

Shoppers confused by food labels

Calls to clarify 'Made in Australia'



▶ CHECKOUT CHALLENGE: Calls to clarify ambiguous food labels

Consumers are being denied the right to make an informed choice about where their food is grown or produced due to a labelling system which is highly confusing, a parliamentary inquiry has heard.

Amid calls for legislative changes and consumer education campaigns, some food manufacturers have also complained to the inquiry that the current system is working against them.

The House of Representatives Agriculture and Industry Committee is investigating whether Australia's Country of Origin Labelling system is adequately serving consumers and whether improvements can be made.

The current system, administered by the Department of Industry, is intended to provide consumers with information about the origin of food when making purchasing decisions but at the same time not burden business with too much regulation.

A producer or manufacturer must be able to show their claims are not false or misleading if they label their products with 'Made in Australia' or 'Product of Australia' by meeting certain provisions.

In a submission to the inquiry, consumer group CHOICE said there is a strong case for reform.

CHOICE conducted a survey in 2012 which showed that 84 per cent of respondents place a high importance on knowing whether their food was grown in Australia, but only 10 per cent said labels were clear and easy to understand.

"While it's clear that the strong interest in knowing whether food is made or grown in Australia doesn't always translate into purchasing behaviour, CHOICE believes that the current state of labelling is so poor that consumers are often unable to factor origin into their purchasing behaviour," it said.

CHOICE has proposed various changes aimed at removing ambiguous claims found on some packaging such as 'Made in Australia from local and imported ingredients'.

It wants three tiers of claims to be implemented including 'premium' claims about goods produced and manufactured in Australia.

For those who can't meet the premium claims, broader claims can be made about where products are packaged.

"Our reforms would permit claims that tell consumers where ingredients are from, as well as claims that tell consumers where food products are manufactured, because consumers are interested in the origin of both the ingredients and manufacturing," it said.

The Australian Made Campaign, which administers the 'Australian Made Australian Grown' logo introduced in 1986, has also called for legislative change.

Chief executive Ian Harrison told a public hearing provisions around the 'Made in Australia' claim need to be tightened and clarified.

"The big picture is that research clearly shows that consumers here and overseas have a preference for food products grown and processed in Australia," he said.

"An effective country of origin labelling system trusted and understood by consumers and business will strengthen this important asset available to our farmers and food processors."

The inquiry also heard the rules are causing headaches for Australian pork producers. This is because imported pork 'transformed' into bacon can be labelled 'Made in Australia', while locally produced pork also made into bacon cannot say 'Product of Australia' because imported ingredients such as brine were used during processing.

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Australian Pork Limited chief executive Andrew Spencer said the ‘Made in’ claim should be removed from smallgoods.

“Our anecdotal evidence is that every time a consumer sees ‘Made in Australia’ on a packet of bacon or ham, they believed the pig was grown here and that of course is not the case,” he said.

“Today’s country-of-origin labelling laws make consumer choice almost impossible, which helps perpetuate 70 per cent of Australia’s ham and bacon consumption being made from imported pork, a fact of which most consumers remain unaware.”

However the Food and Grocery Council said its research shows that while origin is important to consumers, price, brand and quality are the main drivers.

While chief executive Gary Dawson said the terms ‘Grown in’, ‘Product of’ and ‘Made in’ could be better aligned with consumer expectation, this could be done within the existing framework.

“We would note that there are market mechanisms that are probably more effective than regulation in this area,” he said.

The Department of Industry’s Lyndall Milward-Bason said while the system is confusing, it is actually working because there is minimal evidence of a failure by industry to comply with the rules.

“The fundamental issue is not about the framework, it is about the understanding of the claims by consumers,” she said.

“That is why the processes we are going through are not about changing regulation, new regulation, or additional regulation, it is about education of the consumers through the new guidance material and if necessary an education campaign.” ■

Review to focus on foreign investment facts

A public inquiry into foreign investment in Australian homes will examine whether the current system is causing supply and affordability problems for local buyers.

Conducted by the House of Representatives Economics Committee, the review will investigate the economic benefits of foreign investment in residential property and whether it is increasing the supply of new housing.

It will also look at how Australia’s foreign investment framework compares internationally and whether any improvements can be made.

Committee chair Kelly O’Dwyer (Higgins, Vic) said the inquiry will look at whether or not our foreign investment framework is working and whether it’s appropriate for the current times.

“We think rather than debate anecdote and emotion, it’s much better to deal in fact,” she said.

Overseas buyers are currently able to seek approval to buy new dwellings and vacant land for residential development, and invest in new developments.

The policy aim is to boost the supply of new housing, thereby benefiting the local industry.

“It recognises that there are great social and economic benefits from that, but there are restrictions currently under the existing framework for established properties,” she said.

Foreign buyers cannot generally buy older homes, unless they are seeking to use it as a residence while in Australia.

Ms O’Dwyer said a key focus for the committee will be whether or not Australia’s policy framework is appropriate.

“If it is, whether it is being applied correctly and if it’s not being applied correctly, what are the barriers to its application and whether any enhancements ought to be considered,” she said.



Ms O’Dwyer said the committee would review substantial data to assess the impact of foreign investment on the housing market.

“If you take a cursory look at previous annual reports released by the Foreign Investment Review Board (FIRB), you will note that the quantum of foreign investment into residential real estate has been declining, not increasing,” she said.

“There has been some discussion about whether or not there is any impact on housing prices, if foreign investors are able to purchase property here, does that have an impact on inflating the price for Australian citizens who are looking to purchase property in Australia?”

Apartment developers Meriton said in 2012-13 FIRB approved the purchase of 11,668 dwellings by temporary residents and non-residents, which it said was around 2.5 per cent of the total residential real estate market in 2013. Total annual sales in that year were 468,354 dwellings.

“Foreign investors are an important contributor to the stock of new housing in Australia. However, their investment is not a significant driver of increased housing prices, playing a minor role in the overall housing market,” it said. ■

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