



Submission to

Australian Government Department of Industry, Innovation and  
Science

**Country of Origin Labelling Regulation Impact Statement**

**January 2016**

## **About Growcom**

Growcom is the peak representative body for the fruit and vegetable growing industry in Queensland, providing a range of advocacy, research and industry development services. We are the only organisation in Australia to deliver services across the entire horticulture industry to businesses and organisations of all commodities, sizes and regions, as well as to associated industries in the supply chain. We are constantly in contact with growers and other horticultural business operators. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

The organisation was established in 1923 as a statutory body to represent and provide services to the fruit and vegetable growing industry. As a voluntary organisation since 2003, Growcom now has grower members throughout the state and works alongside other industry organisations, local producer associations and corporate members. To provide services and networks to growers, Growcom has about 30 staff located in Brisbane, Bundaberg, Townsville, and Toowoomba. We are a member of a number of state and national industry organisations including AUSVEG and use these networks to promote our members' interests and to work on issues of common interest.

## **Introduction**

Growcom has long been an advocate for clearer Country of Origin Labelling (CoOL) laws to assist consumers to make informed choices about the food they purchase. We congratulate the Australian government for their commitment to reform in this area and appreciate the complexity of ensuring clarity for consumers without passing on undue costs to food manufacturers. Ultimately a robust food manufacturing sector is an important component of the horticultural supply chain and the reforms need to be practical, implementable and equitable.

As the Queensland member of AUSVEG, we strongly support the AUSVEG submission and will confine our comments to areas that we diverge from their response or where we would like to place particular additional emphasis. Growcom would like to acknowledge the significant work undertaken by AUSVEG in relation to providing input to government on this issue.

## **Key points**

Growcom appreciates that the key driver for this reform is to provide improved clarity for consumers and acknowledges the findings of the Colmar Brunton consumer research. It is therefore disappointing that the consumer research findings seem to be used selectively and inconsistently throughout the Regulation Impact Statement (RIS).

### *Coverage*

Growcom strongly support the contention by AUSVEG that the reforms do not provide adequate clarity to consumers in relation to the origin of food grown and manufactured outside Australia, despite this being a clear priority for consumers.

### *Priority and non-priority food*

The proposed two tiered system of priority and non-priority foods is not supported by the data in the consumer research. The rationale provided was that consumers indicated that CoOL for processed foods was their lowest priority compared with other food sectors. Whilst this is superficially supported by the data, it should be noted that this was a relative indication only. When each food category was considered separately there was only a 1% differential between highly processed and fresh food in terms of CoOI being the primary driver for purchase (17% compared with 18%). Country of origin was the second most common “driver” for highly processed food and only the third most common “driver” for fresh food. To use these somewhat inconclusive statistics to justify exempting a whole sector of food manufacturing does not seem logical, particularly when some of the “non-priority foods” comprise almost solely of vegetables (potato chips).

Growcom is also concerned about the potential impact this ambiguous proposal might have on sectors of the fruit, vegetable and nut growing industries. Whilst we accept that the objective of the reform is to provide clarity for consumers we cannot accept a reform that may leave growers worse off. The benefits and costs of this reform should apply consistently. We cannot see the logic, particularly if price has been identified as the key driver of consumer preference across all sectors, of excluding what could be defined as “junk food” from this reform, potentially resulting in an increased price differential between Australian produced healthy food and overseas produced junk food. As articulated in the AUSVEG submission, there is high potential for confusion and it would seem a counter-productive measure if the clear purpose of this reform is to provide clarity for consumers.

#### *Proportion of Australian ingredients/Proposed Labels*

Growcom’s position on CoOL is based on the premise that consumers must have enough information to enable them to buy Australian grown produce if they want to, and that manufacturers benefit in terms of sales from sourcing local produce. The current system makes it difficult for consumers to choose and there are so many loopholes that it is difficult for manufacturers to realise any benefits (and other manufacturers can benefit from the consumers confusion). We contend that the proposed reform largely overcomes these problems with the obvious exception of the non-priority/priority food issue as outlined above.

Growcom accepts that there is a need for compromise as price impacts on manufacturers need to be minimised. For that reason we support some sort of seasonal averaging approach as there are some fruit commodities that cannot be sourced in Australia all year round. It would be unfortunate if manufacturers sourced all their product off shore because of overly restrictive labelling requirements. For that reason, we also support the concept of tolerances (say 1%) for additives such as seasoning and spices and contend that these products could be labelled as 100% Australian if the rest of the components were all locally sourced. That said, Growcom does not support the use of the kangaroo logo for products where less than 25% of the ingredients are locally grown. The kangaroo logo is a quick indicator for many consumers and we argue that it may be potentially misleading to apply it to products below a certain threshold – this is supported by the findings of the Colmar Brunton research. There is also the potential for products with no Australian grown ingredients to utilise the kangaroo logo if they were made in Australia, which would result in the same kind of confusion that we have under the current system.

Whilst it is unclear in the Consultation RIS, it was our impression from the public consultation that it would no longer be acceptable to label a bin of unpackaged product as a

mix of local and imported ingredients. It is our understanding that loose fruit and vegetables would be required to have a display label that complied with the new CoOL framework and therefore stipulate the percentage of imported and Australian components. If this interpretation is correct, Growcom strongly supports this reform.

#### *Education Campaign*

As per the AUSVEG submission, a public education campaign is vital to the success of this reform. This campaign should also be extended to retailers to ensure they comply with any new requirements, particularly as it relates to the display of fresh unpackaged produce. In addition to the education campaign, Growcom contends that enforcement be adequately resourced as lack of will to enforce the current regulations has exacerbated their ineffectiveness.