

## SUBMISSION NO. 6



27 January 2011

**SUBMISSION TO JOINT STANDING COMMITTEE ON TREATIES  
CONSULTATION ON THE WORLD WINE TRADEGROUP  
(WWTG) AGREEMENT ON REQUIREMENTS FOR WINE  
LABELLING**

### **THE ASSOCIATION**

The Queensland Consumers' Association (QCA) is a non-profit organisation which exists to advance the interests of Queensland consumers. QCA's members work in a voluntary capacity. QCA is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups.

QCA's members specialise in particular policy areas, including trade measurement.

Trade measurement matters are extremely important for consumers because of their beneficial effects on consumer protection, consumer decision making, and business competition. These in turn contribute to the achievement of a more competitive, efficient and dynamic economy.

Reflecting its interest in, and the importance of, trade measurement, QCA made written submissions on the discussion papers on the National Trade Measurement System (January 2008) and on the proposed National Measurement Regulations (January 2009) and December 2010.

QCA also participates in the work of the National Measurement Institute's Consumer and Industry Liaison Committee.

In the above mentioned submissions and in letters to Ministers, QCA has opposed the wine industry being allowed to not indicate the net content on the principal (front) label of wine containers.

Accordingly, QCA is pleased to make this submission on this consultation by the JST on the proposed ratification of the WWTG Agreement on Requirements for Wine Labelling.

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## **RECOMMENDATIONS**

1. The Agreement be not ratified and Regulation 1.3 of the National Trade Measurement Regulations 2009 be removed (This Regulation exempts standard size wine containers mentioned in the WWTG Agreement on Requirements for Wine Labelling from the provisions of the regulations with regard to the position of a measurement marking)
2. If the Agreement is ratified, it be conditional on prior consultations with the consumer movement on
  - any proposed future changes to the Agreement and
  - consumer education

## **COMMENTS**

### **The proposal**

Information about the quantity of product in a container or other package is extremely important to most consumers. It is probably, second in importance after the price.

Most consumers are time poor and require information on matters such as the volume of wine in a container to be shown prominently and in the same easily visible and read location on all containers.

Therefore, consumers need to be able to see easily the quantity of wine in any bottle on the front label. They should not have to turn the bottle to read this important information on the label on the back of the bottle. They need this quantity information to be prominently displayed on the front so that they can make well informed choices.

The Agreement allows wine producers to decide whether or not to place the quantity information on the front or rear label if the container is one of the standard fill sizes specified in the Agreement.

This means that the information on quantity for containers of these sizes will be shown in different locations according only to the producer's preference. And, any other containers will have to show the quantity on the front label. This will result in the quantity information being on the front of some and the rear of other containers. This will make it extremely difficult for consumers to easily and quickly know and compare the size of the containers on offer.

QCA also considers that the problem will increase if, as is likely, wine producers follow the trend on other industries and move away from the use of standard sizes to the use of a wide variety of sizes. In the case of wine in containers containing around 750mL, consumers could encounter 750mL bottles with the volume marked on either the front or rear label and bottles perhaps containing 700, 725, 740, or 760mL with the volume marked on the front label. This would be a ridiculous, confusing, detrimental, and unnecessary situation.

QCA also understands that the International Organisation of Legal Metrology (OIML) requires that measurement information be displayed on the principal label.

And, QCA understands that in the European Union no longer requires that the measurement mark be located on the on the rear label with other information so as to be within a single field of view.

QCA is also concerned that ratification of the Agreement will set a precedent for other industries to seek similar agreements or similar modifications to the Regulations.

QCA notes that the WFA document seeking to justify the removal of a requirement to place the measurement mark on the principal label indicates that a key industry aim is to influence customer purchase decisions. The documents says “an uncluttered front label is key to the customers (sic) initial purchase decision”. This shows that the industry is more concerned with marketing its products than providing consumers with easy access to important information. QCA considers that information on the contents is required by consumers on the front labels and that given that most front labels are large to clearly display the brand name, etc the presence also of the measurement marking does not reduce consumer awareness of this other information.

QCA also considers that the estimated savings for industry are so small (1% in 2006) per container of wine that the impact on retail prices will be negligible and consequently Australian consumers will not obtain any benefit from lower retail prices.

Therefore, QCA considers that the proposal will result in substantial aggregate consumer detriment and **recommends** that the Agreement not be signed and that Regulation 1.3 in the National Trade Measurement Regulations, which provides for the provisions of the Agreement to operate, be removed.

QCA is also concerned that if the Agreement is ratified subsequent changes could be proposed and there would again be inadequate consultation with consumers. Therefore, QCA **recommends** that any ratification be conditional on prior consultations with the consumer movement on any proposed future changes to the Agreement.

#### **Consultation with consumers**

QCA is extremely concerned about the negligible consultation with consumers and consumer organisations prior to the signing of the Agreement. The focus appears to have been on meeting industry needs and consulting primarily with industry and governments.

#### **The Regulation Impact Statement and the National Interest Analysis**

QCA is concerned that these documents appear to have been written many months ago are out of date in several areas. Examples include references to the provisions of the National Trade Measurement Regulations and national unit pricing arrangements (price per unit of measure, e.g. \$ per litre).

Also, the latter are mentioned in the RIS which argues that it “will mitigate possible confusion resulting from the change in labelling”. However, alcohol is specifically excluded from the unit pricing code of conduct mandatory for large supermarkets and to the best of our knowledge unit prices are not being provided voluntarily by supermarkets or other retailers of alcoholic products. Consequently, to compare the unit price of alternative wine products consumers must calculate the unit prices themselves and to do so they need easy access to the volume information.

Furthermore, if retailers did provide the unit price this would result in even more consumers being interested in the quantity in containers and increase the need for this information to be easily seen by the consumer on the front of all containers.

### **Consumer Education**

QCA notes that the industry proposes to undertake consumer education if the Agreement is ratified. The proposed education campaign is to be based primarily on providing information on the WFA website. QCA considers that this unlikely to be effective and **recommends** that if the agreement is ratified the industry be required to consult with the consumer movement on the provision of an effective a consumer education campaign.