



BREWERS
ASSOCIATION

Brewers Association of Australia & New Zealand Inc

**Submission regarding the Competition and Consumer
Amendment (Australian Food Labelling) Bill 2012**

October 26th, 2012

Executive Summary

- The Brewers Association, recognising the consumer's right to information as important in ensuring informed choice, welcomes the opportunity to comment on the proposed *Consumer and Competition Amendment (Australian Food Labelling) Bill*.
- While supporting the intent of the Bill, the Association does not believe that the proposed "Made from Australian ingredients" labelling will achieve its objective of greater consumer information. As a consequence, the Brewers Association does not support the Bill.
- The Brewers Association believes that, rather than introduce new wording, the current options of "Product of Australia" and "Made in Australia" should be maintained.
- Retention of the existing labelling would mean substantial cost savings to the consumer as those products already meeting the requirements would not need to change labels.
- The Brewers Association is of the view that there needs to be a major public information campaign to ensure that consumers understand these labels. This would remove the considerable misunderstanding which currently exists.
- With specific reference to water as an ingredient, the water used in brewing is an integral part of the beverage and has a significant impact on the quality and character of the finished beer. For that reason we are strongly opposed to the total exclusion of water from the requirement to calculate the origin of ingredients.

Introduction

The Brewers Association of Australia and New Zealand (Brewers Association) welcomes the opportunity to comment on the proposed *Consumer and Competition Amendment (Australian Food Labelling) Bill*.

The Brewers Association is the association for the major manufacturing brewers in both Australia and New Zealand with the core purposes to celebrate beer, its contribution to the economy and to social wellbeing through responsible consumption.

Membership of the Brewers Association comprises Carlton and United Breweries, Coopers Brewery, LION and DB Breweries. Members of the Brewers Association manufacture well over 90% of beer produced in Australia and New Zealand.

Discussion

The Australian brewing industry has a long history of using local materials in the many brands it produces.

Beer is defined in the Food Code as “the product, characterised by the presence of hops or preparations of hops, prepared by the yeast fermentation of an aqueous extract of malted or unmalted cereals, or both”.

The core ingredients for beer are water and malted barley. Additionally carbohydrate syrups are often used, generally being produced from cane sugar or wheat starch. These are local in origin. Hops are used for both bitterness and aroma, and while most are locally sourced, imported hops can be used to provide different character to a specific product.

As a result, for the major Australian beer brands, there is little confusion in the consumer’s mind as to the origin of a particular beer. Imported beers are labelled as such and generally use the importation as a way to increase the status of these products.

The Brewers Association recognises that there are increasing demands from consumers for clarity in Country of Origin labelling. .

Both “Product of Australia” and “Made in Australia” are commonly used for Australian foods, with the Australian Consumer and Competition Commission offering guidance as to the criteria for these to be validly made. However it is likely that many consumers remain unclear as to what is meant by either wording.

“Made in Australia” is often qualified by “from Australian and imported ingredients” or the reverse “from imported and Australian ingredients”. The ACCC requirements for “Made in Australia” are substantial transformation of the ingredients and at least 50% of the costs are incurred in Australia. This includes the packaging costs. Since many consumers are more concerned about the origin of the food itself, these criteria may allow foods which have significant imported ingredients to be labelled as “Made in Australia”.

The proposed Bill seeks greater clarity in this respect as well as removing some of the confusion about “Product of Australia” and “Made in Australia” by simply eliminating them.

The Brewers Association is concerned, however, that introducing a new labelling requirement has the potential to lead to further confusion.

It believes that the current labelling is perceived as not meeting consumer needs primarily because of a lack of understanding of their meanings, rather than the terms being misleading.

For many consumers there is little if any difference between the two claims, it “Product of Australia” and “Made in Australia”. The first is the premium claim and meets the needs of those consumers wanting Australian ingredients in their products. The criteria for “Made in Australia” mean that the consumer has less information about the ingredients of a particular product but is still buying a product with substantial Australian input. If these wordings were clearly understood by consumers, they provide adequate guidance to the consumer to allow informed choice.

The Brewers Association therefore proposes that the existing “Product of Australia” and “Made in Australia” be subject to an extensive public information campaign so that the terms are clearly understood.

Currently the Australian members of the Brewers Association are using a variety of wordings to indicate that their products are Australian. Clearly if brewing water is included in any calculation of Australian content, then Australian beers will be Australian by any definition. While the proposed Bill seeks to exclude the water used in the food, brewing water is indeed different to water used as an ingredient, for example, to cook vegetables. The water used in brewing is an integral part of the beverage and has a significant impact on the quality and character of the finished beer. For that reason we are strongly opposed to the total exclusion of water from the requirement to calculate the origin of ingredients.

The Brewers Association members therefore believe that there is no necessity to introduce a further label requirement. As such we do not support the Bill.

With a clearer understanding of the two terms, “Product of” and “Made in”, consumers will be able to make informed choices regarding their foods.

Additionally, maintaining the existing wordings will have a cost benefit. For those companies already using “Product of Australia” and “Made in Australia” there would be substantial savings in not having to modify and introduce new labels, a cost which would ordinarily be passed on to the consumer.