

Country of Origin Labelling Taskforce
Department of Industry, Science & Innovation
GPO Box 9839
Canberra, ACT, 2601

Dear Taskforce,

Re: Submission on the Country of Origin Labelling (CoOL) Regulation Impact Statement (RIS).

On behalf of the National Farmers' Federation (NFF), I welcome the opportunity to provide a submission on the Country of Origin Labelling (CoOL) Regulation Impact Statement (RIS).

The NFF is the peak national body representing farmers and the agriculture sector across Australia. The NFF's membership comprises all Australia's major agricultural commodities. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF worked closely with the Government during 2015 to develop the reformed CoOL framework. During this period, the NFF was clear in its desire to see labelling that provided consumers with accurate information which clearly articulated the country of origin of the food they consume. The NFF welcomed the proposed framework, including the mandatory labelling, as it will provide consumers with this improved understanding of where their food comes from.

CoOL is a complex issue that presents a range of different challenges for individual commodities. With this in mind, the NFF urges the Government to give due consideration to the submissions of NFF's commodity organisations in conjunction with the NFF's.

The NFF's labelling principles

The NFF is of the view that Australian farmers should have the opportunity to capitalise on their reputation for producing safe and high quality food, and generate premiums for this reputation wherever possible.

The NFF's guiding principles around CoOL labelling are that:

- labelling laws must be practical to implement;
- they must provide consumers with a clear understanding of where the product comes from and where the major processes it has undergone have occurred;
- claims made must be verifiable;
- they must not impose unreasonable costs to businesses;
- they must not lead to adverse trade implications;
- in the case of single origin produce, consumers should be able to clearly identify the product's country of origin; and
- labeling must be mandatory.

Food covered by the new framework

In the NFF's view, CoOL labelling is a consumer information issue. It is concerned with the provision of information to consumers to facilitate their preference-based consumption choices. At a policy intent level, it is a separate issue from that of the delivery of food safety and health information. To this end, Australian Consumer Law (ACL) would appear the appropriate legislative destination for such a framework.

Notwithstanding this, the NFF holds concerns about the framework within the RIS, and subsequently the current ability of the proposal to adequately satisfy the intended policy aims.

The proposed priority and non-priority food lists may lead to unnecessary confusion over the implementation of the reforms due to inconsistencies in the way the selection of the priority list will meet consumer preferences. The non-priority foods list appears to exempt a somewhat arbitrary collection of foods, many of which research would indicate consumers seek country of origin information for. For example, the exclusion of snack foods will mean that products such as chips, crackers, rice cakes and ready to eat potato or vegetable crisps are not accompanied by country of origin information. Yet many of these products have only undergone minor transformation; for example Smith's Chips Australia herald the relative lack of transformation of their potato crisp from fresh potatoes.

Further the development of a standalone list food for country of origin labelling, will increase the regulatory burden placed upon food manufacturers. This will require dedicated resources to understand, monitor for changes and comply with.

With this in mind, the NFF recommends Government consideration for a proposal to disclose the origin of all characterising ingredients, as currently defined by Food Standard 1.2.10, as opposed to the concept of priority food used in the RIS. Whilst recognising that the Food Standards Codes are designed to provide health and safety information to consumers, using such an approach to provide country of origin information may have merit.

As stated, the provision of characterising ingredients is currently required under the Food Standards Code. Hence using this as the means of classification underpinning the new labelling framework may also reduce the regulatory burden imposed on businesses that will occur as a consequence of the development of a new priority/non-priority list.

Regardless of the selected means of classification, the NFF recommends the Government work with individual commodities to reconcile any issues concerning which foods are to have their country of origin provided.

Cost imposition of the new framework

The NFF recognises that changes to CoOL regulation will have an impact on food manufacturers, particularly smaller manufacturers, who must now comply with the new requirements. It is important that in endeavouring to provide greater clarity of a product's origin,

the cost imposition for manufacturers is kept as minimal as possible. As the RIS states, *‘The framework aims to balance consumer demand for this information with the cost to business of providing it’*. Finding this workable balance, will also ensure that minimal costs are passed back to producers by food manufacturers.

Substantial transformation

NFF members have expressed concerns with regards to the definition of ‘substantial transformation’ that is proposed in the draft information standard. Adopted from ACL (Section 255(3)), it states;

Goods are substantially transformed in a country if they undergo a fundamental change in that country in form, appearance or nature such that the goods existing after the change are new and different goods from those existing before the change.

NFF members have expressed concerns that this definition of “substantial transformation” proposed in the consultation draft is ambiguous and will do little to change the status quo of consumer confusion.

In the NFF’s view, a more restrictive definition is required to ensure the stated aim of providing consumers with accurate country of origin information is achieved. The NFF would support a negative list of processes that do not constitute a substantial transformation. A sound example of such an approach is that used by the Australian Made Campaign Ltd (AMCL). The AMCL has developed a list of process that do not constitute substantial transformation. Excluded processes include *packaging, bottling, size reduction and freezing*. The NFF would urge the taskforce to consider such an approach for the new CoOL framework and to work with individual commodity groups to determine which processes should be included on such a list.

Proportion of Australian ingredients

The NFF supports the proposition that the requirements to state the proportion of Australian sourced ingredients make the need for a 50 percent production cost test redundant (with regards to meeting the ‘Made in’ safe harbour claim).

Treatment of completely imported food

The NFF supports requiring CoOL statements to set out in a box on the food packaging. Moreover, the food should not have the kangaroo label. In the NFF’s view, removing the kangaroo label will reduce the incidence of consumers misconceiving this as meaning the product is locally sourced, despite the origin statement indicating that it is not.

Variations for expressing the proportion of Australian ingredients on the bar chart

The NFF supports the use of the decile approach with regards to listing the amount of Australian sourced ingredients on the bar chart and accompanying origin claim. Manufacturers should also be able to make claims of ‘at least’. Further, where claims can be defended, manufacturers should be able make more specific claims (i.e. at least 95% Australian sourced).

Impact of Mandatory labelling on health and ingredient declarations

The NFF recognises the importance of providing consumers with clear health and nutrition information. The labelling of mandatory warnings and advisory statements and declarations is governed by the Food Standards Code. Given that these warnings are provided to inform those who are aware of potential allergies, the NFF believes that the introduction of the proposed reform to CoOL will not deteriorate the ability of those seeking to avoid foods with specific ingredients to do so.

Visual indicators

The NFF supports the use of the Australian Made Australian Grown kangaroo logo combined with a bar chart identifying the proportion (by weight) of ingredients sourced from Australia. This will be an effective tool to allow consumers to quickly and easily identify the Australian content of the food.

It is important that completely imported foods can only use the bar chart and accompanying text as to avoid any consumer confusion regarding the use of the kangaroo logo.

Transition period

Of the two options presented, the NFF supports a phased transition period for the new labelling framework. While it is important that consumers are provided with accurate country of origin information as promptly as possible, in the NFF's view a phased approach will best support a smooth transition. Such a phased transition will reduce the need for food manufactures to abruptly change their packaging, as well as allowing for the implementation of company and consumer education programs to support the move to the new framework.

However, the NFF would urge the Government to explore the occurrence of natural attrition of labels on food products. In the NFF's view, it is likely food manufactures would rotate labels numerous times within a 12 month period and subsequently would have the ability to more readily adopt the new CoOL labelling.

Education campaign to communicate revisions to country of origin labelling

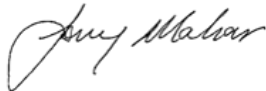
The NFF supports an education campaign to communicate the revised framework to both consumers and food manufacturers. Such a campaign is vital in ensuring consumers are aware of what the new labels indicate, and that businesses are conscience of their new obligations.

Review provisions

The NFF supports a review of the changes 24 months after the end of the transition period. This review should include a re-analysis of the realised cost of the updated labelling framework for businesses.

Should you seek any further information please do not hesitate to contact Tony Mahar at tmahar@nff.org.au or on 02 6269 5666.

Kind regards,



Tony Mahar
DEPUTY CHIEF EXECUTIVE