

Policy Position for Horticulture on Food Labelling

Country of Origin Labelling – Packaged Food

Background

Australian consumers have consistently demonstrated that they value additional information on food labelling, and that (for a range of reasons) they wish to know the country of origin of their food.

While there will certainly be some compliance costs in any transition period to a revised Standard, the Policy Guidelines do not state that the objectives outlined above are to be met only in the absence of any other consequences/considerations.

Issues

In December 2005, ACCC Chair Professor Alan Fels said:

“Many consumers buy products specifically because they want products from a particular country. This includes local demand for Australian products. The ACCC is concerned to ensure that consumers can be confident the Country of Origin claims are accurate, and consumers can rely on what is on the label.”

In a variety of polls, over a number of years, Australian consumers have consistently demonstrated that they are concerned to be informed of the origin, potential allergen, nutrition and other details of the foods they purchase. The latest poll we are aware of is the 2005 Auspoll survey, which showed that 97% of Australian wanted to have clear information on the country of origin of their foodstuffs. The earlier Australian Consumer Association submission to FSANZ on the subject of COOL reiterated this view.

Consumers’ reasons for desiring this information may vary (eg health reasons, desire to support locally-grown produce or economies, religious requirements, the ‘country of origin effect’, perceptions of food safety, environmental or human rights considerations, etc), but the outcome remains the same – clear labelling which removes imprecise or ambiguous terms from packaging.

Consumers believe they have a ‘right to know’, and this includes the right to accurate, unambiguous information.

It is ludicrous to suggest, for example, that a packaged product, whose primary food ingredients are in fact imported, is ‘Made in Australia’ - whatever qualifying small print may follow. Studies have consistently shown that Australian consumers believe ‘Made in Australia’ and other variants to mean just that – grown and packaged here.

An example may serve to illustrate:

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Most Australians know macadamia nuts are indigenous to this country. A “reasonable person” would assume that a packet of chocolate-coated macadamia nuts with a ‘Made in Australia’ label means that the nuts were grown here, coated with chocolate made here, and packaged here. Indeed the previous Australian HomeGrown campaign highlighted that the large majority of consumers in fact **assume** that the majority of foods (fruit, nuts, vegetables and meats) are currently grown in Australia.

Under the current standards, however, it is entirely possible that the nuts were imported from Hawaii (the Chinese know macadamias as ‘Hawaii nuts’), the chocolate came from South America, and it was only the value-add of more than 50% (chocolate-coating, fancy packaging), undertaken in Australia which entitled the end product to be labelled ‘Made in Australia’.

This is not clear, precise and unambiguous labelling, and could be seen as misleading the consumer. In addition, a label which refers to produce being ‘imported’ without specifying which country or countries that produce was imported from, adds nothing of value to the consumer to meet their information needs.

HAC welcomes the Government’s new *Australian Grown* initiative to give consumers greater information about the food they consume.

The ACA submission, amongst others, has raised an important issue in terms of food security in a climate of increasing food tampering and global terrorism. It is critical that manufacturers/processors and retailers, the regulator, and the public health system, have effective tracking systems – not the least in order to expeditiously effect emergency product recalls or trace contaminated material to its source/country of origin. This could apply to everything from outbreaks of Avian flu or ‘Mad Cow Disease’, or deliberate malice such as anthrax contamination; through to food tampering of medicinal lines, biscuits, or rat poison in prepared foods.

The horticulture industry is not convinced by the large claims made in regard to costs likely to be incurred by manufacturers/processors. Certainly there will be initial costs incurred in re-printing/re-tooling in the first instance, but claims of significant ongoing costs do not seem to be substantiated by the data to hand.

It must be borne in mind that manufacturers seem very willing to undergo the ‘pain’ of such re-printing/re-tooling where they perceive a benefit (for example, adding claims such as ‘*Good source of folate*’, ‘*NEW!!*’, ‘*20% more FREE!*’, or ‘*GI of x*’ to labels)

While the net costs and benefits of mandatory CoOL have proven difficult to quantify, several studies have looked at consumers’ willingness-to-pay for CoOL. The NSW Farmers’ submission made reference to the results of 2003 studies in the US, which found that “US consumers are willing to pay a range of premiums if they perceive that a product’s origin is integral to its quality”¹.

¹ Umberger, W.J., Feuz, D.M., Calkins, C.R. and Sitz, B.M., ‘Country-of-Origin Labeling of Beef Products: U.S. Consumers’ Perceptions’, *Journal of Food Distribution Research* 34(3): 77–82, November 2003

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Our Position

Horticulture strongly supports the extension of Country of Origin Labelling (CoOL) – currently mandatory for fresh food – to the principle two (or less) whole food ingredients (fruits, vegetables or nuts) in packaged/processed food.

Industry believes firmly that such CoOL should also be mandatory, and that this position is in line with the Ministerial Policy Guidelines, which state that any standard that is developed should ensure that:

- ❖ Consumers have access to accurate information regarding the contents and production of food products.
- ❖ Consumers are not misled or deceived regarding food products.

Higher Level Health Claims

Background

While we are aware that FSANZ supports the general proposition and accepted wisdom that “fruit, nuts and vegetables are intrinsically good for you”, industry is concerned that the proposed draft Standard is fact likely to confuse consumers; and could potentially lead to less healthy processed products (making, for example, claims such as ‘25% less fat’, ‘diet’, or ‘low in salt’) being perceived by a consumer as “better for me” than whole, fresh or minimally processed, foods. In addition, the draft Standard potentially creates a situation where legitimate and substantiated claims for fruits, vegetables and nuts are prevented from being promoted to consumers.

In a climate of increasing national and international concern about health issues such as diabetes, heart disease, colon and other cancers, obesity, and the escalating consumption of fast foods which have unacceptable health outcomes (particularly for our young people), this seems counter-productive.

Issues

Specifically:

- ❖ Industry supports Option 3 - that all claims (content, general level and high level health claims) should be regulated by the Standard to remove ambiguity and uncertainty.
- ❖ The draft standard is likely to favour processed food products over fresh food products.
- ❖ Industry’s preferred option is for fruit, vegetables and nuts in their primary form - i.e. (i) unprocessed fruit, vegetable and nut products; and (ii) fruit, vegetable and nut products that have undergone a processing treatment that has firstly, not substantially

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changed the nutritional quality of the food (other than removal of water through drying) and secondly, that has not resulted in any added sugar, salt or fats - to be exempt from qualifying and disqualifying criteria for claims.

- ❖ If exemption is not possible, then qualifying and disqualifying criteria specific for fruit, vegetable and nut food categories should be developed in consultation with industry.
- ❖ Industry strongly supports the recommendation that the Go for 2&5™ and Nuts for Life endorsement programs be considered for pre-approval prior to gazetting. In this context, HAL and ANIC should be classified as 'endorsing organisations'.
- ❖ Substantiation of high level health claims should be undertaken by FSANZ without favour. The horticultural industries are extremely concerned that substantiation processes may be prolonged and prohibitively expensive. At least one high level claim linking fruit and vegetables and protection from disease and at least one linking nuts and protection from disease should be urgently progressed to allow inclusion at the time of gazettal of the proposed Standard.
- ❖ Introduction of the Standard should be accompanied by a consumer awareness program and all claims must be supported by consumer information to explain what they mean.
- ❖ Regular monitoring and review of the evidence supporting health claims and the impact of health claims on food choice and dietary patterns should be mandated as part of the Standard.

Our Position

Horticulture's basic position is that the Standard for Higher Level Health Claims allows a general exemption from qualifying and disqualifying criteria for all claims for all:

- ❖ Unprocessed fruit, vegetable and nut products;
- ❖ Fruit, vegetable and nut products that have undergone a processing treatment that has firstly, not substantially changed the nutritional quality of the food (other than removal of water through drying) and secondly, that has not resulted in any added sugar, salt or fats.