

Committee Secretary
Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Submission to Senate inquiry into the current requirements for labelling of seafood and seafood products

Seafood Importers Association of Australasia Inc.

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The SIAA is an incorporated association of 25 member companies whose annual imports of seafood represent a large proportion of the fresh and frozen seafood imported to Australia.

The following submission addresses key points in the terms of reference of the inquiry.

- 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;***

It seems highly unlikely that a standard for label information could be developed that (in the space available) sufficiently, accurately and honestly articulates the complex subject of sustainability and other provenance to properly inform consumers. This is not required for food safety - deferring to an assumed understanding of, or at least reliance on, the underlying food safety systems and requirements. Underlying systems for environmental sustainability and other social accountability are equally complex. Thus, requiring mandatory statements could lead to oversimplified and misleading information. However, a standard for optional statements to ensure accuracy and honesty (ie. not misleading or ambiguous) is desirable. This is partly addressed with the optional display of best practice certification logos that can be researched by consumers to establish a level of confidence; and by the use of codes that can be scanned by portable devices to link to more detailed provenance. The wide abuse of words such as 'organic' and 'sustainable' indicates caution in allowing the use of certain words to cover complex subjects.

- b) whether the current requirements allow for best-practice traceability of product chain-of-custody;***

In regard to imported seafood, which is (often uniquely) subject to specific food safety and biosecurity regulations, as well as mandatory inspection and testing before sale, best-practice traceability is already fundamental. These systems have clear parallels with sustainability and social accountability systems (including chain-of-custody) and are frequently certified under a single international standard that covers all such issues. Some certifications require additional chain-of-custody steps. Increasing market demand for rigorous adherence to international standards provides a powerful driver for commercial

solutions to better labelling. Border entry documentation (including pre-completed import permits and approvals) require substantially more information about food than appears on product labelling, and provides the opportunity for informed and expert intervention by regulators before consumers need to make decisions.

- 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;***

Beyond the scope of our submission.

- 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;***

The Common Language Group (of which SIAA is a custodian) was established to address some of the above issues and is progressing with that task.

The Australian Fish Names Standard (SIAA is a permanent member of the technical advisory committee) was established to address the issue of consistent marketing names and has successfully eliminated ambiguity in 99% of common marketing names for seafood listed under the Standard. A process under the Standard exists to address anomalies or public concern. However the Standard has not been adopted by FSANZ or State food safety authorities, rendering the process 'voluntary' and significantly weakening the system.

Additional labelling terms by which consumers could make decisions, such as 'trawled', are likely to be as misleading as informative due to the complexities involved. For instance, trawl fisheries are typically listed as 'red' in ENGO traffic light guides, yet some trawl fisheries are MSC certified.

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

Underlying hypothesis: The study examining the success of the NT Fish Retailer Licensing system (not a food standard) on which some elements of the industry are now partitioning for the extension of seafood CoOL to the food service sector nationally, was a small survey of consumers and some food service operators, commissioned by the NT Seafood Industry Council (funded by FRDC) and was clearly intended to validate the pre-conceived idea advocated by the industry there. There was no attempt to challenge the hypothesis and many of the headline conclusions are generous to the intended scenario. We include this frank critique of the 'research' to provide a more balanced weighting to the strength of its evidence compared to the massive media and political support it has since enjoyed. Unlike the extensive \$4 million national cost / benefit analysis undertaken by FSANZ prior to the first introduction of CoOL, it is extremely surprising that so much influence has been given to such a small and limited survey, conducted in the NT only, and which contains no empirical objective analyses of cost or benefit. We urge all those who are adjudicating in this inquiry to read the actual study, rather than rely on the headline conclusions that have been

repeated in the media and in industry rhetoric time and again, so as to form your own personal assessment of its contributions to such an important decision.

Overstated Benefit: As many observers (including those in our industry) have commented, the results of the study cannot be extrapolated to other States. The main hypothesis: that consumers would buy more Australian seafood if the origin was on the menu, is fundamentally flawed due to insufficient supply to fill any additional demand created, and due to prices. Three quarters of Australia's seafood is imported, by necessity, to fill the chronic gap in supply; and two thirds of Australians cannot afford to eat fresh Australian seafood regularly, and one third of Australians cannot afford to eat frozen Australian seafood regularly (Ruello & Associates). Local seafood is often seasonal, and is much less likely to be available to the food service industry in convenient forms (eg. consistent, frozen, portion controlled, value-added) or at a stable, affordable price, enabling it to be stocked by the majority of operators. Simply identifying seafood as local, even if there is a market preference for local, does not overcome these commercial barriers. In short, extending CoOL to the foodservice sector would not achieve the overall objective cited by its proponents - particularly in metropolitan areas where the vast majority of seafood is sold.

Consumer Fraud: Whilst it might be a surprise to some people in the NT to discover a large portion of available seafood there is imported, the statistic that 73%-75% of total seafood is imported has been widely publicised in recent years, and parallels the same reality across a broad range of foodstuffs, including fruit and vegetables, that seem to attract far less controversy than seafood. Whilst the opportunity for food vendors to mislead consumers by omission (of the origin) in regions where the expectation of local produce is higher, may have some validity, there is no objective research to show the scale of this and there are numerous remedies already available. Consumers are already entitled to ask where seafood comes from, when it is not displayed. Deliberate fraud is covered by consumer laws. Market forces such as business reputation and consumer satisfaction, are also powerful drivers of consumer fairness. In regions where an Australian preference is more likely to produce higher demand (eg. coastal tourism areas) outlets can already maximise that advantage by simply applying the Australian brand.

Cost: What has been considerably understated in this debate is the cost to businesses of having to implement extended CoOL. The idea that the cost is limited to the 'changing of a blackboard menu' (which may be true in the NT) can be seen in a more practical light when one considers city venues where ten thousand meals or more may be served in one event. The costs include:

1. Regular changes to advertising, electronic signage and printed menus (especially when seafood from several origins is used in one day or one sitting),
2. Retained supply chain audit trails to verify CoOL after the event,
3. Identifying the scope. (eg. would school tuckshops be required to identify on menus the origin of mixed ingredients in tuna sandwiches, seafood salads or spring rolls.)
4. Uneven enforcement of the regulations in the future.

The most likely consequences of this are increased prices to consumers, and/or the deleting of seafood lines by many foodservice outlets to avoid liability. RC&A, the foodservice peak

body, shares our concern and opposes the proposal. (It is an extraordinary example of 'marketing by regulation' where producer groups seek to impose onerous conditions on their largest market sector, with no engagement to understand the consequences from the buyers' viewpoint, or to negotiate an outcome - having chosen to go directly to government and the media with an ambit demand.

Misleading Advice: It could be argued that CoOL is as misleading to consumers as it is useful. Many Australians believe local seafood is safer than imported seafood (partly due to misleading negative publicity) and make food safety decisions based on CoOL. There is no evidence that imported seafood is less safe, and some arguments that it is safer (eg. due to mandatory testing of imported food). The Labelling Logic report by Neil Blewitt stated: "CoOL should not be used as a surrogate for food safety information as there are other systems to ensure that." Yet that is exactly how many consumers use CoOL. The Labelling Logic report did not support the Australian seafood industry's calls to extend CoOL.

This also applies to other issues such as sustainability. Whilst Australian seafood rightly commands a premier position as well-managed, it is not perfect (if that is ever achievable) as indicated by several ENGO consumer advice traffic light guides that show some local species still in the red and orange phases. Similarly, CoO is not an indicator of imported seafood sustainability (or total social accountability). South East Asian nations are frequently cited as having poor fisheries management and although that may be true, a very significant proportion of seafood (perhaps the majority) imported from there is from aquaculture that is certified to the highest international levels (eg. BAP, ASC, GlobalGap, Monterey Bay Aquarium / Seafood Watch) for environmental sustainability and social accountability. In these cases, CoO alone is quite misleading as an indicator of those attributes.

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

That process is continuing and SIAA is a custodian in the Group.

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

The widely held assumption, driven by industry groups and a sympathetic media, that Australian automatically means 'safer', sustainable and 'good for Australia', already gives local producers a very significant market advantage. That advantage has been further developed in the past ten years by a relentless campaign of negative publicity about imported seafood, largely based on misinformation, by elements of the 'current affairs' media, some 'buy Australia' campaigners, and by some radical industry spokesmen. The preference for Australian seafood thus generated is pervasive, to the point that consumers are risking their health and well-being by under-consuming total seafood to a per capita consumption that is 40% less than recommended by the NH&MRC. In addition, elements of the local industry are highly dependent on (and significant beneficiaries of) imports for bait, aqua-feed, off-shore processing and value-adding, as well as non-food inputs such as technology and equipment. These imported inputs are rarely reflected in labelling. So the question of an even playing field is relevant - but it has two sides. There is already a

concerted campaign to discriminate against imported fish by using separate names (eg. Asian Sea Bass for imported Barramundi) even though the species is the same and Barramundi is the correct name under the AFNS. Australia's obligations under international trade conventions is, at times, 'stretched to the limit' by inherent bias against imports.

It's hard to imagine the local industry suffers a net disadvantage from current labelling.

End of submission

Prepared by

Norman Grant
Executive Chairman
Seafood Importers Association of Australasia Inc
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