

choice

SUBMISSION TO THE DEPARTMENT OF
INDUSTRY, INNOVATION AND SCIENCE ON
COUNTRY OF ORIGIN FOOD LABELLING



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ABOUT US

Set up by consumers for consumers, CHOICE is the consumer advocate that provides Australians with information and advice, free from commercial bias. By mobilising Australia's largest and loudest consumer movement, CHOICE fights to hold industry and government accountable and achieve real change on the issues that matter most.

To find out more about CHOICE's campaign work visit www.choice.com.au/campaigns and to support our campaigns, sign up at www.choice.com.au/campaignsupporter

INTRODUCTION

CHOICE appreciates the opportunity to provide the following comments to the Department of Industry, Innovation and Science on country of origin food labelling.

Food origin labelling is a priority issue for CHOICE members, supporters and the broader community. It was identified as the number one issue in CHOICE's 2013 pre-election survey.¹ In 2015, over 26,000 people took action via a CHOICE campaign calling for improved country of origin labelling.

The current system is confusing. Research shows that current labelling requirements do not provide Australians with adequate or meaningful information about where their food comes from.² Confusing terminology is a major source of frustration with 86% of CHOICE members surveyed saying it is unclear where their food is from.³ This confusion undermines consumers' confidence in their purchasing decisions and also distorts the normal operation of competitive markets.

CHOICE welcomes the Federal Government's initiative to strengthen Australia's country of origin labelling framework. The proposed information standard is a positive step towards ending the confusion around country of origin labelling, especially for consumers who want to know how much of a product was manufactured or grown locally.

The proposed system is less useful for consumers who are interested in the source of non-Australian ingredients. For example, claims such as 'Made in Australia from at least 25% Australian ingredients' still leaves consumers in the dark as to where the remaining ingredients come from.

The Federal Government has an opportunity to restore consumer confidence in country of origin labelling. The proposed draft information standard provides a solid foundation for a new framework however it does not address all consumer concerns. CHOICE's ten recommendations outline how the system could be strengthened to better benefit consumers.

¹ CHOICE pre-election survey of 3,879 supporters, 2013 <https://www.choice.com.au/~media/acd0263a48884975accd11d0fbf13d8.ashx>

² CHOICE member survey of 743 members, 2012 <https://www.choice.com.au/shopping/packaging-labelling-and-advertising/labelling/articles/country-of-origin-labelling>

³ CHOICE member survey of 743 members, 2012 <https://www.choice.com.au/shopping/packaging-labelling-and-advertising/labelling/articles/country-of-origin-labelling>

CHOICE recommends that

1. The information standard should actively encourage the display of key overseas ingredients on country of origin labels. Templates should be provided in the standard so that any label that includes information on the country of origin of key ingredients presents this information in a consistent manner.
2. 'Made in' statements be changed to 'manufactured in'. This should be reinforced through an education campaign that communicates the meaning of the kangaroo logo.
3. Manufacturers should have the flexibility to use of both 10% and 25% increments for the bar chart.
4. Flexibility should not be permitted for food manufacturers who claim 100% Australian ingredients. Manufacturers should have the option of using more accurate percentages if they are close to 100%.
5. Food manufacturers should calculate the proportion of Australian ingredients in their products every 12 months.
6. Non-priority foods should begin transitioning to new country of origin labels after 24 months.
7. The country of origin logo and text should always be used in conjunction on a product and not separated to two locations on the product.
8. A flat transition approach should be undertaken with food manufacturers encouraged to implement the new labels as soon as possible.
9. Any labelling displayed in connection with the sale of fresh fruit and vegetables in transparent packaging or unpackaged meat, fish, fruit and vegetables must show the required country of origin information.
10. The standard should require country of origin information to be displayed on any labelling that accompanies or is displayed in connection with any unpackaged food sold at retailers.

Specific country in which key ingredients were grown

CHOICE surveyed consumers on various elements of the proposed country of origin labels. The survey was sent to supporters who have an interest in country of origin labelling; they are engaged and interested in this issue. It was completed by over 3,645 people.⁴

Consumers want to identify whether a product is local or not. This is reflected in CHOICE surveys as well as the recent Colmar Brunton research. However, if a product is not local or has overseas ingredients, consumers want to know the origin of these ingredients. The proposed system will not meet consumers' expectations if it does not mandate or at least actively encourage manufacturers to provide information on the specific countries in which key ingredients were grown.

When we asked survey respondents what was most important to them for new country of origin labelling, 73% of people surveyed said knowing the origin of significant ingredients was most important. When shown the proposed system, highlighting that manufacturers won't have to list the origin of imported ingredients, 88% of people surveyed said that manufacturers should be required to list the origin of the main ingredients. Only 8% selected they were happy with knowing just the 'Australian-ness' of the product.⁵ This is reinforced by Colmar Brunton's research which found that 24% of respondents felt the most important piece of information is the specific country where the key ingredients were grown. This is only 4% lower than those who felt that the most important piece of information to include would be the percentage of ingredients grown in Australia (28%).⁶

Highlighting the proportion of Australian ingredients does not satisfy the statement 'country of origin' nor does it meet consumers' expectations of food labels. Consumers are very passionate about this point. Some of the comments we received were;

"I want to know % of Australian ingredients in any product. I also want to know which country other MAIN ingredients come from."

"I am sure there are many people like me who want to know this to exercise choices the [sic] make about those countries for all sorts of reasons ranging from hygiene to environmental credentials to human rights records etc etc. It's not for our gov't to judge what criteria we wish to apply. They must simply insist on manufacturers telling us which

⁴ Survey was run from 13th January – 3rd February. It has not been weighted to be representative of the general Australian public.

⁵ CHOICE supporter survey, 2016, n=3645

⁶ Colmar Brunton 2015, Country of Origin Food Labelling Research

country something was made and/or grown in.”

“I think country of origin is at least as important as being made in Australia”

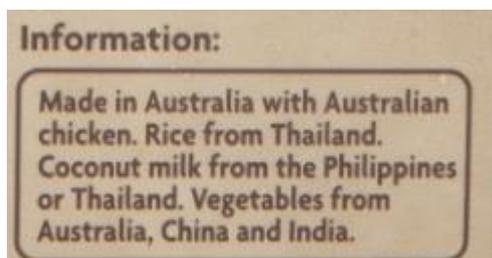
“Labels should list the country % from countries on any ingredient making up 15% or more of the total product.”

“I want to know where all my food is sourced. If I don’t know that and its [sic] not on the product I am looking at buying, I just won’t buy it.”

CHOICE understands the limitations with listing the origin of every ingredient. We have engaged with food manufacturers on this point and understand the complexities involved. However, it is likely that any new system will not effectively engage Australian consumers if it does not promote labelling of key overseas ingredients.

At the very least, we believe the information standard should provide guidance and templates for manufacturers to provide additional information to consumers. This should be actively encouraged throughout the information standard, especially for products with ‘Made in Australia’ and ‘Packed in Australia’ statements.

The Coles country of origin label for its Thai Green Curry Pack provides a great example of how this information could be displayed.



Recommendation 1: The information standard should actively encourage the display of key overseas ingredients on country of origin labels. Templates should be provided in the standard so that any label that includes information on the country of origin of key ingredients presents this information in a consistent manner.

Labels stating proportion of Australian ingredients

The proposal to display the proportion of the ingredients that are sourced from Australia is supported by many people. Consumers want to support local producers and the proposed bar chart will allow them to do this. There was however, concern from surveyed consumers that the

'Made in Australia' label option displaying the kangaroo logo and a bar chart with 0% Australian ingredients was misleading.



Colmar Brunton's research highlighted that 30% of people felt that 'Made in Australia' means that the product contains 100% ingredients from Australia.⁷ A CHOICE member survey in 2012 found that only 12% of respondents could correctly interpret the term 'Made in Australia'.⁸ We suspect that a large proportion of consumers will be frustrated at a system where food manufacturers are able to put the kangaroo logo on products with no Australian ingredients. One survey respondent wrote;

"Where the tiny text says 'Made in Australia from 0% Australian ingredients' shoppers will be misled. The 'Made in Australia from 100% Australian ingredients' label is almost identical to the 0% version, so confusion and ambiguity are built into the new proposal."

We strongly suggest that this point of confusion is addressed by requiring the 'made in' statements to say 'manufactured in'. This will help consumers understand that this claim relates to manufacturing rather than ingredients. This should be reinforced in the education campaign. Consumers must have a clear understanding that the kangaroo logo and 'made in' statements represent manufacturing.

The bar chart, highlighting increments of Australian ingredients was broadly supported by survey respondents. CHOICE asked consumers about the increment amounts within the bar chart and found that 12% of people were happy with increments of 25%, 49% of people were happy with increments of 10% and 34% of people are happy with both increments of 10% and 25%.⁹ Older consumers commented that increments of 25% would be easier to decipher. However, there was acknowledgment that 10% increments would enable greater accuracy and allow consumers to better compare products.

"I find the 25% easier to understand because you can instantly look at it and see a quarter, or a half, etc. However, I like the flexibility of having 10% increments."

⁷ Colmar Brunton 2015, Country of Origin Food Labelling Research

⁸ CHOICE member survey of 743 members, 2012 <https://www.choice.com.au/shopping/packaging-labelling-and-advertising/labelling/articles/country-of-origin-labelling>

⁹ CHOICE supporter survey, 2016, n=3645

Considering the benefits of both 10% and 25% increments, food manufacturers should have the flexibility to use both 10% and 25% increments in the bar chart.

Recommendation 2: ‘Made in’ statements be changed to ‘manufactured in’. This should be reinforced through an education campaign that communicates the meaning of the kangaroo logo.

Recommendation 3: Manufacturers should have the flexibility to use both 10% and 25% increments for the bar chart.

Foods claiming 100% Australian ingredients

We understand food manufacturers are requesting the need for flexibility when claiming 100% Australian ingredients. We put this to our survey respondents, providing the example of cheese from 100% Australian dairy that contains a very small amount of rennet (0.05%) from overseas. 36% of respondents believed a tolerance of 1% was acceptable, 18% said a tolerance of 5% was acceptable and 43% said that a product could only state 100% Australian ingredients if it has 100% Australian ingredients.¹⁰ There was commentary that manufacturers should have the option of stating more accurate percentages e.g. 99%. One respondent stated;

“If I can buy 100% Australian I would buy that product over one that is 99% Australian hence I do not agree 99% should be labelled 100% even though it is near enough.”

“There should be a separate label 95% or even 99% Australian ingredients for the case mentioned with rennet. 100% should be reserved for fully Australian products.”

CHOICE believes that consumers should not be misled by labels. There should not be any tolerance for products that state 100% Australian ingredients. Manufacturers should have the option of using more accurate percentages if they are close to 100%. This would allow labels to represent the true composition of the product i.e. Made in Australia, from 99% Australian ingredients, rennet from the United States. If in this example there is no rennet made in Australia, then no particular manufacturer will be at a disadvantage. If the standard also encourages and provides guidelines for labelling country specific ingredients, this will provide clear information to consumers when a product is mostly from Australia.

¹⁰ CHOICE supporter survey, 2016, n=3645

Recommendation 4: Flexibility should not be permitted for food manufacturers who claim 100% Australian ingredients. Manufacturers should have the option of using more accurate percentages if they are close to 100%.

Seasonality labels

We believe the proposed seasonal labels provide a sufficient amount of information to help consumers make an informed decision.



We questioned survey respondents on the need for an app, website or call centre to provide more information. 86% of people surveyed said that manufacturers who use seasonal produce should be required to provide additional information through an app, website or call centre. 64% said they were very likely or quite likely to visit a website, app or call a customer service number to get additional information on the origin of a product’s ingredients.¹¹ One person commented;

“The trouble with labelling is there is not enough room on some products. If so, there should be a hotline on the product you could call immediately to source ingredient information.”

We believe this label is a practical solution for food manufacturers that source ingredients from different countries due to seasonality issues. For the calculated average of Australian ingredients to be as accurate as possible, the averages should be reviewed by food manufacturers every 12 months.

However, we strongly caution against moving basic information from the label to an external source. Labels are used in context, allowing consumers to compare products at the point of purchase. Apps, websites and hotlines should only be used to provide additional information that is difficult to provide on pack due to regular changing circumstances. CHOICE thinks the current proposal gets the balance right between providing consistent information on pack and additional information through another source.

¹¹ CHOICE supporter survey, 2016, n=3645

Recommendation 5: Food manufacturers should calculate the proportion of Australian ingredients in their products every 12 months.

Priority vs non-priority foods

The list of priority foods aligns with CHOICE's research on where consumers most want to see country of origin labelling.¹² However, consistency is key and we would like non-priority foods to start a transition process to new country of origin labels after 24 months.

Recommendation 6: Non-priority foods should begin transitioning to new country of origin labels after 24 months.

Placement of country of origin logo and text

The Regulatory Impact Statement paper states that using logos and text consistently across products will provide clear information for consumers.¹³ We agree and believe that the system should be applied consistently across products. The Department raised the question of whether food manufacturers should be allowed to separate the country of origin logo from the text so that they can continue to place the Australia Made logo on the front of their product, with the corresponding text placed on the back. We strongly oppose the idea that manufacturers should be allowed to separate the logo with the text. This will be confusing for consumers who should not be expected to look in two separate places to find information about a single quality of a product. Such a system would make on-shelf comparisons more difficult and create inconsistencies, reducing the effectiveness of a new country of origin labelling system.

Recommendation 7: Country of origin logo and text should always be used in conjunction on a product and not separated to two locations on the product.

Transition period

CHOICE supports a flat transition approach¹⁴ where businesses can update their labels to align with other labelling changes on the basis that they have transitioned with 24 months. We believe

¹² CHOICE member survey of 743 members, 2012 <https://www.choice.com.au/shopping/packaging-labelling-and-advertising/labelling/articles/country-of-origin-labelling>

¹³ Country of origin labelling, Consultation Regulatory Impact Statement, 2015 pg. 19

¹⁴ Country of origin labelling, Consultation Regulatory Impact Statement, 2015 pg. 39

this is an opportunity to reduce regulatory costs for businesses. However, CHOICE encourages food manufacturers to implement the new system as soon as possible.

Recommendation 8: A flat transition approach should be undertaken with food manufacturers encouraged to implement the new labels as soon as possible.

Country of origin for retailers

The current requirement for fresh fruit and vegetables in transparent packaging as well as unpackaged meat, fish, fruits and vegetables is that they must bear a country of origin label **or** have labelling that accompanies them **or** is displayed in connection with their sale that meets the requirements of those provisions. This means if fruit and vegetables have labels displaying country of origin information on their packaging, i.e. on a bag of limes, the retailer does not have to show country of origin information on other signs or labels.

This current flexibility results in inconsistencies, making it difficult for consumers to compare products and identify the country of origin of the product. These food products (fruits, vegetables, meat, fish and poultry) are perceived to be high priority items for country of origin information by consumers¹⁵ yet this information can sometimes be difficult to find.

As retail signs are often more prominent and legible than on the product or package, it is important that the requirement be changed so that retail signs are required to carry country of origin statements.

We are also aware that there are some retailers who do not provide country of origin information on unpackaged foods, for example couscous.



¹⁵ CHOICE member survey of 743 members, 2012 <https://www.choice.com.au/shopping/packaging-labelling-and-advertising/labelling/articles/country-of-origin-labelling>

The standard should ensure that consumers can identify the country of origin of unpackaged food sold in retailers.

Recommendation 9: Any labelling displayed in connection with the sale of fresh fruit and vegetables in transparent packaging or unpackaged meat, fish, fruit and vegetables must show the required country of origin information.

Recommendation 10: The standard should require country of origin information be displayed on any labelling that accompanies or is displayed in connection with any unpackaged food sold at retailers.

Summary

Country of origin information is highly valued by the majority of Australian consumers. Currently, people are being let down by a system that doesn't enable them to make an informed choice about where their food comes from. The Federal Government has an opportunity to change this.

CHOICE's recommendations for the draft information standard propose improvements that would strengthen country of origin labels. A consumer-driven country of origin framework would have many benefits. Not only would it result in better-informed consumers but a system that meets people's needs would promote trust between consumers and food manufacturers. A system that doesn't do this will further erode confidence in country of origin labelling and have implications for labelling more broadly.

CHOICE would be happy to work with the Federal Government to provide consumer insights and help implement proposed recommendations.