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Dear Committee Chair

Re: Inquiry into country of origin food labelling

Further to our submission to the House of Representatives Standing Committee on Agriculture and Industry, The Australian Industry Group Confectionery Sector would like to provide the following supplementary comments following attendance at the inquiry public hearing on 20 June in Melbourne.

You may recall at the hearing Mr Passin posed an alternate labelling structure – one that had been suggested by Simplot earlier in the day. It focussed on 'Made in Australia' claims with a hierarchy ranging from:

- 1 'Made in Australia' consisting of minimum 90% or more Australian ingredients
- 2 'Made in Australia with mostly local ingredients' for product containing 50% or more Australian ingredients
- 3 'Made in Australia with mostly imported ingredients' for products below 50% Australian ingredients
- 4 'Made in country x' for imported manufactured goods

We make the assumption that this suggestion is in the context of other existing claims for 'Grown in', 'Product of' and 'Packed in' or variations of these remaining in the system.

It remains our view that the 'Product of' claim should be a premium claim. 'Made in' without qualification, also a premium claim, should focus on the origin of the substantial transformation of the goods – and this needs to be made clear to ensure alignment of consumer understanding.

The other query relates to the ingredient threshold test being based on content or cost of ingredients.

With respect to the above hierarchy of 'Made in' claims it is the industry's view that percentage thresholds are inherently arbitrary and have the potential for unintended negative consequences. In addition, thresholds add layers of complexity and compliance costs for manufacturers. Minor

changes in ingredient content may have significant consequences for packaging changes. Packaging may be ordered for up to two years or more in advance.

If the threshold test is based on cost and similar products use low cost imports rather than high cost imports, there is potential for the high cost import ingredient containing product to be disadvantaged.

As previously noted, such a proposal creates additional compliance complexity when consumers are more interested in where the manufacturing jobs are being created, investment in manufacturing plant and equipment, research and development and the value of manufacturing to the Australian economy – recognising too that consumers are inherently price sensitive.

Fundamental to consumer needs and alignment of consumer expectations of country of origin terms is to ensure that consumers understand what the labels mean and what to expect from the products they consume.

Minimum effective regulation remains core to the competitiveness of Australian producers both in terms of competing in the domestic market, as well as in export markets.

We also need to ensure business in Australia is supported and encouraged with certainty and stability in the regulatory environment.

We look forward to continuing to work with the Committee as this issue progresses.

Yours sincerely

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