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2 May 2014

Committee Secretary
House of Representatives Standing Committee on Agriculture and Industry
PO Box 6021
Parliament House
Canberra ACT 2600

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Dear Sir/Madam,

Thank-you for the opportunity to comment on Australia's country of origin food labelling laws and practices.

Apple & Pear Australia Limited (APAL) is the peak industry body representing the interests of commercial apple and pear growers in Australia in matters of national importance including regulation and legislation, marketing, research and development.

1. In regard to the question of whether the current country of origin labelling system provides enough information for Australian consumers to make informed purchasing decisions, APAL notes the following:

- Private label products are now increasingly sourced from overseas, and it is difficult for consumers to understand labels when they denote a mixture of local and imported ingredients. In fact consumer advocacy group CHOICE found that 90% of survey respondents said that country of origin labelling is unclear¹;
- The current 'Made in Australia' label can be a little confusing, if not outright misleading. For example, 'Made in Australia' can actually mean that all the ingredients are imported, and simply mixed or packaged in Australia.
- Worse, under current legislation 'Made in Australia' can be used in labelling processed fruit or juice if more than 50 per cent of the value of the product is added in Australia, regardless of where the fruit comes from. This can even include the cost of the container and the cost of labelling or the cost of the water. Hence, the fruit could actually be sourced from overseas and the label can still read 'Made in Australia.' In APAL's view this is unacceptable because it leads consumers into believing that the food has a stronger Australian connection than it really has.
- Confusion around definitions employed in labelling is high, as borne out by recent Choice² research that:
 - Only 12% of respondents know the correct meaning of "Made in Australia";

¹ <http://www.choice.com.au/media-and-news/media-releases/2013-media-releases/choice-proposes-reforms-to-simplify-food-labelling-origin-claims.aspx>

² <http://www.choice.com.au/media-and-news/consumer-news/news/country-of-origin-confusion/page/breaking%20down%20the%20numbers.aspx>

- Only 25% of respondents understand the meaning of "Product of Australia";
- Only 8% know the correct definition of "Australian grown".

Attachment 1 provides the current legal definitions for each of these terms.

Consumers depend on information about country of origin to make informed purchases. For example, the Choice research indicates that 88% of people surveyed say it is crucial or very important to be able to identify whether food has been grown in Australia³. Likewise, of the 700 people surveyed by Choice, more than three-quarters of respondents bought Australian food because they want to support Australian farmers and 66% said an important reason for purchasing domestic products was to keep manufacturing jobs in Australia.⁴ Roy Morgan research for Australian Made Australian Grown also indicates that consumers are becoming more conscientious about buying local. It says that consumers are, "aware of the benefits of buying Aussie products, and of the impact that their purchasing behaviour has on jobs, local business and future opportunities."⁵

Whilst APAL fully supports efforts made by the major retailers to stock Australian grown fresh fruit and processed fruit from SPC Ardmona, the underlying trend by the major retail chains to ramp up their overseas sourcing must be acknowledged. Imported processed products including juice, canned and tetra packed fruit sell at significantly cheaper prices than locally produced fruit. This is not helped by the fact that Australia's confusing labelling laws help hide the presence of imported fruit in these products. This pushes Australian products from supermarket shelves and consumers are none the wiser.

The labelling of apple juice is one area where APAL has significant concerns. The size of the Australian juice market is not known but we are aware that approximately 26,000 to 40,000 tonnes of apple juice concentrate is imported each year. We estimate that imported apple juice concentrate equates to approximately 194,000 - 228,000 tonnes of fresh apples (using the lower imported concentrate figure of 26,000 tonnes). This compares to Australia's current production of around 290,000 tonnes of fresh apples per year. APAL believes that an improvement in labelling laws could result in increased sales of fresh apples into the local juice and concentrate market. A 10 to 15 per cent increase in uptake could be readily absorbed by local production.

APAL recognises that free trade in apple juice and concentrate is a legitimate business in a globalised economy. However few consumers are actually aware that much of the apple juice they buy in supermarkets is made of imported concentrate, often with water providing the only Australian content. The fact that water sourced from Australia legitimises a Made from Imported and Local ingredients claim seems wrong. Likewise, the fact that the concentrate is mixed by the manufacturer in Australia and/or uses plastic containers manufactured in Australia legitimises the Made in or Produced in Australia labelling claims of such products. Again, this seems wrong and misleading to consumers.

³ <http://www.choice.com.au/media-and-news/consumer-news/news/country-of-origin-confusion/page/breaking%20down%20the%20numbers.aspx>

⁴ <http://www.choice.com.au/media-and-news/consumer-news/news/country-of-origin-confusion/page.aspx>

⁵ <http://www.australianmade.com.au/latest-news/2013/new-research-reveals-consumers-care-about-buying-local/>

This unfair competition from imports has a significant impact on growers and the rural communities that support them. Our industry is much smaller than it might be and the associated jobs in orchards, packing sheds and input supply services is consequently lower.

Fruit displaced from the processing and the juice sectors also has an additional adverse impact as that fruit finds its way to the fresh wholesale market. The increased wholesale supply inevitably lowers prices received by those apple and pear growers who grow for the fresh market.

The overall quality of wholesale fruit also declines because processing and juicing fruit are not grown to the same specifications of fresh fruit. This too leads to a reduction in prices overall. More importantly the reduced quality can shift consumer perceptions around, and confidence in, the apple and pear category and divert buyer preferences away to other fruits. It is APAL's understanding that if consumers have one bad eating experience it takes them at least six weeks to purchase that product again.

Poor labelling laws also have an adverse impact on the Australian cider industry. APAL is concerned that cider made by a number of the major manufacturers is based on concentrate imported from China and NZ. Their cider products are labelled "Made in Australia" when in fact no Australian apples or pears are actually used in the process. Producers sourcing Australian fruit to make their ciders therefore face unfair competition as consumers are unable to differentiate between products made from imported fruit and that made from Australian grown apples and pears. This unfair competition also hurts the apple and pear industry indirectly as many apple and pear growers have seized the opportunities of growth in the cider market to diversify as a way of managing income risk.

2. APAL supports Recommendations 40 through 42 of the Blewett "Labelling Logic" Review 2011. Specifically, that

- Mandatory requirements for country of origin labelling of food be maintained;
- Requirements for food labelling be provided under the Competition and Consumer Act rather than in the Food Standards Code;
- That for foods bearing some form of Australian claim, a consumer-friendly, food-specific country-of-origin labelling framework, based primarily on the ingoing weight of the ingredients and components (excluding water), be developed.

APAL therefore supports the view that significant improvements can and should be made to the current system.

Our recommendation for a simplified country of origin system to enable consumers to easily identify whether a product is from overseas requires:

- In the case of a mixed processed product, product should be required to meet:
 - A 90 per cent threshold of Australian ingredients – that is, the fruit must have been grown in Australia;
 - A water neutral position is adopted so that if water is the only Australian sourced ingredient it does not make the whole product eligible to be labelled as Australian in origin.
 - Prohibition of the use of the terms "Made in Australia" and "Product of Australia" which are imprecise and confusing;

- The introduction of the claim “Made of Australian Ingredients” for packaged food, based on the total weight of ingredients grown in Australia;
- For fresh fruit and vegetables, the application of Grown in Australia claims to apply to both loose and packaged/bagged/punnet produce. For imported fresh produce Grown in...claims must apply.
- In the case of both fresh and processed / juice products country of origin labelling for must be in a size and font that is easily legible.

Consumer surveys have consistently demonstrated strong public support for compulsory country of origin labelling and strengthening of the labelling arrangements would be popular. An effective labelling regime will also help to support local producers by removing the competitive edge that products containing imported fruit or juice gain from hiding behind misleading labelling.

3. In regard to question of whether Australia's country of origin laws are being complied with and what, if any, are the practical limitations to compliance, APAL suggests that:

- Whilst the major local processors / juice companies appear to comply with the current laws, the loose terminology of the laws themselves permit misleading messages to Australian consumers, as argued above;
- The major supermarket chains are generally compliant with the labelling laws for fresh produce.
- Some smaller supermarket chains, independents and many greengrocers fail to label the country of origin of fruit and vegetables;

Given the number of retail outlets in Australia there are significant limitations to ensuring compliance with fresh produce labelling laws. It is APAL's view that State governments, who are generally responsible for enforcing food labelling laws, need to do more in educating retailers. As a number of States delegate food labelling law enforcement to local governments, education by council inspectors of retailers in their jurisdictions is critical. Following a widespread education program State and local government officers should then build enforcement of labelling laws into their daily food safety/labelling compliance inspection activities.

4. APAL is not aware of the extent to which Australia's country of origin laws are being circumvented by staging imports through third countries. We are aware that some processed product is imported from countries (such as the United Arab Emirates) that are not significant producers of either apples or pears. However we are not able to categorically say that the fruit from those countries was sourced from third countries.

5. APAL is not aware of any impact on Australia's international trade obligations of our recommended changes Australia's country of origin laws.

In summary, APAL believes that Australia's country of origin food labelling laws need to be strengthened so that consumers can make informed decisions when shopping. The Australian Government needs to take decisive action and introduce legislative change so that consumers can easily identify the source of the fresh and processed foods they



purchase. Australian consumers are currently protected from false and misleading statements under the ACCC and related State consumer laws. Labelling of fresh and processed fruit and fruit juice should be treated the same.

Yours sincerely

John Dollisson
Chief Executive Officer

Attachment 1: Country-of-Origin Claims in Australia: Definitions

Made in ... (e.g., Made in Australia, Australian Made): For goods that have been substantially transformed in the specified country and where 50% or more of the total cost of producing or manufacturing the goods has occurred in that country.

Product of/Produce of (e.g., Product of Australia): When the specified country was the country of origin of each significant ingredient or significant component of the goods and all, or virtually all, the production or manufacture happened in that country.

Grown in ... (e.g., Grown in Australia, Australian Grown): where each significant ingredient or component of the goods was grown in that country and all, or virtually all, processes involved in production or manufacture happened in that country.

Made in ... from local and imported ingredients/Made in ... from imported and local ingredients: This is a qualified claim that can be used where it is not possible for a stand alone 'Made in' claim to be made, either due to uncertainty around the question of substantial transformation and whether 50% costs of production is met or to adjust to seasonal changes in availability of individual ingredients.

Source: Labelling Logic: Review of Food Labelling Law and Policy (2011)

[http://www.foodlabellingreview.gov.au/internet/foodlabelling/publishing.nsf/content/48C0548D80E715BCCA257825001E5DC0/\\$File/Labelling%20Logic_2011.pdf](http://www.foodlabellingreview.gov.au/internet/foodlabelling/publishing.nsf/content/48C0548D80E715BCCA257825001E5DC0/$File/Labelling%20Logic_2011.pdf)