

AUSBUY's Response to the Senators' Requests for Additional Information

This document should be read in conjunction with the original AUSBUY Submission to the Senate Inquiry into Truth in Labelling on dated 19 October and Presented Friday 30 October 2009

Prepared by
Lynne Wilkinson CEO
The Australian Companies Institute (AUSBUY)

**Representing Australian Owned and Made Producers, Manufacturers
and Service Providers
Across Major Industry Sectors**

email to economics.sen@aph.gov.au



P. 02 9437 5455
E. office@ausbuy.com.au
www.ausbuy.com.au

PO Box 10
CROWS NEST 1585

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Introduction

During AUSBUY's presentation to the Senate Inquiry into "Truth in Labelling" on 30 October 2009 several issues were raised which the Senators requested be clarified. The aim of this response is to provide further information about consumer behaviour, how labels are used to inform or infer meanings which may or may not be truthful, and to give examples of how other countries use labelling laws, among other systems, to support their local food producers through the food chain from "paddock to plate", while meeting their WTO obligations. To do this we asked the people through an online survey, industry resources here and overseas.

The discussion below addresses:

- What issues determine why people buy a product in the current market place?
- What information do they want on labels to help them decide?
- What evidence from other countries shows them supporting their own businesses and producers through labelling?
- What rules does the USA through the FDA and FTC require for a product to feature a label Made in the USA?
- What rules apply to the use of a nation's flag on food packaging?
- Summary and Recommendations follow

Discussion

A. Issues which determine how consumers make a purchase:

For decades the retail industry has identified key factors which determine why people buy products or services. While some novices might contend price is the key factor, there are several other factors which first determine a purchase. Research undertaken overseas in early 2009 reiterated these elements (3). These are:

- perceived need
- perceived quality
- value for money
- competitively priced
- readily available and easy to find or accessible
- provenance

The research found that when all other things are equal, that is the products are needed, can be easily found, are of similar perceived quality and value and about the same price, then provenance is the deciding factor. (3)

The question is - Do Australian consumers choose to buy in the same ways as their European counterparts?

Firstly, we will define provenance as the source or origin of a product, or from where it was derived. We will show that many known brands infer the provenance of a product through messages on labels, the omission of facts, and use of images and advertising which infer provenance which is not truthful. In fact, many labels do not necessarily reflect the "true nature" of the goods sold and therefore are not truthful.

AUSBUY contends that if labels are truthful they potentially provide consumers with information which can empower them to make the right buying decision for them based on a mix of issues. If labelling laws do not require the details consumers seek then consumers are disempowered or deceived both intentionally and unintentionally.

B. On-line Survey:

In order to establish what consumers want, AUSBUY has in the past week, undertaken a short national survey on-line of consumers' needs and expectations. Responses have been received anonymously from people around rural and urban Australia some associated with AUSBUY, but with the majority from the wider community. The media has also promoted this survey.

A facility was provided for consumers to identify themselves as having submitted their responses if they so choose, but AUSBUY did not capture individual answers so cannot relate attitudes by place or gender. In just four days 437 people responded to the survey. This is a sufficient sample from which to draw conclusions. Nine questions were asked about buying behaviour and attitudes, and the results are shown below. The implications of each in relation to labelling are discussed briefly.

1. *How important is it to buy food produced and made in Australia rather than imported?*

a. Very strong	80.2%	349
b. Strong	17.5%	76
c. Undecided	1.1%	5
d. Weak	.9%	4
e. Very weak	.2%	1
		435/2 skipped

The majority of respondents (97.7%) believe it is important to buy food produced and made in Australia rather than imported foods.

Let us consider the issues of labelling and known brands. Consumers think they are buying Australian products and brands, but the source of supply may have changed even though the presentation of the packaging has not.

Shopping habits and brand loyalty are hard to change and companies spend \$millions in building their brands. Many products such as Private label brands and Australian brands bought out by foreign companies continue to supply products, but with the words *made from imported ingredients* where formerly they were *product of Australia*. Uncle Toby's (Nestle) and Ardmona Tomatoes (Coca Cola Amatil) are examples where packaging has not changed but the food content is imported.

Consumers trust brands and do not necessarily take time to find the country of origin or where the product was sourced. When former Australian owned and sourced products are supplied by foreign companies there is no easily discernable way for consumers to know.

2. *How important is Australian ownership when you buy a product?*

a. Very strong	72.6%	316
b. Strong	22.3%	97
c. Undecided	3.4%	15
d. Weak	1.1%	5
e. Very weak	.5%	2
		435/2 skipped

The majority of respondents (94.9%) believe it is important to buy food produced and grown here. This supports the UK survey that [provenance is the deciding factor](#) cited above. This assumes that the label is truthful.

Foreign companies continue to claim they are Australian owned and made long after the company has been bought by a multi-national. They also use deceptive advertising to infer the product is produced here. Examples include Golden Circle (Heinz) - tropical scenes with pineapples that could be sourced off shore - labels on this brand are yet to be changed to reflect new ownership and the country of origin of the products; Birds Eye frozen baby peas – with farmers in Akubras walking in open fields with baby peas – imported from New Zealand and no evidence of the country of origin of the product.

Unless labels reflect the true ownership of products, consumers are denied true information on which they can choose.

[Labels should not only show the operational name](#) e.g. National Foods, [but also the parent brand](#), Kirin. Newspaper announcements advising the public of change of ownership are not the most effective way to inform consumers. Truthful labels at point of purchase are.

3. *Does the Australian flag on a label make you believe that the product is sourced from Australia and Australian owned?*

a. Yes	43.6%	188
b. No	43.2%	186
c. Unsure	13.2%	57
		431/6 skipped

The confusion about what the flag means resulted in almost equal respondents believe or do not believe what the Australian flag infers. Or 13.2% are unsure.

Many Australian owned companies use the flag as a resort to differentiate themselves from their foreign competitors. However many foreign companies use the flag to gain attention for a product from loyal Australian consumers e.g. SPC uses the flag on some products to indicate country of origin rather than using the words Product of Australia. SPC is foreign owned.

AUSBUY contends the Australian flag should not be used on packaging and agrees with the rules the USA has instituted regarding its flag. (4)

4. *On labels would you like to see the percentage of product grown in Australia on foods which show made in Australia "from local and imported ingredients" or "imported and local ingredients"?*

a. Yes	95.5%	414
b. No	3.5%	15
		429/8 skipped

The majority of respondents (95.5%) want to know percentage of product grown in Australia.

Some people in the food industry will argue that because of the seasonality of food this is a costly exercise to implement.

AUSBUY contends that it would be a simple exercise to include a simple graph showing the percentage of Australia produce on the label near the nutrition panel for consumers to read.

Or as all food products have to have a *use by date* or *batch number* stamped on the product after labelling, the percentage of local ingredients could be included seasonally if mandatory.

5. *Would you like to see the country of origin of imported foods even if Made in Australia or Made in New Zealand? (New Zealand shares our labelling laws).*

a. Yes	98.1%	423
b. No	1.9%	8
		431/4 skipped

The majority of respondents (98.1%) want to know the country of origin of their food products.

Again some people in the food industry will argue that because of the seasonality of food it is a costly exercise to implement the country of origin.

AUSBUY contends that because manufactured food producers must have systems in place with Health Inspection and Safety Recall, they need to know the source of the products by date and by batch.

Again, [as all food products have to have a use by date or batch number stamped on the product after labelling, it would be a simple exercise to include the country/ countries of origin of the foods, not just the designation imported.](#)

The USA requires full details of the countries of origin, not just the majority component but all sources e.g. Assembled in the USA from Australian beef, Polish onions etc. (5)

Australians fully appreciate that we no longer grow or supply the foods for our sophisticated diets in all seasons, but they do want the opportunity to support Australian growers especially in competition with the foreign imports competing direct with our own farmers, and some products in our growing season. Many of our fresh and processed fruits and vegetables would come into this category.

6. Do messages like "Australia's favourite" or "Since 1893" or TV ads showing Australian farmers lead you to believe the product is made by an Australian company and sourced here?

a. Yes	44.8%	194
b. No	46.7%	202
c. Unsure	8.8%	38
		433/4 skipped

Consumer confusion is similar to the use of the flag in question 4 with 53.6% believing the product is Australian or unsure.

Such marketing terms must be "truthful" and disciplined and not imply something they are not. The example of Bushell's Tea with "Australian Blend" dominant on the front of the pack, and the iconic swaggy associated with the brand in ads implies it is Australian yet it is imported from Malaysia and owned by Unilever. Birds Eye Baby peas show ad with farmers in Akubras walking in fields cuddling bundles of peas. Birds Eye is foreign owned; the peas are Made in New Zealand with no evidence of the country of origin where they are grown.

There are many examples where companies imply their Australian-ness to appeal to Australians' loyalty to their known brands. AUSBUY's perception is that in the current market place, these incidences are increasing to appeal to Australian's loyalty especially in down times.

Labels should not infer they are Australian when the company sources the ingredients off shore, manufactures off shore or is foreign owned even if manufacturing here.

7. How important is truthful labelling to you?

a. Very strong	92.4%	402
b. Strong	6.7%	29
c. Undecided	.9%	4
d. Weak		0
e. Very weak		0
		435/4 skipped

Consumers think want truth in labelling is important with 99.1% of respondents to very strong or strong. Labels are the final way they can decipher what they are buying and eating. Labels should be disciplined in layout, readable and truthful.

8. *Where do you buy your food?*

a. Supermarkets	95.4%	416
b. Green grocer	56.7%	247
c. Delicatessens	25.9%	113
d. Farmers' markets	36.0%	157
e. Wholesale food markets	9.2%	40
f. On line	5.5%	24
g. Direct from supplier	7.8%	34
h. other	6.4%	28
		436/1skipped

This question was asked to indicate where the best opportunities are see the results of disciplined, truthful labelling. Nearly all respondents buy food in supermarkets 95.4%, although not all respondents were the primary food shoppers (see item 10 below).

Supermarkets are the outlets for many imported products and foreign owned foods in direct competition with Australian producers and manufacturers. Australia's supermarkets are among the most sophisticated retail operations in the world and the costs to supply goods are negotiated at many levels. These costs can be prohibitive for all but the largest businesses unless retailers designate a percentage of their businesses to local producers and actively promote these. Supermarkets overseas are giving greater support to local producers in response to consumer demand of local food. In the meantime, our major retailers are increasing their use of private labels or house brands at the expense of local suppliers, and as they source off shore. (7)

Local producers also have the option of supplying other frequently used stores – green grocers (56.7%) and delicatessens (25.9%). There they compete directly with imported niche products.

It is not a level playing field. Australian producers and manufacturers have to meet high standards and costs of quality control, production and handling. All products on these smaller retailers' shelves should reflect these quality standards or indicate otherwise through their labels.

Farmers' markets are recent retail phenomena with 36% of respondents shopping there. This reflects Australians are accustomed to quality fresh food, and at markets they meet directly with the growers and verify the provenance. This is significantly higher than in the UK with support for farmers markets at 25%.

9. *Are you the primary grocery purchaser in your household?*

a. Yes	85.9%	373
b. No	14.1%	61
		434/3 skipped

The majority of respondents (85.9) are the primary grocery shopper or shop occasionally. This indicates that labels are an important way to communicate with the consumer at the final point of purchase and they need to be truthful.

C. What evidence from other countries shows them supporting their own businesses and producers through labelling?

Australian Foods News is a source of information about how other countries are using labels. A recent article illustrates how Tesco supports local businesses and using labels which give consumers information that inhibits foreign competition to the advantage of local producers.

Tesco is the UK's largest retailer with 4,000 stores and has recently taken a decision to display carbon footprint on labels (August 19, 2009). The principles behind the decision to use labels to communicate the changing values of the society are evident in the example below. Tesco has a strong, house-brand business and to comply with reduction in carbon footprint is also sourcing more foods from local suppliers. The programme will be extended across its ranges. Walmart, USA's largest retailer is considering a similar practice. What we do not know are consumer demand or government incentives instigating these changes?

"Tesco, the UK's largest retailer, has begun displaying a carbon footprint on the milk ranges as part of the company's groundbreaking work to include carbon labels on all private labels goods. .. The retailer hopes to have the carbon footprint label on 500 products by the end of the year..... The move to carbon footprint comes on the back of independent consumer research which found that 50% of customers increasingly want to be green.... This is compared to 35% last year.The pint of milk is an iconic part of British family life milk is not only one of the biggest sellers in store, it is also prominent on breakfast tables day to day.....carbon labels on milk can play a great part in raising awareness" (8)

D. What rules does the USA through the FDA require for a product to feature a label Made in the USA?

Awareness in the USA about what labels say or infer is closely supervised at the Federal level by the Food and Drug Authority and the Federal Trade Commission. This assures quality standards in production and manufacture which meet the USA's high standards and reduces dumping in direct competition with local suppliers.

Made in USA means that all, or virtually all, the components and processes were in the USA (5). Whereas Made in Australia means that 50% of the wholesale cost of the goods were substantially transformed here. As cited in the earlier submission, this does not mean that the food that was transformed was grown in Australia.

Nor does Made in New Zealand mean that the food was grown in that country. (We share our labelling laws with New Zealand, yet New Zealand has independent Free Trade Agreements in Agriculture and can import food from elsewhere, process it and export to Australia with no designation as to the country of origin of the food.) This is deceptive labelling.

AUSBUY contends that we should be able to identify the country of origin of the food. We appreciate that there are some herbs and spices or preservatives and juice concentrates that are not able to be sourced here, these often, but not always, only represent a small portion of the final volume and cost. [We need to eliminate the word imported and put the country of origin and percentages on products.](#)

In the USA if the product is not all or virtually all made in and sourced in the USA it can say Assembled in the USA and include the county/countries of origin of the component parts and production. This is the way the consumer can decide. (5)

E. What rules apply to the use of a nation's flag on food packaging?

The issue of the use of the Australian flag was outlined in the Submission 30/10/2009 Point 6 b) to e) page 11. We again refer to the USA as an example of a free market economy which respects the integrity of its flag.

The use of the flag in the USA is strictly supervised and *"can never be used for advertising purposes in any manner whatsoever on paper... boxes or anything that is designed for temporary use of discard"* www.ushistory.org/flagcode.

As discussed above, use of the Australian flag is no guarantee what profits stay here or where the decisions are made for this company, even though they have a manufacturing base here.

F. Summary

AUSBUY contends that if we do not support local food producers and manufacturers, then there will come a time when Australia will not be able to feed itself, let alone gain access to export markets. Our food producers have suffered drought, foreign take overs of major distribution channels, and impost of imports from countries competing directly in our growing seasons, which have inferior growing conditions, little or no OH&S rules, low wage rates, government support and diseases that could potentially erode our sustainable competitive advantages. We are not alone in our concern as countries such as UK, USA, Canada, New Zealand, Germany and Italy have addressed the issue of what labels mean over the past decade and promoted buying locally made. In Australia, locally made does not mean locally owned, or that the decisions, profits and jobs stay here (1).

Food is a strategic industry in which Australia has sustainable competitive advantages. Food production supports many of Australia's rural communities. Food is an essential industry for our security and cohesion. Food employs people across a wide range of skills and unskilled workers. Our clean green growing environment and the standards of quality and innovation with which our growers and manufacturers operate are among the most productive and efficient in the world. Australian food products have high integrity. Revised labelling laws should reflect this and give consumers truthful information upon which to choose.

A contentious issue for change to labels is the costs to suppliers, and that these costs might be passed back to growers. Suggestions are made below and in the original submission as to how to keep labels simple truthful and give consumers the information with which they are empowered not deceived. Change should be regulated and rolled out over two to three years except where companies are taken over by foreign companies, then changes should be within 3 to 6 months.

Australia is not alone is reviewing labelling laws. The UK and the USA have responded to their concerns in a changing market place in ways which support their local industries. The food industries in the UK and USA are similar to that in Australia with sophisticated distribution and retail systems, strong global and local brands, similar consumer behaviour and lifestyles, the growing influence of "green" products for consumers, and expectations of food supplies with the quality and integrity. These are attributes Australians have known and expect. These countries also share a similar rule of law. They use labels to support their own, to meet consumers' changing needs and to limit deception.

Further, AUSBUY contends that many of our commodity products and channels of distribution have been bought by foreign companies and left our productive food industry exposed unnecessarily. In addition, retailers use private labels or house brands to potentially makes a higher profit margin, and can negotiate the price directly with the grower while building loyalty to it own brand. "House" brands allow retailers to cut out the middle man, source product directly and position the product on price in direct competition with top sellers in those categories. Woolworths, Coles, IGA (Black and Gold) and Aldi all have long term

strategies to build house brands. Ultimately this is at the expense of the local producers as they increasingly source and manufacture off shore.

Truth in labelling will let the people decide where they will spend their dollars. Truth in labelling has the potential to reinvigorate our local producers and manufacturing with renewed investment in the food industry which has the multiplier effect in our economy to create jobs here, keep profits here and make decisions here.

The UK is addressing how they retake control of the whole supply chain in what they call virtuous circles (2). In the case of food production this means, that is to grow, value add, manufacture and sell goods within the UK. This means that as a country they profit from the investment in production and job creation at each step of the process. They are not just growers at the behest of middle buyers and retailers. This also means that education and training will target skills where real wealth creating jobs are in demand.

G. Recommendations:

- i. Labels should be approved by a central body to ensure that they do not infer ownership or where they are sourced.*
- ii. Elements of labels should be standardised, consistent in meaning and in placement, and readable so consumers know where to find the information relevant to their needs: nutrition, product of, where made, country of origin etc.*
- iii. Country of origin should be consistently placed on the pack either on the label or applied later with the Use by Date and clearly visible.*
- iv. The issue of a simple graph should be used to indicate the percentage of local product by either volume or value should be further investigated.*
- v. Symbols are not useful because the consumer first needs to be educated what they mean. Statements should be concise and in plain English.*
- vi. Imported food labels should be applied to the pack which complies with our standardised format and in English.*
- vii. Labels on occasional imports should be subject to the same scrutiny as there is no ways of establishing the conditions in which they are produced relative to our food standards. Where these are significantly cheaper and in high volume compared to similar products they should prove they are not being dumped here by foreign countries, and show legitimate current market prices across a number of local in the country of origin and transport costs to verify.*
- viii. The use the Australia flag should be eliminated.*
 - 1. The use of the map of Australia should also be discouraged or allowed only on products which are produced and processed here.*

- ix. *Made in Australia should be replaced with Made in Australia from Country/ Countries of origin of food to differentiate it from foreign grown foods processed here.*
- x. *Made in Australia should represent a higher portion of say 80% or all or virtually all ingredients and manufacture to come into line with USA practices.*
- xi. *Fresh produce should continue to show Product of Australia or true country of origin when displayed in all retail outlets.*
 - 1. *Fines should be incurred when produce is wrongly labelled in stores.*
 - 2. *Consumers could be watch dogs and report false labels.*
- xii. *If foreign companies are allowed to take over our companies part of the approval by the FIRB should be that they change all their labels within three months of the purchase, that they tell the truth of current ownership and supply, and incur big fines if this is not done.*
- xiii. *Foreign owned products should show both the locally known brand and the foreign owned corporation on labels not just the name of the brand and a local web address - Uncle Tobys (Nestle / www.uncletobys.com.au) Diary Farmers (National Foods/ Kirin)*
- xiv. *They should also be required to pay equitable prices for goods supplied by local producers for a period up to five years, so they do not have the excuse that our farmers cannot supply demand and they source supplies off shore.*
- xv. *The Quarantine services are the gatekeepers and should be better resourced across Australia to ensure these practices are correctly instituted locally and foreign products comply. labelling needs to be on consumer packs as well as import cartons.*
- xvi. *We should consider a code of practice which indicates that products have been grown and produced in ethical ways to the highest standards, and sustainable farming practices.*

Appendix

(1)

Made in Australia - 2006

This Research Project about *'Made in Australia'* aims to contribute to the knowledge and understanding of the significance of *country of origin* in numerous ways. Generally this is an unfamiliar territory of law and economics and often the *country of origin* had been regarded in the relevant literature and the official statistics as a *quantité négligeable*.

AUTHORS

Professor Dr. Wolfgang Chr. Fischer (Editor)

Universitätsprofessor (pens), University of Bremen, Germany; Adjunct Professor of Economics, School of Law, James Cook University, Townsville, QLD 4811, Australia.

Dr. Kenneth K. Mwenda (Editor)

Senior Counsel, Legal Vice-Presidency, The World Bank, 1818 H Street, NW, Washington, DC 20433, USA.

Ian Fleming MA

Economist, Townsville, Australia

Michael M Gallagher CA (Scotland)

Executive Director, AUSBUY, PO Box 589, Milsons Point NSW 2061, Australia. (Chairman 2008)

Dr. Andrea Insch

Lecturer, Department of Marketing, University of Otago, PO Box 56, Dunedin, New Zealand.

Dr. John Knight

Senior Lecturer, Department of Marketing, University of Otago, PO Box 56, Dunedin, New Zealand.

Dr. med. Erich Krausbeck

Neurologist & Psychiatrist, Römerstr. 80, D-56130 Bad Ems, Germany.

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The revised statutory provisions for 'country of origin' representations came into effect on August 13, 1998 (*see: ACCC, March 2003: 4*). According to ACCC (*ACCC, March 2003: 4*),

"A country of origin representation is any labelling, packaging, logo or advertising that makes a statement, claim or implication about which country goods come from. The most common claims are 'Made in Australia' and 'Product of Australia' – or similar claims about goods from other countries."

'Product of Australia.' According to the ACCC, the claim 'Product of...' is the premium claim about a good's origin, and that the defence for a claim that a good is a product of a certain country is more demanding than the 'Made in Australia' defence (*March 2003: 8*). For goods to qualify under the safe harbour of 'Product of...', the goods must meet two import criteria (*see: ACCC, March 2003: 8*):

- (a) the country of the claim must be the country of origin of each significant ingredient or significant component of the goods; and,
- (b) all, or virtually all, processes involved in the production or manufacture must have happened in that country.

(2)

Harnessing Australian Talent to Develop Australia's Riches

By Dr John Warner Jord International Pty Ltd

AUSBUY Connection 2009/3

Wasted opportunities

Australia has not lacked riches to develop nor has it lacked talented people to help develop resources. What it has lacked is the political will, corporate discipline and communal self belief to plan how best to use the cash released by one boom to help generate real wealth from the next resource cycle.

..... We have not invested in skills training in the relevant technical areas. We have not attempted to understand the issue of who owns the know how that develops our resources, let alone put in place policies that would see Australia own at least some key technologies. We have not encouraged enough Australian companies to be world best in the fields that stand to profit most from the coming boom.

Investing in the right skills

Although most Australians are happy accept that their present and future wealth is heavily dependent upon the development of natural resources, few are committed to acquiring skills in relevant areas of work. At tertiary level, medicine and the law attract a disproportionate number of talented students. At a technical level, there is too much emphasis on the service sector.

It is debatable whether the gap that has developed in our pool of technical talent is due to lack of demand or whether it is due to insufficient investment in the right education and training. What is obvious is that as a country we are rapidly losing our ability to design, manage and build the infrastructure necessary (to produce and manufacture goods).

The need to own Intellectual Property

Traditional manufacturing was focussed on the factory or plant where raw materials were transformed into value added goods. It required a mix of skilled, semi -skilled and sometimes unskilled labour and ownership of a train of machines that progressively modified the raw material.

New manufacturing, as exemplified by GE, focuses on ownership of the know-how that defines the process of transforming raw materials into value added goods. It may own critical sections of the chain of machines but the overriding imperative is to achieve quality and efficiency by better understanding the process and implementing procedures that enable the business to better link resources in different locations and often with different ownership.

Raising the level of business ambition

The UK Commission for Employment and Skills in its 2009 report "Ambition 2020: World Class Skills and Jobs for the UK" identified imbalances that exist between the available skills of the workforce and the employers requirements. It found that a "potential misalignment may arise either because demand for the skills is too low or because supply is too great". The Commission took the view that in the UK the problem lay largely on the demand side. "There are too few employers producing high quality goods and services and too few businesses in high value added sectors. This implies a need to raise employer

ambition, to stimulate demand, as much as to enhance skills supply. In doing so we create a virtuous circle of skills development”.

Whilst the situation in Australia is no doubt different, particularly as we are a younger economy with access to far greater natural resources, the notion of a virtuous circle of skills development has no less merit here. Government policy should encourage businesses to achieve world best practice in key areas. In parallel government should invest in the training that would help meet the increased demand for skilled employees ... (many of who are underemployed here now).

(3)

This information was sourced from an international food organisation as a result of research undertaken in the UK and EU in early 2009 and was made available to AUSBUY.

(4)

§8. Respect for flag

No disrespect should be shown to the flag of the United States of America; the flag should not be dipped to any person or thing. Regimental colours, State flags, and organization or institutional flags are to be dipped as a mark of honour.

1. The flag should never be displayed with the union down, except as a signal of dire distress in instances of extreme danger to life or property.
 2. The flag should never touch anything beneath it, such as the ground, the floor, water, or merchandise.
 3. The flag should never be carried flat or horizontally, but always aloft and free.
 4. The flag should never be used as wearing apparel, bedding, or drapery. It should never be festooned, drawn back, nor up, in folds, but always allowed to fall free. Bunting of blue, white, and red, always arranged with the blue above, the white in the middle, and the red below, should be used for covering a speaker's desk, draping the front of the platform, and for decoration in general.
 5. The flag should never be fastened, displayed, used, or stored in such a manner as to permit it to be easily torn, soiled, or damaged in any way.
 6. The flag should never be used as a covering for a ceiling.
 7. The flag should never have placed upon it, nor on any part of it, nor attached to it any mark, insignia, letter, word, figure, design, picture, or drawing of any nature.
 8. The flag should never be used as a receptacle for receiving, holding, carrying, or delivering anything.
 9. The flag should never be used for advertising purposes in any manner whatsoever. It should not be embroidered on such articles as cushions or handkerchiefs and the like, printed or otherwise impressed on paper napkins or boxes or anything that is designed for temporary use and discard. Advertising signs should not be fastened to a staff or halyard from which the flag is flown.
 10. No part of the flag should ever be used as a costume or athletic uniform. However, a flag patch may be affixed to the uniform of military personnel, firemen, policemen, and members of patriotic organizations. The flag represents a living country and is itself considered a living thing. Therefore, the lapel flag pin being a replica, should be worn on the left lapel near the heart.
 11. The flag, when it is in such condition that it is no longer a fitting emblem for display, should be destroyed in a dignified way, preferably by burning
- www.ushistory.org/betsy/flagcode

(5)

Under Title: Consumer Protection

<http://www.ftc.gov/bcp/edu/pubs/business/adv/bus03.shtm>

Complying with the Made In the USA Standard

The Federal Trade Commission (FTC) is charged with preventing deception and unfairness in the marketplace. The FTC Act gives the Commission the power to bring law enforcement actions against false or misleading claims that a product is of U.S. origin. Traditionally, the Commission has required that a product advertised as Made in USA be "all or virtually all" made in the U.S. After a comprehensive review of Made in USA and other U.S. origin claims in product advertising and labelling, the Commission announced in December 1997 that it would retain the "all or virtually all" standard. The Commission also issued an Enforcement Policy Statement on U.S. Origin Claims to provide guidance to marketers who want to make an unqualified Made in USA claim under the "all or virtually all" standard and those who want to make a qualified Made in USA claim.

This publication provides additional guidance about how to comply with the "all or virtually all" standard. It also offers some general information about the U.S. Customs Service's requirement that all products of foreign origin imported into the U.S. be marked with the name of the country of origin.

• Behind the Label Claims

Whether motivated to "buy American" by patriotism or by recent safety and health alerts about goods made abroad, consumers are concerned about the birthplace of the products they choose. But locating that homeland isn't always easy.

The Basic Claim

A direct "made in the USA" claim means that "all or virtually all" significant parts and processing are of U.S. origin.

But "qualified" claims are also allowed, including "made in the USA of U.S. and imported parts." Companies must be able to back up either type of claim.

(6)

Low prices to threaten Australia's food production capacity?

- Australian Food News October 12, 2009
- Daniel Palmer

The price of fruit and vegetables must increase to ensure that Australia's horticulture sector does not collapse, a leading NSW farmers' representative has argued.

"You will see the demise of the horticultural industry because we cannot sustain these low prices," Peter Darley, Chairman of the NSW Farmers' Association horticultural committee, said, according to the *Sydney Morning Herald*. "They are below the cost of production. There are people leaving the industry because they cannot afford the low profitability."

Middlemen and retailers were "price gouging", he alleged, with a lack of transparency ensuring that it was difficult to see where the profits were heading.

"Look at apples. They range from \$1 to \$1.80 [a kilogram] on the wholesale market. You may go to \$2 for some premium fruit. That is what the grower is receiving. If the quality is down, it could be 60 cents a kilo," Mr Darley said. "The retailer is charging a minimum of \$3.99 - and \$7.99 in some areas."

Australia's dairy industry has also reported that the current price of milk is below that of operating costs for most farmers, meaning that losses incurred could see a mass exodus from the dairy sector.

(7)

Private label growth could be sustained: analysts

- Australian Food New September 23, 2009
- Daniel Palmer

Today, the global economy is showing glimmers of stabilising, energy prices have receded, and food prices are increasing at a much slower rate, but the growth of private brands continues, creating strong opportunities for retailers and serving as a cautionary tale for manufacturers.

According to the latest "IRI Times & Trends Report: Game-Changing Economy Taking Private Label to New Heights," American private label unit share has grown at a similar rate to own brands in Australia - up 1.2 points to 22.8 per cent in the past 12 months. Despite this success, two questions are emerging as the economy continues to improve: will shoppers continue to purchase private brands in ever larger quantities, and how will name-brand manufacturers respond?

"The popularity of private brands will continue as a result of several factors," IRI Consulting and Innovation President Thom Blischok contends. "These products offer a very strong value proposition based on quality as well as price. In addition, shoppers will continue their frugal shopping patterns long after the recession ends. And, retailers' increasingly sophisticated private brand strategies will attract a larger and more diverse shopper base."

Many private label brands in America are now viewed as similar to brand named CPG products. In many categories, private brands are able to compete on quality as well as price, and retailers continue to increase the breadth and depth of their store brand offerings. Kroger, for example, is growing its brands across three tiers: 'private' brands (premium tier), 'banner' brands (mid-tier) and 'value' brands (value tier) - similar to the Coles approach in Australia.

Despite remarkable strides made during the past several years, private label sales are concentrated in the hands of a relatively small number of consumers. The top 50 private label categories in the US, for example, represent 17 per cent of CPG categories and account for 69 per cent of store brand sales. As a point of comparison, the top 50 national brands represent less than half of total dollar sales. Even heavy private brand buyers allocate just 22 per cent of their CPG budget to store brands.

(8)

Tesco begins displaying carbon footprint on milk

- Australian Food News August 19, 2009
- Daniel Palmer

Tesco, the UK's largest retailer, has begun displaying a carbon footprint label on their full fat, semi-skimmed and skimmed milk ranges as part of the company's groundbreaking work to include carbon labels on all their private label goods.

The retailer hopes to have the carbon footprint label on 500 products by the end of the year.

The move to carbon footprint comes on the back of new independent consumer research which found that 50 per cent of customers surveyed now understand the correct meaning of the term 'carbon footprint', compared to only 32 per cent of people surveyed in 2008.

The survey also revealed that customers increasingly want to be green. Over half said they that would seek lower carbon footprint products as part of their weekly shop, compared to only 35 per cent last year. They felt it was important to have the right information about the carbon impact of products to help them make informed choices.

"The pint of milk is an iconic part of British family life," Tesco Community and Government Director, David North said. "So we're using it to play an important new role in helping our customers understand climate change, the carbon footprints of products, and what steps they can take to help. Milk is not only one of the biggest sellers in store; it's also prominent on breakfast tables day in day out across the country. So we think carbon labels on milk can play a great part in raising awareness and helping customers navigate the new carbon currency."

"We are currently embarking on a number of research projects to reduce the carbon emissions from milk production," Mr North added. "For example, we're working on using different feeds that might help reduce methane emissions from cows, and encouraging the use of renewable energy on farms. "The launch comes as the world's largest retailer - Walmart - looks to [add an eco-rating](#) on all grocery products in their store within the next decade.

Response prepared by:

Lynne Wilkinson CEO AUSBUY.

Lynne has held national marketing roles with Coles and MYER in the food sector, and has since consulted to various industry sectors including, food, agriculture, property and aged care. She also founded and ran a food business using only local suppliers for nearly a decade supplying local supermarkets etc and endeavouring to build an export business. In these roles she has direct experience of developing labels which comply with our rules and export markets. She initiated Food Media Club Victoria which she chaired for six years, advised the Kennett Government in setting strategies for Food Victoria and was invited by the Keating Government to set up the first Victoria Food Network for exports. She has only ever worked for Australian owned companies.