

# SPC ARDMONA



## **SUBMISSION TO THE STANDING COMMITTEE ON AGRICULTURE AND INDUSTRY**

### **Inquiry into Country of Origin Food Labelling**

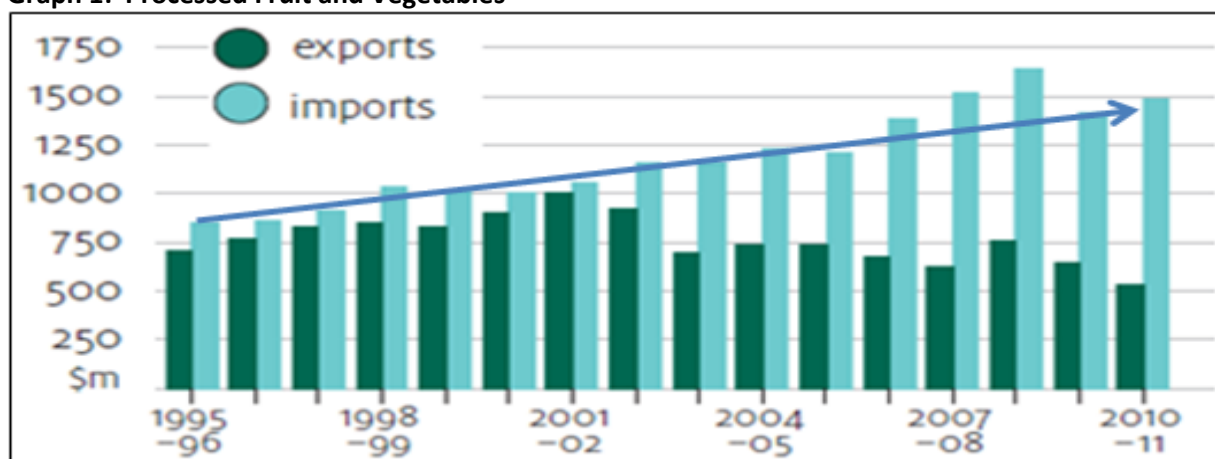
**May 2014**

## Background

SPC Ardmona is one of Australia's last remaining fruit and vegetable processors, located in the heart of Victoria's Goulburn Valley region. SPC Ardmona supplies high quality processed fruit and vegetable products under iconic brands such as SPC, Goulburn Valley, IXL, Ardmona and Taylors. We source approximately 97% of our produce from over 115 Australian fruit and vegetable growers and support numerous small and medium enterprises. Recent study conducted by Greater Shepparton City Council identified that SPCA contributes \$165 million in economic output within the Goulburn Valley region<sup>i</sup>

Recent years have seen substantial increase in the volume of imported processed fruit and vegetable products available to Australian business and consumers (Graph 1). This rise in imports is in form of finished goods as well as in partially processed form wherein the goods are then packaged or re-processed in Australia. In addition to above, consumers and business owners are also increasingly becoming aware of issues around food contamination, poor quality standards and the unethical manufacturing practices of exporting organisations.

**Graph 1: Processed Fruit and Vegetables**



Source: FoodMap2011 – Department of Agriculture, Fisheries and Forestry

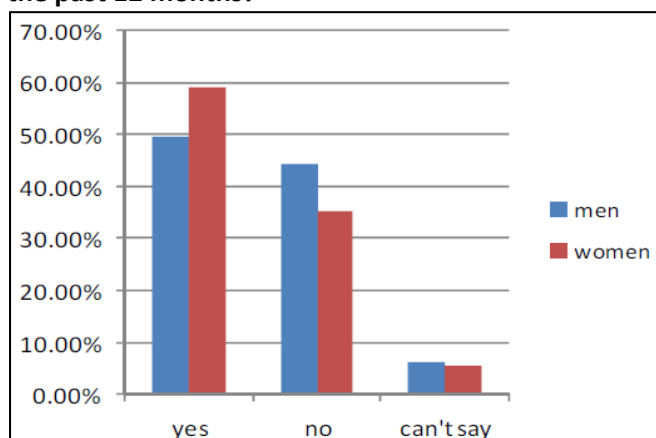
To make informed decision, consumers and businesses need more information on the origin of the food, in particular where the product was grown, made and where the ownership lies. Clear labelling on the food products and origin of its ingredients and manufacturing is therefore becoming increasingly necessary.

Australian consumers recognise that Australian grown and made products provide various tangible and intangible benefits. Australian grown and Australian made products are:

- ✓ produced to the highest quality standards
- ✓ subject to the most stringent food safety standards in the world
- ✓ made by workers that are paid fairly in safe working conditions
- ✓ environmentally friendly
- ✓ providing economic benefits
- ✓ supporting regional farming communities
- ✓ ensuring a secure food supply

A recent survey by Roy Morgan in July 2013 has highlighted the increased importance placed by the consumers on buying Australian made products.

**Graph 2: Roy Morgan Survey - Has buying Australian-made become more important to you over the past 12 months?**



Source: Australian Made Campaign Website - Attitudes Towards Buying Australian Made.

Internal research conducted by SPCA validates the above trend.

Outside of the retail environment, Australia has a \$45 billion food service market, which includes restaurants, cafes, caterers and government institutions. Clear country of origin labelling is just as important in this market as it is in retail. Private business and government institutions that cater to the public must have a clear understanding of the country of origin of products that they serve.

It is therefore imperative that the labelling regulations allow the Australian consumer and businesses to identify a products origin to undertake informed decision.

## Issues relating to current labelling

### 1. Confusing labelling options could lead to misinterpretation by the consumer

Range of labels such as Australian grown, Australian made, Australian Owned, Product of Australia and Proudly Australian are all being used and displayed in different ways. This nature of labelling often leads to confusion in the interpretation of origin of the finished product and source of ingredients. Some examples are given below in example 1.

#### Example 1:



In the below example 2, the product calls out 'Proudly Australian' on the front of pack, then on the back of pack it reads 'Made in Australia from local and imported ingredients'.

#### Example 2: Packaging using 'Proudly Australian'



In this example, the consumer could not be certain of the origin of each of the ingredients or the ownership of the company that produce it. They would be aware that the product was made in Australia, but without knowledge of Australian labelling laws, would not understand that to make this claim the product must only be '*substantially transformed in Australia and at least 50 per cent of the cost of production has been incurred in Australia.*'<sup>ii</sup>

## 2. Use of symbols could be misleading

Words, symbols, pictures, text formats, font sizes and descriptions are often used to highlight the message on the label. However, these could be used in an ambiguous way which could lead to confusion and in some cases misrepresentation regarding the origin of the product and its ingredients

In the example below (Example 3), the product uses an iconic Australian symbol, an Australian Koala, as the brand for their product. A consumer could purchase this product with a view that this is Australian grown rice, as it has been prominently branded with an Australian native animal. If the consumer was to look further, they would find that the product has been branded 'Koala' as the company producing the product is supporting 'Wildlife Rescue Service'. It is not until the consumer scans to the very last word on the back of the pack, they would discover that the entire contents of the product are from Thailand.

### Example 3: Iconic symbols used in branding



In the example 4 below, the fruit puree product is sold in two different markets, Australia and New Zealand. For the product that is sold in Australia, a large Australian map is printed on the front of the label. For the product sold in New Zealand, the Australian map is removed and only a map of New Zealand is printed.

The company that produces the product is from New Zealand, the product is made in New Zealand and the contents of the actual fruit puree are from New Zealand. In no way does the product have an association with Australia, other than the product is available for purchase here.

In this example, the use of an Australian map could lead the consumer to believe that the product has some association with Australia, when in fact it does not.



Example 4: Use of the Australian map on New Zealand product



**3. 'Made in Australia' does not provide enough clarity for consumers to make informed decisions**

'Made in Australia' label can be used by the businesses when all or some of its ingredients are imported as long as the product is '*substantially transformed in Australia and at least 50 per cent of the cost of production has been incurred in Australia.*' This is often not clearly understood by consumers.

In addition to above, 'Made in Australia' does not require that the the country of origin of each ingredient be defined. Given recent issues and concerns regarding food contamination and food safety, consumers are often left uninformed regarding the nature and safety of the product.

**Recommendations for the committee to consider**

- Simple, consistent and consumer friendly identifiers for front of packaging, that allow a consumer to understand the difference between what is:
  - Australian grown
  - Australian made
  - Australian owned
  - Product of Australia
  - Made in Australia
- Tighter rules around level of Australian sourced ingredients and processing to claim 'Made in Australia' status on label.
- Strict rules around the use of iconic Australian symbols that could confuse or mislead a consumer's ability to identify a products country of origin.
- Regulate that only specific identifiers, symbols and wording can be used to identify a products country of origin, therefore reducing the confusion for consumers.

- Deliver consumer education programmes to clarify the difference between identifier meanings and the benefit behind each i.e. Australian grown product are grown and processed in accordance with the world's most stringent food safety standards.
- Given current concerns around food safety and foreign manufacturing practices, the committee should consider regulations that require country of origin identification of various imported ingredients.

## **Conclusion**

Clear and concise labelling of food products within Australia is an increasingly important issue for consumers and business owners. The increased volume of imported food products into Australia has amplified this issue, with more companies using country of origin identifiers to distinguish their products from foreign substitutes.

Rules and regulations with respect to the use of words, symbols, maps, pictures, font sizes and text formats must be tightened and consumer education programs launched to ensure that the consumer can easily identify the origin of a food product they are purchasing.

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<sup>i</sup> Economic Impact of withdrawal of SPCA from the Greater Shepparton Region, Greater Shepparton City Council.

<sup>ii</sup> Australian Made Campaign – [www.australianmade.com.au](http://www.australianmade.com.au)