulties accessing fresh and nutritious food.

CHOICE's submission consists of an overview of the six key areas in which we believe the NFP can better reflect the interests of consumers, followed by responses to specific consultation questions posed in the green paper.

OVERVIEW: Key consumer interests in the National Food Plan

BETTER FOOD LABELLING

The NFP should recognise the importance of food labelling in empowering consumers to make informed decisions. However, there are many areas in which inadequate or confusing labelling makes it more difficult for consumers, including country of origin labelling where consumers consistently report that the plethora of vague terms makes it difficult to identify Australian produce and manufacturing.

An area of growing concern for many consumers is animal welfare labelling such as free range claims which attract a price premium. The lack of consistency in free range labelling means that consumers are denied the certainty that they are getting what they pay for and it is increasingly evident that there is a market failure that justifies regulatory intervention.

Providing consumers with transparent, credible and independently verified information around issues like environmental sustainability is critical to food innovation and the future of food. With consumers becoming increasingly concerned about issues like environmental sustainability, animal welfare, fair trade and country of origin, we are witnessing the proliferation of opaque or questionable accreditation schemes.

The NFP should therefore recognise the role of Government in ensuring consistency in labelling and minimise the risk of consumers being misled, including the introduction of regulated standards where there are market failures.

CONSUMER CHOICE AND EXPECTATIONS

Consumers tell CHOICE they care about how their food is produced¹ and giving farmers a fair deal is a major concern for many consumers. This is demonstrated by the many consumers who continue to buy branded milk despite it being more expensive and in many cases the same as private-label milk. The National Food Plan provides the opportunity to facilitate communication between producers and consumers and ensure that consumer expectations are met.

INNOVATION

Consumer priorities around innovation should be thoroughly tested as part of the NFP development process rather than assumed. A high priority should be ensuring the availability of fresh, healthy food that is affordable for all consumers. It should also be recognised that many consumers are sceptical about technological advances such as the use of genetically modified ingredients and nanotechnology. From the consumer perspective, it is critical that the precautionary principle applies to approving new technologies and that if these technologies are introduced while doubts remain as to their safety, mandatory and loophole-free labelling laws are essential.

ENVIRONMENTAL SUSTAINABILITY

Consumers have a strong interest in environmental sustainability and it is critical to ensuring an accessible and affordable future food supply, particularly in relation to fresh food. Food production methods which contribute to climate change or environmental degradation may mean that food prices are lower in the short term but are likely to lead to increased food prices in the medium and long term. The NFP provides a unique opportunity to take a long term view of the food supply and future-proof the consumer interest in continuing access to fresh and nutritious food.

ACCESS AND EQUITY

Competitiveness is needed at all stages of the food supply chain to ensure consumers have access to affordable food. However, access and equity are central concerns as undernourishment remains an issue in parts of Australia where government intervention is necessary. Overall measures of food and nutrition security mean little in this context and if food security is to be a meaningful concept from the consumer perspective, it needs to take into account the availability of affordable, fresh food for all consumers.

¹ CHOICE Member Survey reported 10 May 2011 <http://www.choice.com.au/reviews-and-tests/food-and-health/labelling-and-advertising/nutritional-labelling/country-of-origin-labelling-survey-results.aspx>.

PUBLIC HEALTH

Improving public health should be a primary objective and outcome of the National Food Plan. Food is essential to the health and wellbeing of Australian consumers yet diet-related disease is increasing. The NFP provides the opportunity to link food policy with public health goals and outcomes and it is critical that public health experts provide input along the development of the NFP and throughout its implementation.

Responses to consultation questions:

Chapter 1: A National Food Plan for Australia

1.1 Do you agree with the possible overall approach outlined in this green paper to create a more strategic, better integrated and transparent approach to food policy?

CHOICE supports the concept of a whole-of-government approach to Australia's food supply and we agree that a strategic, integrated and transparent approach to food policy is worthy goal. However, we do not believe that the NFP green paper presents an integrated approach to food policy. While public health implications are acknowledged, it is difficult to understand how public health needs will be addressed when a large focus is on reducing regulatory burdens for industry and there are no new policies to address the growth in obesity and associated chronic disease. Further, the green paper is largely focused on improving the productivity of the food industry but there is insufficient consideration of the environmental constraints on the targets set. Finally, while there is considerable focus on innovation, there is no mention of the need to ensure that industry innovation, particularly where there is taxpayer support, responds to consumer interests. The green paper therefore misses the opportunity to propose a truly integrated food plan and instead seems to offer a food industry plan.

Chapter 3: Australia's food policy framework

3.1 Do you agree with the proposed outcome and objectives outlined in this green paper to guide the Australian Government's development of food-related policy and stakeholder consultation mechanisms?

The proposed outcome, 'A sustainable, globally competitive, resilient food supply, supporting access to nutritious and affordable food', is a good starting point to guide the Australian Government's development of food-related policy given the numerous objectives of the NFP.

However, CHOICE believes there is scope to enhance the outcome and we note the amendments proposed by the Food Alliance.² CHOICE agrees that it is critical to amend the outcome so that it states 'supporting access *for all* to nutritious and affordable food'. This is to ensure that the NFP addresses access to and availability of nutritious and affordable food for all consumers,

² Food Alliance National Food Plan Green Paper 2012 submission.

recognising that food insecurity exists at the individual and community level. We also agree that *environmental* sustainability should be emphasised in the outcome.

CHOICE agrees with the seven proposed objectives. However, we note that the objectives which relate to productivity and competitiveness are favoured throughout the NFP green paper and consultation questions. The objectives mean little if all of them are not integrated into the food policy.

3.2 *The Australian Government is seeking feedback on a number of alternatives to improve leadership and stakeholder engagement on food policy issues. These alternatives are set out in Section 3.4.1.*

Do you have a preference for a particular alternative or a specific suggestion for another mechanism that would provide better leadership, coordination and stakeholder engagement on food policy issues in Australia?

CHOICE supports idea of a Ministerial Food Forum that would bring together the relevant Australian Government ministers to develop and implement a whole-of-government food policy. The Forum must ensure that health and consumer priorities are given equal weight to industry priorities given that the development of the NFP is being led by the Agriculture portfolio.

We support a stakeholder engagement model with balanced representation between industry and consumer, health and environmental groups. We believe this group should have the role of providing expert advice to the Ministerial Forum rather than decision making powers.

However, stakeholder engagement to date through the NFP development process has seen industry representatives vastly outnumber consumer and health representatives (with negligible representation of environmental groups). This has resulted in a green paper which is largely focused on industry concerns like increasing productivity and exports at the expense of the more pressing focus of ensuring all consumers have access to a safe, nutritious, affordable and sustainable food supply. We would not support a stakeholder engagement model that continued to over-represent industry interests at the expense of wider community representation.

Further, it is critical that any stakeholder engagement process that involves face-to-face meetings include resourcing for participation by community groups like CHOICE which are not-for-profit organisations with limited resources. CHOICE values the opportunity to contribute to policy development and implementation processes, however it is difficult to resource contribution to multiple processes.

CHOICE believes the State of the Food System report proposed in the green paper could be an important tool in effective stakeholder engagement. The report should monitor access to affordable and nutritious food, particularly in regional and remote communities, as well as the quality of the food supply and the impact of climate change and natural resource depletion. In order to ensure the report meets the NFP objective of integration, it should also link to rates of obesity and diet-related illness.

CHOICE notes that the Food Alliance has proposed that an independent Food Commissioner be appointed and resourced to oversee reporting on the NFP with additional functions including audits on the food system, commissioning research, ensuring an integrated approach is taken, and educating Australians about the economic, environmental and health impacts of the food

system.³ CHOICE believes these are important functions that should be undertaken whether by an Independent Food Commissioner or within government.

Chapter 4: Australia's food security

4.1 Do you agree with the analysis that, broadly speaking, Australia is food secure? If not, why not? Please be specific and provide evidence to justify your position. What additional data could the government draw on to measure Australia's food security?

CHOICE believes that measuring food security primarily on the total volumes of food and exports is a one-dimensional approach to the question of whether Australia is food secure. While it may be correct to say that 'broadly speaking, Australia is food secure', this is not a helpful statement given the green paper endorses the United Nations Food and Agriculture Organisation's (FAO) definition of food security which includes the condition that "all people at all times have physical and economic access to sufficient, safe and nutritious food".

The green paper acknowledges that food insecurity exists in Australia at the individual and community level which makes it clear that, using the FAO's definition, Australia is not food secure.

Further, CHOICE does not share the optimism evident in the NFP green paper that innovation will address the threats posed by climate change and dwindling resources like water and fossil fuels. We believe there needs to be a stronger emphasis on the environmental sustainability of the food supply as the consumer interest is in having a reliable food supply into the future.

We also believe that food security, even if adequately measured, does not alone address consumer interests. We support a focus on nutrition security which would measure the quality of the food supply and access by all Australians to nutritious and affordable food.

Chapter 5: Safe and nutritious food

5.1 The Australian Government has strategies, policies and programs in place to:

- **ensure all Australians have access to a safe and nutritious food supply**
- **support healthy lifestyles**
- **reformulate foods, improve food labelling and educate consumers**
- **improve nutritional outcomes for Indigenous Australians**
- **provide a comprehensive and effective food safety regulatory environment**
- **build capacity to control known and emerging food safety risks.**

³ Food Alliance National Food Plan Green Paper 2012 submission.

This green paper provides details of these initiatives and outlines the Australian Government's future policy directions, including the development of a national nutrition policy.

Are there additional issues the government should focus on in its future policy directions? What factors should the government consider in developing new, and reviewing existing, policies and programs?

Improving public health should be a primary objective and outcome of the National Food Plan because food is essential to the health and wellbeing of Australian consumers, yet the incidence of diet-related disease is increasing.

In terms of specific policies, CHOICE is concerned that voluntary reformulation by industry is seen as an effective strategy in the green paper. It is clear that progress in this area is limited. CHOICE believes that effective food labelling is not only critical to encouraging healthy eating but is likely to drive industry reformulation, for example through an effective front of pack labelling system. However, the effectiveness is likely to be undermined by voluntary implementation, with the Forum on Food Regulation rejecting mandatory front of pack labelling.

A strong framework around health and nutrition claims is essential. Such a framework would restrict health claims, and also nutrition claims, to food products that meet nutrient profiling criteria, to ensure that consumers are not encouraged by marketing claims about health and nutritional attributes to buy products that are high in risk-increasing nutrients. Rigorous evaluation of claims is also a central feature of the framework.

It is therefore disappointing that the current approach by the Forum on Food Regulation will not address consumer interests by requiring that products meet nutrient profiling criteria in order to carry nutrition claims. It is also disappointing that the power to determine whether there is enough evidence for new general level health claims will rest with food companies rather than the regulator.

The failure to provide a strong framework for nutrition and health claims means an opportunity will be missed to drive reformulation and this will negatively impact on the availability of healthier foods.

CHOICE notes that the green paper recognises that a National Nutrition Policy will be developed and we support the development of this policy. It is critical that the NFP link to the National Nutrition Policy and that the nutritional quality of the food supply is benchmarked against it.

CHOICE would also like to see the Ministerial Food Forum (or independent Food Commissioner) monitor the effectiveness of government strategies in other jurisdictions. The stakeholder group could provide expert advice on implementing such strategies.

Chapter 6: A competitive and productive food industry

6.3 *The use of new technology in food products is likely to be increasingly important in Australia and around the world, helping to meet evolving desires and needs of sophisticated consumers and ensuring an adequate global supply of food for a growing population. However, some people are concerned about new technology despite substantial regulatory arrangements to manage any potential risks.*

What should governments, businesses, peak associations and consumers be doing in response to this trend?

The assumption that new technologies in food products are likely to help meet consumer desires and needs and provide global food security appears to be taken as a given. The NFP's approach to new technologies should focus on consumer demand and particularly whether there is any demand for foods which are made with genetically modified (GM) ingredients or nanotechnology.

The precautionary principle must apply to the assessment of any new technologies and underpin robust governmental approval processes. Where there is continuing debate about the safety of new technologies such as GM and nanotechnology, there must be mandatory labelling so that concerned consumers can make informed decisions about what they eat.

CHOICE would only support a national strategy concerning the application of modern biotechnology such as GM if stronger labelling were introduced. Consumers legitimately raise concerns about these technologies and have the right to make decisions based on full information.

6.4 *One option to increase agricultural productivity to help the sector meet future export growth opportunities and challenges, such as increasing productivity growth in a changing climate, is to increase rural R&D investments over a number of years. This would be in addition to continually seeking better ways to increase the overall benefits of this investment.*

a) *Is this the best way to help the agricultural sector meet the challenges and opportunities of the coming decades? Why/why not?*

b) *What would be the costs and benefits of this approach?*

c) *How could any additional investment be targeted to achieve the greatest overall benefit to Australia?*

It is essential that environmental sustainability is a key consideration in any efforts to increase productivity. Government investment should reflect other consumer priorities, not just the objective of increasing productivity.

6.6 *One way for food businesses to add value is through increased quality, such as high product standards, new traits or nutritional attributes. Governments in Australia generally adopt little or no role in regulating quality, except where required for public health reasons.*

a) *What opportunities are there for businesses to add value through quality attributes?*

There are many opportunities for businesses to add value to products such as through nutritional attribute claims or values claims like fair trade and high animal welfare. However, CHOICE believes that many businesses approach value adding as purely a marketing exercise, for example through the use of health and nutrition claims on unhealthy foods, or the use of 'free range' claims on products which don't meet accepted definitions.

Consumers are increasingly seeking more information about the validity of marketing claims. In the case of free range eggs, for example, where there is little consistency in labelling, CHOICE believes the Government should intervene to legislate standards and ensure that consumers are not misled into paying higher prices for products that do not meet their expectations.

Further, CHOICE believes that government regulation is critical in matters of public health significance and food businesses should not be left to make the rules in this area. The current situation in relation to health claims demonstrates why this is necessary: food companies are making these claims, even though they are prohibited under transitional standard, on products that would fail the NPSC. This means that consumers may be buying products believing that they are healthy when in fact the products are high in risk-increasing nutrients like sodium and saturated fat. This practice is even more widespread with nutrition claims, yet the Forum of Food Regulation has failed to support nutrient profiling criteria for these claims.

b) *Is there a role for government to encourage this or remove barriers such as regulation? (please explain/elaborate).*

Governments have a role in legislating standards where there are market failures and CHOICE would advocate a more proactive role in areas like country of origin labelling, where the confusing terminology needs to be improved, and free range labelling, where the lack of an agreed national standard has led to substantial inconsistencies.

It is also apparent that the general consumer protection framework struggles to deal with quality representations in food, possibly because there is little consistency in the use of terms. This makes it difficult for consumer protection agencies to bring legal challenges given they have limited resources with which to investigate claims of misleading conduct.

CHOICE notes that s 18 of the Food Standards Australia New Zealand Act 1991 gives the regulator the objective of developing regulatory measures to provide adequate information to enable consumers to make informed choices and preventing misleading conduct (in addition to protecting public health and safety). CHOICE believes there is a role for FSANZ to engage in standards-setting under these objectives, as occurred with country of origin labelling, and we believe government should give FSANZ direction and resourcing to facilitate this.

6.7 *The Australian Government welcomes further specific feedback about particular regulations that significantly affect food businesses, by imposing direct and/or indirect costs and by limiting commercial opportunities.*

b) *Are there any areas in which stakeholders feel improved regulation is needed to help the market function properly?*

CHOICE believes that improved regulation is critical in the areas of country of origin and free range labelling where there is market failure. In these areas, consumers are unable to make informed purchasing decisions because of confusing labelling and lack of consistent standards.

We also believe that improvements in the regulation of chemicals and pesticides are essential because current processes are slow to respond and create disadvantage for Australian consumers when compared to consumers in other jurisdictions such as the European Union. This has the potential to diminish the confidence consumers express in relation to food produced in Australia.

6.8 *Competition issues are canvassed in the green paper. Generally speaking there is evidence that competition can benefit consumers in various ways, including placing downward pressure on prices and encouraging innovation and greater choice.*

c) *What would a regulatory approach such as a mandatory code and/or supermarket ombudsman achieve over and above current arrangements (bearing in mind that any investigation would need to be based on a complaint)?*

CHOICE has supported the establishment of an ombudsman, adjudicator or similar office to help ensure a level playing field in the highly-concentrated retail and supermarket industry and provide leadership in identifying issues in the sector. We have suggested an examination of the Groceries Code Adjudicator in the UK as a possible model. The office would promote transparency in pricing and fairness along the supply chain. Importantly, the office would provide recourse for those participants in the food and grocery sector who lack market power, particularly small business, small-to-medium food manufacturers and consumers. The functions of the office could include ensuring that regulators enforced their rules, identifying areas for change in the rules where they were found lacking, supporting consumer education on unit pricing and proactive investigation of what is happening in the market. Through such functions, the office would promote genuine competition, benefitting consumers and the wider industry.

d) *How might the projected growth of private label products affect competition within the food industry, either positively or negatively? Who do you consider will be affected and in what way?*

CHOICE believes that while private label products are delivering undeniable value to many consumers, the unique level of concentration in Australian supermarkets raises challenging questions about what an increasing level of private label products may mean for competition and consumer choice into the future. The two major supermarkets control over 70% of the

market and private label products account for 25% of the Australian grocery market with predictions of a rise to 30% by 2016.⁴ CHOICE has heard many anecdotal reports from consumers about branded products disappearing from shelves to be replaced by private label products. From the consumer perspective, the immediate benefit of private label value is tempered by concerns that prices may rise in the future as competition from branded products diminishes.

⁴ IBISWorld Report G5111 *Supermarkets and Other Grocery Stores in Australia*, June 2012.