Horticulture Taskforce

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Country of Origin Submission

Introduction

The Horticulture Taskforce (HTF) was set up with a focus to address issues of concern that are relevant across all sectors of horticulture. The Taskforce comprises AUSVEG, the Australian Mushroom Growers Association, the Australian Banana Growers' Council, Citrus Australia, Apple and Pear Australia Limited, Nursery and Garden Industry Australia, Cherry Growers of Australia, Avocados Australia, the Biological Farmers of Australia, Strawberries Australia, Australian Rubus Growers Association, Summerfruit Australia, the Australian Mango Industry Association and the Australian Passionfruit Industry Association. It is the Competition and Consumer Amendment (Australian Food Labelling) Bill 2012 (No. 2) that the HTF is addressing in this submission.

Horticulture Taskforce Position

The Horticulture Taskforce (HTF) supports mandatory Country of Origin Labelling (CoOL) in Australia, as recommended in the 'Blewett Review' of food labelling, *Labelling Logic (2011)*.

Consumers depend on information about country of origin to make informed purchases, and one of the factors affecting growers' ability to compete on a level playing field is consumer difficulty in differentiating between local and foreign produce.

Private label products are now increasingly sourced from overseas, and it is difficult for the consumer to understand labels when they denote a mixture of local and imported ingredients.

Clear and unambiguous CoOL is essential in ensuring that Australian consumers can make informed decisions about purchasing Australian grown produce, given the recent escalation in imports into Australia of many horticulture products over the past 5-10 years, particularly in the processed sector.

The HTF supports the Australian Greens proposed Competition and Consumer Amendment (Australian Food Labelling) Bill 2012 which removes the ability to make the stand-alone claim 'Made in Australia' about food, and provides unambiguous language and benchmarks.

In relation to processed products, a 90% benchmark is recommended, meaning that in order to make the claim 'Made of Australian ingredients', a product must contain 90% or more Australian ingredients by total weight, excluding water. The HTF supports this position as it is 'water neutral'.

It also removes the current ambiguous qualified claims such as 'Made in Australia from local and imported ingredients' or 'Made from local and imported ingredients', which are extremely difficult for the consumer to understand in relation to processed products. Equally as important, the Bill ensures that there must be mandatory CoOL for unpackaged fresh food.

Consumer Research

Consumer surveys have consistently demonstrated strong public support for compulsory CoOL and strengthening of the CoOL arrangements would be popular[1].

The research found that 80 per cent of consumers surveyed agreed with the statement "I purchase Australian produce because I want to support our farmers and for Australia to have a viable industry."

The research involved three in-depth group interviews and a broader study of 907 Australian grocery buyers. It was conducted by The Klein Partnership, a market research consultancy based in Melbourne.

The research also showed that 67 per cent of the consumers surveyed would be willing to pay a little more for Australian produce.

Current Country of Origin Labelling System

There are several systems under which CoOL claims can currently be made: Made in Australia, Product of Australia and more recently, Grown In Australia are some of these – this mixture of 'defences' for labelling is confusing, as consumers don't understand the difference between each.

Under the current legislation, the vast majority of consumers are unaware of the difference between the terms 'Made in Australia' and 'Product of Australia', for example. A clear and unambiguous labelling system is needed.

Product of Australia – current system
"**Product of Australia**" - which means the product must be SUBSTANTIALLY made in Australia using Australian made or grown ingredients.

All of the product's significant ingredients come from Australia, and all, or nearly all of the manufacturing or processing has been carried out in Australia.

Made in Australia – current system
The "**Made in Australia**" label is extremely confusing for consumers. "Made in Australia" can mean all the ingredients are imported, but simply mixed, put together, baked, processed or packaged in Australia.

[1] Auspoll 2005, which demonstrated 94% consumer support for regulation for compulsory CoOL packaged food labelling

The term 'Made in Australia' means a product is substantially transformed in Australia with at least 50% of the cost of production incurred in Australia.

The HTF contends that the term 'Made in Australia' should be abolished as it is confusing and it is hard to know whether it is referring to 'growing' or 'processing'. It can also be used in a qualified claim such as 'Made in Australia from local and imported ingredients' and this is extremely confusing for consumers.

New 'Grown In' legislation – current system

Goods are able to meet the 'grown in' a specified country defence test providing that the good does not make a representation as to being 'made in' a specified country or 'produce of' a specified country, and:

- each significant ingredient or significant component of the good was grown in the specified country; and
- all, or virtually all, processes involved in the production or manufacture happened in the specified country.
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A representation that ingredients or components of goods are 'grown in' a specified country will satisfy the test when:

- each ingredient or component that is claimed to be grown in the specified country, was grown only in that country; and
- each ingredient or component that is claimed to be grown in the specified country was processed only in that country; and
- 50 per cent or more of the total weight of the goods is comprised of ingredients or components that were grown and processed

HTF Recommendations

- A simplified system for CoOL is required for all food products, including fresh produce. This system should be mandatory and will enable consumers to easily identify whether a product is from overseas, or in the case of a mixed processed product, the product must meet a specific threshold of Australian ingredients.
- In relation to processed products, a 90% benchmark is recommended, meaning that in order to make the proposed claim 'Made of Australian ingredients', a product must contain 90% or more Australian ingredients by total weight excluding water.
- A water neutral position should be adopted with regards to processed products.
- "Made in Australia" cannot be used to label foods partly or wholly grown or produced in Australia.
- 'Produce in Australia' and 'Product of Australia' are no longer valid labelling defences under Consumer Law. A simple 'Grown In' defence will be permitted so that products that are grown in a particular country can be labelled as such.
- Unpackaged fresh food must identify the country of origin where the food was grown.