

12 February 2016

Regulation of Australian Agriculture
Productivity Commission
By email: agriculture@pc.gov.au

To the Commissioners,

Re: Regulation of Agriculture, issues paper

CHOICE appreciates the opportunity to provide the following comments to the Productivity Commission regarding the regulation of Australian agriculture. Our particular interest in this issues paper is in relation to food labels.

CHOICE has worked on food labelling for many years, and issues in this area regularly rank among the top concerns of our 160,000 members and 70,000 campaign supporters. At a fundamental level, we support the right of consumers to make informed decisions about the food they choose to eat, based on transparent information about how and where it is produced. Labels are for consumers and should provide the information they need and value most.

Food labels provide useful information for consumers and current mandatory information should be retained

Consumers rely on labels to enable them to buy food that is safe to consume (use-by dates, allergen information), in line with their beliefs (free-range, organic), healthy to eat (ingredient list, nutrient information panel) and/or locally produced (country of origin labelling). Where such information is provided on food labels, whether it is mandatory or voluntary, it should be presented in a way that is meaningful, consistent and accurate.

The mandatory information a food label must contain (name of the food, production lot, address, ingredients, shelf life, quantity statements, use and storage, nutrition information panel, country of origin, warning and advisory statements)¹ provides vital information about food products and is

¹ NSW Food Authority, 2015

http://www.foodauthority.nsw.gov.au/Documents/retailfactsheets/labelling_general_requirements.pdf?utm_campaign=redirected

highly valued by consumers. Country of origin labelling is a consistent priority for consumers. In 2013, improved country of origin labelling was identified as the number one concern for CHOICE members² and in 2014, it was ranked second as an issue of interest by a nationally representative group of Australians.³ In 2015, over 26,000 people took action via a CHOICE campaign calling for improved country of origin labelling.

It is vital that labelling information is presented in a consistent manner to allow consumers to compare information across products, ideally at a glance on a supermarket shelf. For example, quantity statements should continue to be labelled on the principle display panel (i.e. front of the product). In 2014, 74% of over 3,000 consumers who participated in an independent national survey, said it was 'very' or 'somewhat important' that the quantity information be shown on the front of the pack.⁴ This consistent presentation allows consumers to compare products that may appear similar.

At a minimum, the mandatory information currently required on food products should remain. Requirements for information to be presented consistently to allow like-for-like comparisons should also remain. These are vital aspects of labelling that allow consumers to make informed choices about the food they buy.

Health stars ratings: voluntary information that needs to be mandatory and consistent

A key aspect of voluntary labelling that would greatly benefit consumers if it was made mandatory is the new front-of-pack labelling system, Health Star Ratings. While take up of this initiative has been strong, many food manufacturers are not providing this information to consumers, especially those with nutrient-poor products. Health Stars allow consumers to compare products within a category, enabling people to choose healthier products at-a-glance. However it is only effective and useful to consumers if all products in a category carry Health Stars. To help consumers make healthier choices when buying packaged foods, we strongly recommend that Health Star Ratings are made mandatory.

Voluntary information should be consistent and clear

² Customer Feedback Survey of CHOICE members, 2013, n=3295

³ Brand Health Survey, 2014, n=1500

⁴ www.choice.com.au/about-us/media-releases/2014/september/choice-unwraps-industry-push-to-hide-shrinking-packs

Voluntary labelling on food products is also valued by consumers. Claims that align to consumers' personal beliefs, such as 'free-range', 'organic' and 'natural', invariably command a price premium, and many consumers are happy to pay this in the belief that the product meets their expectations. While there is ongoing debate about the integrity of such values-based credence claims, and the production practices that underpin them, for the consumer it is fundamentally an issue of truth in advertising. These are in effect marketing claims designed to appeal to certain groups of consumers, and like any marketing claim, consumers have the right to receive accurate information that is not misleading or deceptive.

For example, the term 'free-range' in relation to eggs has considerable potential to mislead consumers. A CHOICE report found that in 2014, over 214 million eggs were sold as 'free-range' that would not meet basic consumer expectations of the 'free-range' claim.⁵ CHOICE maintains that due to the frequency with which this term is misused and the potential for consumer loss, particularly economic loss as people pay a premium for a product that does not meet their expectations, that further action is needed to provide clarity about the term 'free range'.⁶

In summary, CHOICE believes labelling plays a vital role in Australia's agricultural regulatory environment. Effective labelling that provides consumers with accurate and transparent information creates trust in the food system and results in better informed consumers. Labelling information should be clear, consistent and, above all, meet the needs of consumers.

For further information, please contact CHOICE

Yours sincerely,

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⁵ Free range eggs: Making the claim meaningful, 2015 <https://www.choice.com.au/~media/619b60e5a1f04b2191d09fd9dab4c72e.ashx>

⁶ For more information see CHOICE's submission to the Federal Government's Inquiry into a free range standard <http://www.treasury.gov.au/~media/Treasury/Consultations%20and%20Reviews/Consultations/2015/Free%20range%20egg%20labelling/Submissions/PDF/CHOICE.ashx>