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Dear Sir/Madam

Country of Origin Food Labelling Information Standard 2015

Australian Pork Limited (APL) is the national representative body for Australian pork producers. APL is a producer-owned not-for-profit company combining marketing, export development, research and innovation and policy development to assist in securing a profitable and sustainable future for the Australian pork industry.

APL welcomes the opportunity to comment on the Country of Origin Labelling (CoOL) Regulatory Impact Statement (RIS) and supporting documents and acknowledges the ongoing consultation the Department of Industry and the Department of Agriculture and Water Resources have undertaken throughout this process for what is an issue of considerable importance to the Australian pork industry.

Previous iterations of food labelling have failed to deliver consumers a clear understanding of how and where their food is produced and processed, including ham and bacon, and reconstituted products such as fruit juice. At a high principle level, APL believes that the new CoOL arrangements must better inform consumers to provide greater understanding about the provenance of the food they purchase.

APL considers that the Draft Information Standard fails to provide clarity around ham and bacon, as the proposed Made in Australia claim which will enable the use of the Australia Made Australia Grown kangaroo logo. For the Australian pork industry, this will be a retrograde step rather than an improvement on the current CoOL arrangements as under the current arrangements, this logo is unable to be applied to ham and bacon made from imported pig meat.

In proposing to allow the Australia Made Australia Grown logo for Made in Australia claims, APL understands the Government's objective is to recognise the economic benefits to the Australian economy from manufacturing. APL contends, and this is reaffirmed in the Country of Origin Food Labelling Research, that consumers are much more concerned about the actual origin of their food than recognition of where manufacturing occurred. This being demonstrated by concerns from consumers about food safety issues with the imported Chinese frozen berries incident of recent times.

APL remains concerned about some aspects of the Information Standard for food, in particular the use of the "made in" claim and how brine, essential for the curing of pork into ham and bacon in order to impart the unique properties of these products, will be treated under the new laws. APL makes the following comments to ensure consumers can easily differentiate Australian product from that which is imported.

Made in Australia claim - Substantial transformation

Approximately 70 per cent of the processed pork (e.g. ham and bacon) sold in Australia is made from imported pig meat. To date the laws around the use of the "made in" claim have provided little opportunity or incentive for Australian pork processors to differentiate Australian produced product from that which is imported due to imprecise wording safe harbour defences, contained in the *Competition and Consumer Act 2010*. This places processed

pork made from *Australian produced pig meat at a significant disadvantage* when compared to that made from imported pig meat because of the rules governing substantial transformation.

APL considers that the definition of “substantial transformation” proposed in the consultation draft is ambiguous and will do little to change the status quo. For example, under the proposed Information Standard, imported Danish pork that is substantially transformed in Australia will be allowed to use the “Made in Australia” claim.

APL considers that this will cause confusion to consumers and be easily misinterpreted to mean pork processed into ham and bacon was grown in Australia rather than from imported pig meat. Consumers need to be able to identify and separate the Made in Australia claim from the origin of the major ingredients.

A more restrictive definition is required (similar to the Australian Made Campaign Ltd (AMCL) logo rules) to allow greater differentiation of processed pork products made from Australian produced pork. The AMCL has a more restrictive definition of substantial transformation than that suggested by the ACCC guidelines. This should be augmented with a negative list of processes which are considered not to be substantial transformation including “curing – the treatment of meat with curing salts”, as in ham or bacon.

APL previously successfully campaigned for changes to the Australian Made/Australian Grown Logo Code of Practice which now includes a more restrictive definition for “substantial transformation” than the ACCC guidelines applying to ham and bacon. This change prevents the Australian Made Logo from being used on products where the only transformation undertaken in Australia is curing. Government now needs to take this into Australian Consumer Law to prevent all ham and bacon products from using the “Made in Australia” claim on products made from imported pork. APL considers that a failure to provide a more definitive definition will be a retrograde step in developing a CoOL system.

Treatment of brine

One of the major impediments for the pork industry in using the Product of Australia claim is that some minor ingredients used in brine have been imported. Use of the higher Made in Australia claim has therefore been difficult and infrequent as processors have sought to avoid any ACCC compliance action due to these imported ingredients.

Brine is essential for curing pork however no mention of brine is made in the RIS or Information Standard other than for its use as a packing medium. Neither APL nor the pork processing industry consider this term adequately describes the use of brine when processing pork products and that it is unlikely to meet consumer expectations as accurately describing its use.

In providing comment on this issue APL has consulted with a number of Australian processors to assess the type and quantity of ingredients used to make brine, and of these ingredients, what are imported compared to those produced locally. Processors advised that the ingredients used in a brine solution can be a mixture of imported and local product albeit in very small quantities.

APL suggests that the use of positive and negative lists may assist in removing some inputs¹ used in very small quantities in the determination of local and imported product under the revised CoOL. This could also be further applied to the use of products such as imported rennet used in the production of yoghurt.

Processors also unanimously consider brine to be an input as opposed to being a reconstitution agent because at no stage of the process are brine ingredients dehydrated and then reconstituted.

Labelling requirements

¹ Brine inputs can include phosphates, salts, flavour extracts, nitrates, juniper, dextrose monohydrate, mineral salts, antioxidant, preservative, yeast extract and soy protein.

APL supports a framework based on the percentage, by weight of all ingredients in a product. The labelling requirements should separate where key ingredients originate and if the major value-add for the product was undertaken in another country to enable consumers to identify and separate the value-add from the origin of the major ingredients.

Consistent with the comments on substantial transformation and treatment of brine APL considers that the use of the Australian Made logo is misleading where up to 100 percent of the ingredients in a product can be imported. Combined with a poorly defined definition of substantial transformation APL considers the proposed labelling requirements will cause significant confusion for consumers.

APL also considers that the bar chart should go to a level of accuracy greater than that of the proposed 10 percent scale. Should APL's proposal that brine ingredients be treated as an input the total imported ingredients used in products such as ham and bacon is likely to range from about four per cent to less than one per cent of inputs into the finished product. APL considers that in the interests of accuracy and consumer information that there should be scope in the labelling requirements to indicate this fact.

APL would urge the Government to also ensure alignment of labelling regulations for delicatessen processed meats. While this is a significant positive step in the right direction, there will be some implementation issues to be resolved such as how the government will enforce compliance and ensuring that Australia complies with its WTO obligations regarding CoOL.

In summary, we believe that a new CoOL system would be improved where:

- Curing or smoking processes were not considered as "substantial transformation";
- Small quantities of imported brine ingredients were not threatening to a "Product of Australia" claim;
- The AMCL kangaroo logo was not available to processed pork products made from imported pork (as is the case today).

APL appreciates the difficulties in implementing a CoOL system that is informative to consumers and meets the needs of all food commodities and industry sectors. APL will continue to work constructively with the Government through this next phase to ensure the CoOL system meets the expectations of consumers, pork producers, processors and all levels of government. Should you have any questions about this submission, please do not hesitate to contact John McGoverne on 02 62708846 or via email John.McGoverne@australianpork.com.au.

Yours sincerely



Deb Kerr
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