

The Master Fish Merchants' Association of Australia

Senate Rural and Regional Affairs and Transport Reference Committee Inquiry into the current requirements for labelling of seafood and seafood products

July 2014

The Master Fish Merchants' Association of Australia (MFMA) is a not for profit organisation established in the 1930's that represents businesses in the post-harvest sector of the seafood industry. The MFMA's membership includes some 180 businesses in New South Wales, Queensland, South Australia, Victoria and Western Australia, which operate as seafood retailers and wholesalers.

The MFMA would like to provide the following input to the Senate inquiry into the current requirements for the labelling of seafood and seafood products as it pertains to seafood retailers.

(a) Whether the current requirements provide consumers with sufficient information to make informed choices, including choices based on sustainability and provenance preferences, regarding their purchases.

Domestic seafood and sustainability

In regard to sustainability, all Australian seafood can and should be considered by all consumers as sustainably sourced. While seafood stocks are limited, they are also renewable, and can be harvested sustainably when well managed. In Australia we are lucky to have highly regulated, well managed fisheries. All fisheries in Australian waters are managed under the principles of ecological sustainable development (ESD). This means that our fisheries are managed not only for the long-term sustainability of the target species, but also for the broader marine environment. Australian fisheries are internationally recognised as being some of the best managed fisheries in the world.

As such, consumers of seafood can have full confidence that whatever domestic seafood product they choose the issue of sustainability should not be of concern. It is unfortunate that some members of the public still hold reservations regarding the sustainability of our fisheries management practices. Much of this however is based on misinformation emanating from green lobby groups and the tragedy of the commons experienced in foreign fisheries, particularly in Europe and third world countries. The science is however clear - Australia's fisheries are sustainable under current management practices.

Imported seafood and sustainability

Australia is of course heavily dependent on imported seafood to meet consumer demand, with around 70% of seafood coming from foreign sources. This includes some 250 different species/product from both aquaculture and wild catch fisheries. Australia's dependence on imported products is due to the very nature of our fisheries which can be characterised as being of high quality, high value but low volume due to the lack of major upwellings (nutrient rich currents) and naturally low nutrient levels in our waters which limit productivity.

Imported seafood products play a key role in meeting consumer demand and ensuring there are affordable alternatives for seafood consumers. General statements as to the sustainability of imported seafood products are of course difficult to make given the wide array of products

emanating from many different countries. The four most popular species of frozen fish imported to Australia are Hoki, Hake, Nile Perch and Basa. South Africa's hake fishery and New Zealand's hoki fishery, the two main sources of these species have both been certified as sustainable by the London-based Marine Stewardship Council.

Nile Perch come from Lake Victoria in Africa, where they are hand-caught from small vessels. Large-scale 'industrial' fishing is simply not possible on the lake. In any case, Nile perch is not native to the region so, from the perspective of environmental sustainability (as opposed to economic sustainability), fishing for the species is a positive action.

Basa is a farmed fish (grown mainly in Vietnam) and its rapid expansion in recent years is contributing significantly to the world's food supply. Rather than threaten the world's ocean resources, Basa production (like most aquaculture) lessens economic pressure on our remaining wild fish stocks.

Consumers that are concerned regarding the sustainability of imported seafood have either the option of limiting their purchases to Australian products or to those from countries with similar strict management regimes like New Zealand, or alternately choosing imported seafood products that are certified as sustainable by independent third party certifying organisations.

Providence of Seafood

Seafood sold to consumers through seafood retailers must be labelled with the country of origin as per the requirements set out in Standard 1.2.11 in the Australia New Zealand Food Standards Code. The labelling of country of origin as per the standards provides consumers with sufficient information to allow for informed decision making regarding geographical purchasing preferences.

The inclusion of provenance outside country of origin, such as the regional location (e.g. Coffin Bay Oysters, Yamba prawns etc.) of a product is by and large a marketing issue and only relevant to a limited and select range of products.

In regard to seafood sold for immediate consumption the provenance issue is more complex and consumers will generally be unaware of the origin of the seafood they purchase. Also refer to point (e) below.

(b) Whether the current requirements allow for best-practice traceability of product chain-of-custody.

It is a legal requirement under Standard 3.2.2 *Food Safety Practices and General Requirements*, of the Australian New Zealand Food Standards Code for manufacturers, wholesalers and importers of food (including seafood) to have a system in place to ensure the recall of unsafe food. This necessarily requires traceability and establishment of a chain-of-custody. Additionally, Standard 4.2.1 the *Primary Production and Processing Standard for Seafood* which took effect in May 2006 requires that seafood businesses must maintain sufficient written records to identify the immediate supplier and immediate recipient of seafood for the purposes of ensuring the safety of the seafood - one up, one down traceability.

Outside the issue of traceability which is already adequately dealt with through current legislation the issue of chain-of custody is of primary concern for certified products such as those that carrying sustainability certification by independent third parties. The individual third party certification bodies each have their own systems for establishing chain-of-custody.

- (c) The regulations in other jurisdictions, with particular reference to the standards in the European Union (EU) under the common market regulation (EU) No 1379/2013 Article 35; and**
(d) the need for consistent definitions and use of terms in product labelling, including catch area, species names, production method (including gear category), and taking into account Food and Agriculture Organisation guidelines;

We note that the EU-wide approach to seafood labelling requires seafood to be labelled with the following information:

- the commercial designation of the species and its scientific name;
- the production method, in particular by the following words “... caught ...” or “... caught in freshwater ...” or “... farmed ...”;
- the area where the product was caught or farmed, and the category of fishing gear used in capture of fisheries, choosing from seines, trawls, gillnets and similar nets, surrounding nets and lift nets, hooks and lines, dredges or pots and traps;
- whether the product has been defrosted (apart from ingredients present in the final product, foods for which freezing is a technologically necessary step in the production process and fishery and aquaculture products that have either been previously frozen for health safety purposes or which have been defrosted before the process of smoking, salting, cooking, pickling, drying or a combination of any of those processes); and,
- the date of minimum durability, where appropriate.

The issues raised by points (c) and (d) and the potential for such a system to be applied in Australia is of great concern to seafood retailers for the following reasons.

Inclusion of scientific names

The inclusion of scientific names on seafood labels would represent a significant burden for seafood retailers given the large number of seafood species traded in Australia. According to the CSIRO “more than 800 species of finfish and shellfish, both marine and freshwater are caught and sold in Australia”.

Ensuring compliance in this area would be a real challenge for government regulators and retailers alike. Endeavouring to ensure compliance would be extremely time consuming and therefore costly. Additionally, it is not clear that the inclusion of scientific names would make a material difference towards the mitigation of product substitution as it is already an offense to call one type of seafood another.

Of significant concern is the possibility that the inclusion of scientific names of seafood products on labels could also result in retailers being exposed to prosecution should a scientific name be incorrectly copied to the label or where there is confusion in relation to two or more closely related species.

In terms of consumers (and seafood retailers) scientific names are generally confusing, incomprehensible and/or meaningless.

Farmed versus wild-caught

All seafood retailers will be aware as to whether a given seafood product is wild-caught or from aquaculture origin. Consumers that have a preference for wild-caught seafood over aquaculture products (or vice versa) can currently request advice from staff at the point of purchase. The provision of false or misleading information would be considered deceptive and there for a breach under current legislation protecting consumers rights.

Practicality of labelling geographical catch location and catching method

Many seafood products are caught in multiple locations and by more than one method. For example Snapper (*Pagrus auratus*):

- East Coast Queensland – line caught
- Northern NSW – trapped and line caught
- Sydney – trapped
- South East Trawl – line and trapped
- Southern Victoria – seine net
- South Australia – line caught
- Western Australia – line caught
- New Zealand – Seine net, trapped and line caught

In order to maintain supplies of many species retailers' have to stock product that is derived from more than one location, and which may be caught via a number of different methods. Given that retail space is at a premium in terms of cost and size, retailers would not be able to have multiple displays of each product reflecting the different regions as well as the different catch methods – it would just not be feasible, particularly in smaller shops.

It is not clear that consumers would benefit from knowing the catch location of a species (outside country of origin) or the catch method. For most consumers the information would be meaningless and/or confusing. This is particularly so in relation to domestic species as the sustainability issue is not relevant given our fisheries management arrangements, thus information on location and catch method would be irrelevant – country of origin, price and quality are the main considerations for the overwhelming majority of consumers.

In any case should a consumer desire to find out such information most seafood retailers would be happy to provide verbal advice.

Thawed products

Seafood retailers are by and large happy to inform consumers as to whether or not a particular seafood product has been thawed when such information is requested. They are also restricted from selling seafood products that have been thawed as 'Fresh'. Misrepresenting the true nature of a product by suggesting a thawed product is fresh could lead to a retailer facing prosecution for deceptive practices.

It should be noted that the perception that thawed seafood products are inferior to fresh product is generally incorrect. Modern freezing techniques ensure that frozen products reach the consumer in the best possible condition. This is particularly so for imported products and domestic products from remote fisheries such as Spencer Gulf King Prawns in South Australia which is widely regarded as a premium product.

The MFMA does not believe that retailers should be required to include a statement as to whether a product has been thawed for sale and believe the current system is adequate.

Minimum date of durability

The inclusion on seafood labels of a minimum date of durability, which in the EU case is the same as the 'best before date', would be both difficult and costly to implement. It would require seafood retailers to make daily judgements as to the degree of durability across the whole array of products they sell, all of which deteriorate at different rates. Such judgements would no doubt vary greatly between retailers when assessing like for like products. A minimum date of durability would ultimately be highly subjective and heavily impacted by consumer post-purchase handling which is out of the

control of the retailer. Public statements of durability are also significantly different to retailers' daily practice of judging the quality and shelf life of the products they purchase and re-sell.

From the consumer point of view the biggest impact on the durability of the product will be the time that has passed since purchase and the way the product is treated once it leaves the shop. The majority of consumers are however more than capable of determining whether or not they should consume a piece of fish that has been kept in the fridge for a couple of days.

More over there is considerable confusion amongst consumers as to what terms like 'best before' and 'used by' actually mean. This confusion may result in some consumers choosing to limit the frequency and range of seafood they purchase.

Cost of implementing an EU style labelling system

While it is not possible to quantify the cost of implementing an EU style seafood labelling scheme without an in-depth economic analysis of the impact, it is undoubtable that the costs would be significant throughout the supply chain. Increased costs would ultimately have to be passed on to the consumer in the way of higher prices where possible or otherwise absorbed by seafood retailers at the expense of their economic viability.

Applicability to Australia

The question should be asked as to whether the situation in the EU relates to Australia. It should be noted that the situation in Europe in regard to seafood sustainability is significantly different. According to the internationally respected marine biologist and fisheries scientist, Professor Ray Hilborn, from the University of Washington, "in contrast to Australia's impressive record in fisheries management roughly half of European stocks are still overfished and subject to overfishing".

(e) the need for labelling for cooked or pre-prepared seafood products with reference to the Northern Territory's seafood country of origin regulation;

Country of origin labelling of seafood in the food service sector

The MFMA believe that consideration should be given to extending country of origin labelling to seafood purchased from the food service sector (i.e. restaurants, cafes, clubs, pubs and takeaway outlets) in order to allow consumers to identify the origin of the seafood they consume. The current exemption from country of origin labelling obligations for seafood which is sold for immediate consumption denies consumers access to adequate information on the origins of their food, and is inconsistent with the labelling obligations placed on fresh seafood retailers.

The inquiry will be aware that in November 2008, the Northern Territory introduced licensing conditions under the *Fisheries Act* that requires all businesses selling imported seafood, including businesses that sell cooked seafood, to clearly identify to the consumer if the product is 'imported'. This is applicable for each seafood dish advertised for sale, including on menus, menu boards, pamphlets and brochures. In the case of mixed seafood dishes, businesses must advertise if it contains imported seafood.

The MFMA understands that the Northern Territory approach has been successful and that there is a high level of compliance by restaurants and other cooked businesses with minimal compliance costs. While the Northern Territory approach falls short of the country of origin obligations placed on fresh seafood retailers under the Food Standards Code by allowing the use of the generic term 'imported', it does at least provide consumers with minimal origin information to assist them in making informed decision when choosing what to eat.

It should be noted that imported seafood products are of critical importance to restaurants, cafes, clubs, pubs and takeaway outlets. This is reflected in the fact that they make up around 70% of all seafood consumed in Australia. Without imported seafood products the average consumer would find that the cost of sort after domestic seafood products would be prohibitively expensive – seafood would become a rare treat!

Rising demand for seafood products due to the increasing recognition of the health benefits of seafood consumption, combined with a growing population, will inevitably lead to an increasing dependence on imported seafood products given domestic supply constraints. The industry's dependence on imported seafood products in order to supply consumer demand is a key reason why the MFMA believe that country of origin labelling is so important. Clearly identifying whether or not a seafood product is imported or domestically sourced is critical in terms of fostering consumer confidence in imported seafood products as well raising consumer awareness of the high quality and value for money many imported seafood products represent.

As such the MFMA believes that businesses that sell seafood for immediate consumption should at a minimum be required to clearly identify to the consumer if a seafood product is 'imported' as per that required in the Northern Territory. It should also be required that country of origin statements be included in direct connection to the product name, and not by reference to fine print.

We would however like to note our concern in regard to the practicalities of implementing such a scheme across the food service sector and the potential associated costs. Such a scheme would necessarily need to be carefully formulated in order to make compliance practicable and keep costs to a minimum while meeting the objectives of providing consumers adequate information in order to make informed choices. The costs must be proportional to the benefits.

(f) recommendations for the provision of consumer information as determined through the Common Language Group process conducted by the Fisheries Research and Development Corporation;

The MFMA in principle support the need to provide clarity and consistency regarding terms relating to fishery management and sustainability so as to improve public perceptions and understanding of the Australian seafood industry by removing confusion.

(g) whether current labelling laws allow domestic seafood producers to compete on even terms with imported seafood products; and

In reference to the seafood sold through seafood retailers the answer is yes, domestic products are on a fair playing field with imported seafood as a result of country of origin labelling requirements. For seafood sold outside seafood retailers the answer is no due to the absence of country of origin labelling. Also refer to (e) above.

(h) any related matters.

Australian Fish Names Standard (AS SSA 5300-2007).

The issue of the correct labelling of seafood is of significant concern for the seafood industry both in terms of maintaining consumer confidence and eliminating anti-competitive and deceptive practices by rogue operators. In October 2007, Seafood Services Australia launched their Australian Fish Names Standard (AS SSA 5300-2007) which is certified by Standards Australia Ltd. The Standard provides a list of seafood species with a designated single marketing name for each species. Under the Standard many species had their common marketing names changed.

Seafood Services also launched a Standard Certification Scheme for fish names. Under the scheme businesses commit to labelling all seafood sold in their business as specified in the Standard. Businesses that undertake to comply with the standard then pay a fee and can display a certification logo to demonstrate to the public that they adhere to the voluntary standard.

To date there has been very poor uptake of the Standard Certification Scheme by the seafood retail sector and virtually no uptake by restaurants and takeaway businesses. In the experience of the Association many of the businesses that have signed up to the scheme fail to fully meet their obligation in terms of labelling all seafood as specified in the standard. The situation is compounded by the fact that many businesses and the majority of the consuming public remain unaware of the Standard, and the associated name changes.

In reality the majority of fresh seafood retailers and wholesalers are already 95 percent compliant with the Standard. The issue of concern for many fresh seafood retailers is the fact that consumers are often unwilling or reluctant to purchase seafood species under the new names specified in the Standard. This is of particular concern in regard to some key species where the common marketing name is well entrenched in the industry and has a high level of recognition amongst the consuming public.

It is important to understand that the use of standard marketing names versus historically accepted common use marketing names is not an issue of deception. For example, the sale of Basa (*Pangasius hypophthalmus*) as Barramundi (*Lates calcarifer*) is clearly deception and a breach of relevant commonwealth and state legislation. Whereas, for example, the sale of the species *Hyperoglyphe antarctica* as Blue-eye Cod or Blue-Eye instead of under the Australian Fish Names Standard, Blue-Eye Trevalla, is not deceptive as Blue-eye Cod is an accepted marketplace name, and is the name most consumers are familiar with for that species.

The Association would also be concerned about mandating the use of the Australian Fish Names Standard as to the best of our knowledge no government food agency has expressed an interest or willingness in acting as an enforcement agency in regard to ensuring compliance with the Standard. This is particularly so given limited budgets and the requirement to set priorities using a risk based approach. Without enforcement by adequately trained inspectors the mandating of the use of the standard names would be detrimental to the industry and confusing to consumers.

While the Association supports and encourages voluntary compliance with the Australian Fish Names Standard, we do not believe that it should be made mandatory. The Association believes that over time businesses will voluntarily shift to the use of standard names as they become accepted in the marketplace by both consumers and the businesses that sell seafood.

Final Comment

Every extra piece of information required to be placed on a label in a seafood retail shop represents an additional cost of doing business both in terms of compliance costs of inspections by government authorities and in the additional work required by retailers to meet extra labelling obligations. The costs must be proportional to the benefits. Those being enacted by the EU would undoubtedly be costly, onerous, confusing and unnecessary in the context of Australia, as well as being difficult to implement and ensure compliance.

Seafood retailers already face an additional regulatory burden from country of origin labelling legislation which is not required on business that sell seafood for immediate consumption. Further adding to this would be detrimental to the seafood retailers as well and those business along the entire supply chain