



Australian Government
Department of Industry, Science,
Energy and Resources

Evaluation of Country of Origin Labelling for Food

Discussion Paper

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Evaluation of Country of Origin Labelling for Food

The Australian Government committed to evaluate the 2016 Country of Origin Labelling (CoOL) reforms in 2020-21, two years following the regulations for food coming into full-effect in July 2018. The evaluation commenced in July 2020 and is scheduled to be completed by June 2021.

The evaluation seeks to answer the overarching question: Have the Country of Origin Labelling reforms improved consumer access to information about the origin of food, and clarified the origin claims businesses can make about their products, without imposing excessive costs on those businesses?

This discussion paper is intended to facilitate discussion on the CoOL reforms, and to frame the discussion of issues that are expected to be of particular interest to consumers, food and beverage producers and retailers. In addition to inviting public submissions, the evaluation process intends to gather information from the community and industry through other mechanisms, including surveys, interviews and focus groups.

Drawing on the information gathered through each of these processes, the evaluation report will discuss the key issues discovered through the evaluation, examine unintended consequences that may have resulted from the reforms, and attempt to identify opportunities for future enhancement and refinement of Australia's CoOL requirements.

Scope

The Evaluation of CoOL for Food will assess whether the CoOL reforms have achieved the intended policy aims, while balancing this with the impact of the regulation on businesses.

The purpose of the CoOL reforms was to help consumers make more informed choices about the food they buy, in line with their personal preferences. Accordingly, the reforms aimed to provide clearer, more consistent, more informative and easier to find country of origin labels for food.

Prior to the reforms, the *Australia New Zealand Food Standards Code* (Food Standards Code) established which foods were required to include a country of origin statement on their labels. With the introduction of the *Country of Origin Food Labelling Information Standard 2016* (the Information Standard) under Australian Consumer Law, responsibility for enforcement of CoOL moved from State and Territory food safety agencies to the Australian Competition and Consumer Commission and state and territory consumer regulators.

The CoOL reforms also introduced 'safe harbour' defences to provide businesses with greater certainty and clarity about the claims they can make about the country of origin of the food they produce, and to do so without imposing excessive costs on those businesses.

The introduction of 'safe harbour' defences have had implications beyond food as they also apply to origin claims made in relation to goods more broadly. As a result, the evaluation includes consideration of the effectiveness of these changes and any unintended consequences.

Country of Origin Labelling for food

The requirements that existed prior to the CoOL reforms resulted in origin labels that lacked the clarity consumers needed to understand the origin of products, which resulted in ambiguity and mistrust around a product's actual country of origin.

The Australian Government addressed this by introducing new requirements for food products offered for retail sale in Australia. The labelling requirements for a specific product vary depending on whether the food is a priority or non-priority food, and whether it was grown, produced, made or packed in Australia or another country. The CoOL requirements are implemented through the Information Standard.

Food for retail sale

The CoOL reforms aimed to improve consumer access to origin information for food sold in a retail setting, such as through supermarkets. In a retail setting, consumers mostly rely on product labels for information about the origin of a product, and the previous CoOL requirements had been found to be inadequate for providing reliable, credible and sufficiently detailed information to meet consumer expectations.

The reforms maintained the exemption of food sold for immediate consumption, such as restaurants, cafes and other food service businesses. This exemption was maintained on the basis that, whereas consumers in a retail setting rely largely on product labels, in a food service setting consumers have the opportunity to enquire directly with wait-staff about the origins of their food. Additionally, available evidence considered at the time indicated the cost of implementing CoOL requirements would be disproportionately higher for food service businesses in comparison with the cost to food and beverage producers.

Priority and non-priority foods

To balance the need to provide consumers with more information about the origin of their food with the cost this imposes on industry, foods are divided into priority and non-priority products. This distinction was established following consumer research that found consumers' interest in the origin of food was greater for products that had undergone minor or moderate processing than for highly processed food.

A food will be a priority item unless it belongs to one of the following non-priority food categories:

- seasonings
- confectionery
- biscuits and snack foods
- soft drinks and sports drinks
- alcoholic drinks
- tea and coffee
- bottled water.

Priority food labelling

Standard origin claims are used to communicate the location in which a food was grown, produced, made or packed. There are specific criteria that must be met for the use of each of these terms.

Grown in

A food or ingredient is grown in a particular country if it:

- was materially increased in size or materially altered in substance in that country by natural development, such as fruit and vegetables or whole fish
- germinated or otherwise arose in, or was issued in, that country. This would include wheat, oats or nuts
- was harvested, extracted or otherwise derived from an organism that has been materially increased in size or materially altered in substance in that country. This would include cow's milk, sugar, fruit juice, meat or eggs.

A food with multiple ingredients is also 'grown' in a country if each of its significant ingredients were grown in that country and all of its processing occurred in that country, such as breakfast cereal.

Produced in

A food is produced in a particular country if each of its significant ingredients were grown or otherwise wholly obtained in that country and all (or virtually all) of its processing occurred in that country. 'Wholly obtained' refers to foods or ingredients that originate in a country but are not necessarily 'grown', such as water sourced in Australia, salt harvested in Australia, or almond milk derived from Australian grown almonds and Australian sourced water.

Made in

A food is made in a country if it underwent its last substantial transformation in that country. The emphasis of this origin claim is therefore on the production of a food rather than its content.

A food will be substantially transformed in a country if it:

- was grown or produced in that country, or
- is, as a result of one or more processes in that country, fundamentally different in identity, nature or essential character from all of its ingredients or components that were imported into that country.

Foods that are able to carry a claim that they were 'grown in' or 'produced in' a particular country can therefore also safely claim to have been 'made in' that country. As to whether a product with imported ingredients or components has been substantially transformed, this will require a closer assessment of the processing undertaken to the ingredients in that country and its effect on the final product.

Packed in

Depending on the circumstances, the Information Standard may require, or permit, a food to be labelled with information about where it was packaged.

Under the Information Standard, a food that cannot claim to have been ‘grown’, ‘produced’ or ‘substantially transformed’ (i.e. ‘made’) in a country, will only be able to claim to have been ‘packed in’ that country. For example, if an Australian food processor slices, freezes and packages Australian carrots and New Zealand beans for sale, the mixed vegetables would be unable to claim to have been grown, produced or ‘made’ in either country. Accordingly, the product would only be able to claim to have been ‘Packed in Australia’. In this circumstance, extra text may be added to labels to highlight the origin of specific ingredients as long as the ingredients named are sourced exclusively from one country.

Non-priority food labelling

The Information Standard only requires non-priority foods to carry a country of origin text statement about where the food was grown, produced or made. This statement need not be in a box, but it must be legible and prominent against the background of the label.

Australian content

While statements about where a product is grown, produced, made or packed provides consumers with information about the location of a food’s production, the CoOL reforms also provide consumers with information about the origin of the ingredients that go into a product. If a food is grown, produced, made or packed in Australia, its country of origin labelling must disclose the proportion of Australian content in the product. Those products are not, however, required to provide information about the source of those ingredients that were sourced from outside Australia.

Displaying the proportion of Australian content is optional for all other food, including food made or packed overseas with up to 100 per cent Australian content.

‘Australian content’ means ingredients or parts of compound ingredients that were exclusively grown or produced in Australia.

Imported food

Food that is not grown, produced, made or packed in Australia is classified as imported food. Under the Information Standard, imported priority food must, at a minimum, carry a country of origin text statement, such as ‘Made in China’ or ‘Product of Brazil’, in a clearly defined box. Non-priority foods must bear a text statement about where the food was grown, produced or made, such as ‘Product of Thailand’.

If an imported food cannot claim to have been grown, produced or made in a single overseas country, it must instead carry a ‘packed in’ statement. In this instance, the label must:

- identify the country where it was packed, and
- indicate that the food is of multiple origins, or from imported ingredients.

Standard mark

The reforms introduced a standard labelling scheme to display this key information about the location of production and origin of a food's content to consumers. The standard mark for origin labelling is made up from up to three components (depending on the circumstances of the product):

- The Australian Made logo, for products which were grown, produced or made in Australia.
- A bar-chart indicating the proportion of Australian content in the product.
- A text statement that provides a descriptive explanation for the origin of the product.

Together these components provide consumers with simple, accessible information about whether the product was grown, produced, made or packed in Australia, and the proportion of Australian content in the product.



Online sales

The CoOL reforms apply equally to food products sold in physical stores and food sold through online stores, insofar as the physical packaging of food sold online must meet the same CoOL requirements as food sold in physical stores. While online retailers are encouraged to display CoOL information as part of their advertisement of foods on their websites, the Information Standard does not require this.

Evaluation Issues

Consumers

Meeting consumer needs

CoOL information is provided to benefit consumers by providing easily accessible information that enables them to make decisions in line with their personal preferences. Consumer preferences and purchasing habits change over time, so it's important that CoOL maintains pace with these developments. It is also recognised that consumer expectations and perceptions of CoOL can vary significantly.

Consultation Questions

1. Did the CoOL reforms achieve the objective of improving consumer understanding about the origins of their food?
2. Does the differentiation between priority and non-priority foods continue to meet consumer expectations?
3. Has consumer demand for origin information changed since the introduction of the reforms?

Exemption of food service

The CoOL reforms maintained the exemption of food service (such as restaurants and cafes, including fast-food) from CoOL requirements. Certain industry groups, particularly the seafood industry, have expressed the view that Australian consumers are unaware of the proportion of the food purchased through food service that is of overseas origin.

Consultation Question

4. Is the current scope of mandatory CoOL appropriate? Should the exemption for food service be maintained?

Australian made products with low Australian content

The 'Australian Made' logo, featuring a kangaroo in a triangle, may be used for food that is grown, produced or made in Australia. The criteria for making a 'Made in' claim focuses on the production of the food rather than the content, and as a result the Australian Made logo may be used on products made in Australia even if the products are made from only a small proportion of Australian content.

For example, while all raw pork sold in Australia is of Australian origin, some processed pork products are produced using pork sourced from overseas. These products are substantially transformed in Australia through smoking or other processes, to create products such as bacon and ham. These products may legitimately make a 'Made in Australia' origin claim and bear the Australian Made logo, while containing a relatively small proportion of Australian content.

Consultation Question

5. Do the criteria for making a 'Made in' claim reflect consumer perceptions and expectations?
6. Does use of the Australian Made logo and bar chart reflect consumer perceptions and expectations?

Online sales

Consumers are increasingly choosing to shop online, including for food. As food products sold online are only required to display CoOL information on the physical product, consumers may not have ready access to CoOL information until they have received the physical product from an online purchase.

Consultation Question

7. Do the CoOL requirements for online sales provide consumers with adequate origin information about products prior to making their purchase?

Consumer communication

To help consumers understand the new CoOL information, the government undertook several communications campaigns, including television, radio, newspapers, digital and social media, and demonstrations to consumers in shopping centres around Australia.

8. Have communication activities and online resources been effective in raising consumer awareness of the CoOL reforms and helping consumers to understand CoOL information?

CoOL for other products

Consumers take various factors into consideration when making decisions about the goods they purchase, including the origin of the goods. For example, industry groups often advocate for greater information about the origin of fresh-cut flowers to be more readily available to consumers.

9. Are there any product types for which consumers seek greater access to origin information?

Businesses

Supporting business implementation

The CoOL reforms required businesses to analyse the production processes of their food and the origins of their ingredients. The government supported these processes through communication activities and online resources, including the 'CoOL Tool' which helps businesses to generate CoOL labels based on the information they input.

Consultation Question

10. Have communication activities and online resources been effective in supporting businesses to understand, implement and manage CoOL requirements?

Transition period

Businesses were provided a two-year transition period to manage the implementation of the CoOL reforms, which concluded on 1 July 2018. This enabled businesses time to analyse the origins of individual ingredients, and apply the appropriate CoOL information on product labels as part of routine updates to their labels.

Consultation Question

11. Did the transition period enable businesses to implement the reforms in an efficient manner, and minimise implementation costs?
12. What were the realised costs to business associated with meeting the new CoOL requirements?

Impact of increased information to consumers

The Australian Made logo for food products that are produced, grown or made in Australia. The reforms also clarified the definition of substantial transformation, which changes whether a product may claim to be made in Australia, and required more detailed information to be provided to consumers.

Consultation Question

13. Have food and beverage producers benefited from the increased provision of information to consumers?

Safe-harbour defences

The reforms introduced 'safe-harbour defences' for origin claims, which define the circumstances in which each type of origin claim may be made. Food and beverage producers may securely make the appropriate 'made in', 'product of' and 'grown in' origin claim for their product, provided that they meet specific criteria.

Consultation Question

14. Has the introduction of safe-harbour defences clarified business' ability to securely make origin claims?

Compliance

The supply chains and manufacturing processes undertaken to produce food items may be quite complex, and consumers rely on producers to honestly represent the origin of their products. Business compliance with CoOL requirements is critical to building and maintaining consumer trust in the CoOL reforms.

Consultation Question

15. How well have businesses complied with CoOL requirements?

Food and beverage producers managing variability of supply

Food and beverage producers adjust their ingredient sourcing arrangements in response to changes in availability, pricing and quality, and may move between Australian and overseas-produced ingredients accordingly. This has flow-on impacts on the origin labelling used on products. The Information Standard accommodates this variability by allowing producers to label food with the average proportion of Australian content. This average is determined by averaging the minimum Australian content over any continuous 12, 24 or 36 month period, and may be used for two years following the conclusion of that period.

There is a risk that significant disruptions to the supply of ingredients, for example resulting from bushfires, drought, floods and COVID-19 may cause food and beverage producers to rely at times on imported ingredients in place of ingredients normally sourced from within Australia.

Consultation Question

16. Do the current CoOL requirements provide adequate flexibility for food and beverage producers to manage variations in the supply of ingredients?

Unintended consequences

The CoOL reforms presented a significant change for the food industry, and also impacted industries producing other types of goods through the introduction of safe harbour defences. With any broadly applied policies there is a risk of unintended consequences, whereby a stakeholder or industry sector may be inadvertently impacted in a way that's inconsistent with the policy's original intent.

Consultation Question

17. Did the CoOL reforms have any unintended consequences for particular products, including non-food products? What action, if any, was taken to address the impacts of the CoOL reforms on those that were negatively affected?