

Australian Pork Limited's Submission to the Review of Food Labelling Law and Policy

AUSTRALIAN PORK LIMITED



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I. Executive Summary

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

APL welcomes the opportunity to provide a submission to the *Review of Food Labelling Law and Policy*. We would like to take this opportunity to explain the food labelling issues that affect the pork industry and provide some recommendations for consideration by the Review Panel.

Australian consumers are becoming increasingly sophisticated in their food buying habits and expect to be able to make informed choices based on a number of aspects of food production. As a result the pork industry (and the food industry in general) is seeing an increase in the voluntary use of credence labelling.¹

As well as our traditional labelling concerns such as Country of Origin Labelling (COOL) and nutritional labelling, Method of Production (MOP) labelling is now a concern for the pork industry in relation to environmental impact and animal welfare. With use of biotechnology increasing worldwide, GM labelling is also becoming a pressing issue for some consumers and for food production industries. APL makes the following comments on food labelling law and policy in relation to these issues in our submission.

The Australian pork industry requires more transparent COOL in order to compete with increasing volumes of subsidised imports. We believe that current COOL law fails to meet its policy objective by confusing rather than informing consumers. Our main concern is that Australian processed pork must stand alongside imported pork labelled with the confusing “Made in Australia” claim. We propose that both the “Made in Australia” and the “Product of Australia” claims require review so that products where the primary ingredient is produced in Australia (e.g. Australian ham and bacon) can differentiate themselves from imports in the market place.

There have also been a number of incidences of mislabelling of pork products as Australian in the past. In general, APL believes that a more robust enforcement system is required than currently operates in Australia to ensure compliance with COOL laws.

In relation to animal welfare Method of Production (MOP) labelling APL has always advocated that this should be market driven rather than mandatory. However we believe that a standardised set of requirements for voluntary MOP labelling is required to protect consumers and well meaning producers. This could be achieved through the establishment of general industry accepted guidelines and principles for descriptors of different MOP's

¹ Credence labelling – labelling of the hidden attributes of food

which could be administered in their use by the ACCC in a similar way to that done for certified trademarks.

APL acknowledges that with increased political attention on climate change, the use of environmental or “carbon” labelling of foods is likely to increase. The pork industry takes reducing its environmental impact seriously and APL has been running projects to improve its environmental credentials for a number of years. APL recommends that any environmental credence labelling must be based on robust scientific evidence and should remain voluntary on a user pays basis. However, to avoid incidences of misleading claims we believe that environmental labelling should be standardised and backed up by a certification and auditing process.

As for labelling of GM foods, APL does not believe that a mandatory approach would significantly benefit the pork industry or our consumers. Australia uses relatively little GM feed grain compared to other countries and GM feed ingredients are avoided as far as possible in Australian pig production. Further, legislation currently prevents GM pigs from entering the food chain in Australia. Thus, clearer COOL laws should be enough to allow consumers to exercise caution as they see fit.

The development of a more consistent, transparent and informative food labelling approach for pork products would be an ideal outcome for the pork industry from this review. APL looks forward to providing further information to The Panel as the review unfolds.

2. Background Information

2.1 Australian Pork Limited

APL is a unique rural industry service body delivering integrated services, policy, marketing and research and innovation, to enhance both the viability of Australia’s pig producers and opportunities for the sustainable growth of the Australian pork industry. APL pursues opportunities for the Australian pork industry on both a domestic and international level and works in close association with key industry and government stakeholders.

Australian Government legislation, a contract between the Government and APL and APL’s constitution, provide the legal framework for APL’s operations. Funding for APL is primarily derived from statutory pig slaughter levies collected under the *Primary Industries (Excise) Levies Act 1999* with additional matching research and development funds provided by the Australian Government.

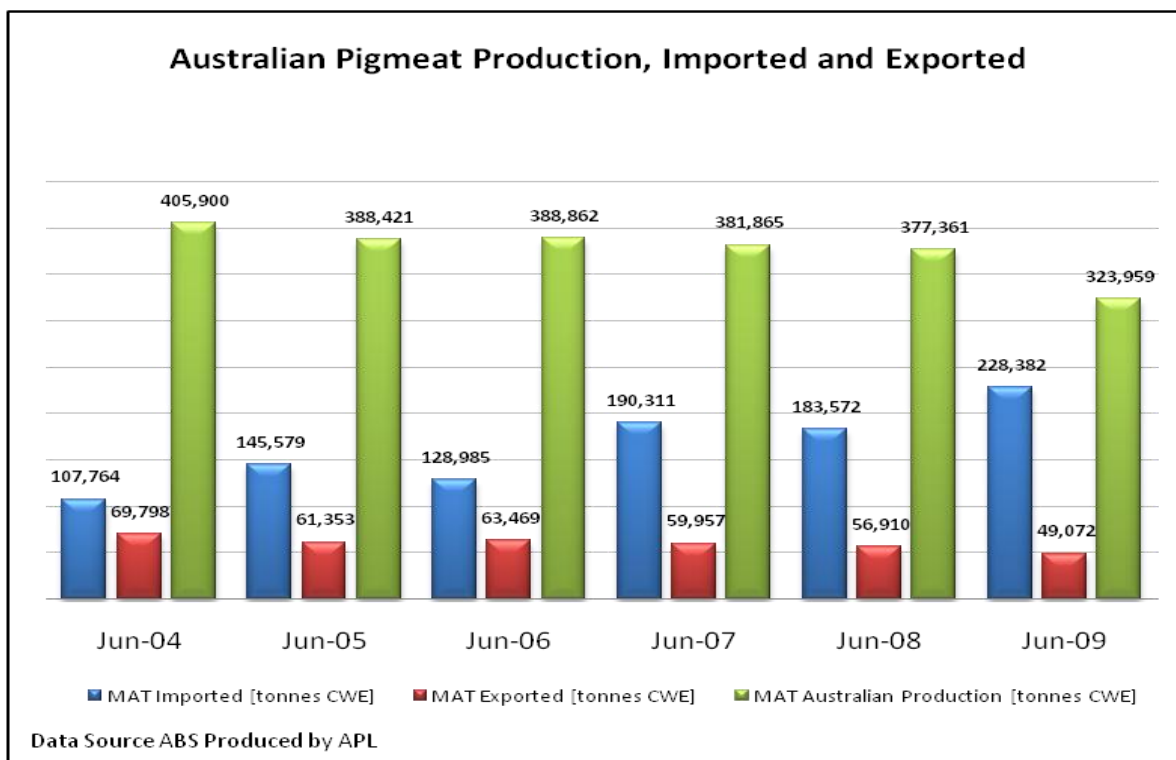
ALP is pleased to have the opportunity to make a submission to the *Review of Food labelling Law and Policy*. As an industry facing competition from imports, competition from substitute products (beef, lamb, chicken) and public scrutiny of our production systems, food labelling is an important issue for the Australian pork industry.

2.2 The Australian Pork Industry

The development of a more consistent, transparent and informative food labelling approach for pork products would be a positive outcome for the pork industry from this review.

The pork industry is one of the few Australian food industries operating in a truly global marketplace, maintaining a small export industry to Asia and competing with increasing volumes of subsidised imports from North America and Europe. Increasing competition from imports is regarded by APL as one of the major challenges facing our industry.

For the 2007-08 period, ABS data indicates that the gross value of pig slaughters in Australia decreased by 4 per cent to \$902 million, as slaughter numbers and average prices dropped.² The MAT (Moving Annual Total) pig slaughter number to the end of June 09 was 4,521,761, down from about 5,200,000 at June 2008.³ The following graph illustrates the situation that Australian pork producers have contended with for a number of years (i.e. rising import volumes and decreasing domestic production).



In contrast, consumer confidence in pork continues to grow and based on the popularity of our product, APL believes that the longer term outlook for the Australian pork industry is one of a strong future. Australia's clean reputation and our proximity to Asia, the largest consumers of pork in the world (where demand for meat is increasing due to rising affluence), gives Australian pork producers significant advantages. APL's challenge is to

² Australian Bureau of Statistics, '7503.0 - Value of Agricultural Commodities Produced, Australia, 2007-08- Summary of findings', September 2009, viewed on 7 October 2009,

<http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/7503.0Main%20Features22007-08?opendocument&tabname=Summary&prodno=7503.0&issue=2007-08&num=&view=>>

³ APL from ABS data

facilitate market development that will ensure sustained growth in value and volume of domestically produced pork, and to improve the conditions under which pork producers conduct their business, to allow the industry to reach its true potential.

Well designed, transparent product labelling can aid market development and increase consumer interest in Australian pork. However poorly designed labelling law and policy can hinder our industry's ability to differentiate Australian Pork from imports and allow competing products to make claims that mislead our consumers.

3. Country of Origin Labelling

The issue of Country of Origin Labelling (COOL) has been a difficult and long standing issue for the Australian pork industry. With increasing volumes of subsidised imports hitting retail shelves each year, the Australian pork industry is depending on the support of Australian consumers to maintain our share of the domestic market.

The processed pork market is now dominated by imports and APL estimates that up to 70 per cent of all processed pork products sold in Australia contain some imported pig meat. Most pig meat imports arrive onshore as frozen, unprepared meat ready for processing in Australia. Imports from subsidised pork producing countries including Denmark, Canada and the United States continue to erode Australia's share of the domestic processed pork market.⁴

Despite this and while domestic consumption of pork continues to grow, APL believes that the longer term outlook for the Australian pork industry is one of a strong future. This future hinges on the willingness and ability of Australian consumers to support the industry by purchasing Australian pork.

It is well established that most Australian consumers want to buy Australian and considering that Australian farmers are among the best in the world at producing safe, clean, green food, they have good reason to. Research released in 2006 (attributed to R. Morgan) clearly indicates that two-thirds of consumers will consciously choose Australian whenever possible.⁵ Unfortunately complex, confusing COOL laws continue to make it hard for consumers to differentiate Australian pork from subsidized imports.

Under the current *Australia and New Zealand Food Standards Code* (The Code), new COOL standards for pork (in subclause 2(2) of Standard 1.2.11) became effective from December

⁴ Australian Pork Limited, 2009, 'Australian Pork Limited Annual Report 2008/2009', p. 2.

⁵ Australian Made Campaign Limited, 2008, viewed on 7 October 2009, <<http://www.australianmade.com.au/australiangrown>>

2006. The revised standard 1.2.11 includes a broadening of the scope of mandatory COOL to include unpackaged fresh and preserved pork products when displayed for retail sale.⁶

Subclause 2(1) of The Code indicates that packaged pork fresh and preserved must be labelled with a statement identifying where the product was made or produced; or where the food was manufactured or packaged for retail sale; or a statement to the effect that the food is constituted from imported ingredients or a mixture of local and imported ingredients. Unpackaged pork, fresh and preserved (Subclause 2(2)) requires a label on or in connection with the display of the food identifying the country or countries of origin of the food; or containing a statement indicating that the foods are a mix of local and/or imported foods as the case may be. A 9 mm font must be used for COO signage except in refrigerated assisted service display cabinets where 5 mm may be used.⁶

Although the introduction of tougher COOL for unpackaged pork was a significant advancement for the industry, APL believes that the current COOL regime still does not go far enough for Australian packaged products.

The requirements for packaged processed pork products (found in the dairy cabinet of the supermarket) remain unchanged under the new standard. The use of definitions approved under the Trade Practices Act, for example the “Made in Australia” and the “Product of Australia” claim, may be used to label packaged products as applicable. Qualified claims such as “Made in Australia from Local and Imported Ingredients” or “Made in Australia from Danish Pork” can also be used.

Of most concern to the pork industry is the ambiguous “Made in Australia” claim. This claim is valid for goods that have been substantially transformed in Australia or where 50 per cent or more of the cost of production was incurred in Australia.^{5,6} Most consumers would be surprised to learn that most of the ham and bacon labelled “Made in Australia” in Australian supermarkets is actually made from imported pig meat, or a mixture of local and imported pig meat.

Less confusing is the “Product of Australia” claim which is reserved for products where all of the significant ingredients originate from Australia, and all or virtually all of the manufacturing or processing is also carried out in Australia^{6,5}. However, smallgoods processed in Australia from 100 % Australian pig meat are currently unable to use this label because brine, an essential ingredient in curing pork, includes imported ingredients that are unavailable locally. This makes it difficult to distinguish imported ham and bacon from ham and bacon produced in Australia.

⁶ Food Standards Australia and New Zealand, 2009, ‘Australia New Zealand Food Standards Code- Incorporating amendments up to and including Amendment 112’, *Commonwealth of Australia*, Anstat Pty Ltd, Melbourne.

APL's greatest COOL concern is that ham and bacon made from Australian pork must stand alongside ham and bacon made from imported pig meat labelled with the confusing "Made in Australia" claim in the supermarket. This is an example of poorly designed food labelling that fails to meet its policy objective by confusing rather than informing consumers.

The labelling of fresh pork is generally more transparent. Quarantine restrictions currently prohibit imported pork from being sold as fresh pork in Australia. Imported pork must have the bone removed and must be cooked on arrival to eliminate the risk of disease spread to the Australian pig herd. Consumers can therefore assume all fresh pork sold at retail has been born and raised on an Australian farm. Under the COOL system fresh pork requires a label to identify the country of origin such as the "Australian Grown" claim.

The "Australian Grown" descriptor was launched with Federal Government support by *The Australian Made, Australian Grown Campaign* on June 1 2007. This was a notable development with the new descriptor requiring that each significant ingredient must be grown in Australia and all, or virtually all, processes involved in production of the good must occur in Australia.⁷ The qualified claim "Australian Grown Pork" can also be used on processed pork products.

In an effort to make Australian pork more visible in the supermarket, APL recently launched the new pink "Australian Pork" logo campaign. Consumers can now look for either, the "Product of Australia" label claim, the "Australian Grown" logo or the pink "Australian Pork" logo on Australian pork at retail. This program is already gaining momentum and APL is currently working with retailers and processors to ensure consumers have a better ability to recognise Australian pork products on the shelf.

APL also has concerns relating to the possible mislabelling of imported pork products being sold as 'Australian'. For example, late in 2007, APL discovered a spiral cut ham product being marketed as "ham on the bone" in supermarkets, which actually combined imported pig meat with the bone of an Australian pig. The product was eventually withdrawn from the market by the manufacturer.

In early 2008, the NSW Government reviewed a complaint about imported pork being processed locally and sold as "Product of Australia" bacon. We believe this resulted in the investigation of a particular pig meat processor by the NSW Food Authority.⁸

⁷Australian Made Campaign Limited, 2008, viewed on 7 October 2009, <<http://www.australianmade.com.au/australiangrown>>

⁸ Australian Pork Limited, 2008, #3 *Submission to the Productivity Commission Safeguards Inquiry into the Import of PIGMEAT*, available at <<http://www.pc.gov.au/inquiry/pigmeatsafeguards/docs/submissions>>

3.1 Recommendations for review of COOL

It is noted that the terms of reference for this inquiry that:

“A stated objective of food laws is to prevent misleading or deceptive conduct in relation to food”.

APL believes that the current COOL requirements for processed pork fail to meet this objective and function to mislead and deceive consumers.

APL believes that a more robust enforcement system is required than currently operates in Australia in order to ensure compliance with COOL laws. Efforts in this regard could be significantly beneficial to the pork industry and other food producing industries. A significant weakness and failure of the current system lies in the fact that the authority to ensure and enforce compliance is vested with the state food authorities which are usually too poorly resourced to carry out effective routine inspection and audits.

We also believe that current COOL laws do not go far enough for packaged pork products. APL asks the review panel to consider removing the “Made in Australia” claim from food products and can only be used as a qualified claim, for example “Made in Australia from Imported Ingredients” or “Made in Australia from Local and Imported Ingredients”.

We would also like the panel to review the requirements for the use of the “Product of Australia” claim. We propose that a “significant ingredient” should be measured in terms of a volume threshold or a percentage of the product. This would make the claim more transparent and more functional for products like ham and bacon where the primary raw ingredient is 100 % Australian.

4. Production Method Labelling

There is increasing interest in the methods used to produce food in relation to ethical concerns including animal welfare and environmental sustainability. Some consumers would like to be able to base food purchasing decisions on these concerns. APL would like to provide the following information and opinions on this issue for consideration in *The Review*.

4.1 Animal welfare labelling

It is generally acknowledged that public concern over the welfare of farm animals in Australia is rising and that there is increasing consumer demand for transparency in the food production industry. Pressure is also coming from within our own industry, with the “Free Range Pork Farmers Association” advocating in the media and to government and retailers the need for definitions and supporting standards for free range production.

Voluntary Method of Production (MOP) labelling claims such as “Free Range” and “Bred Free Range” are becoming more popular with marketers and the lack of standardised requirements for such labelling makes it far too easy for food companies to mislead consumers.

Currently there are no clear standardised definitions for pork production systems, making it difficult for the ACCC to prosecute for inaccurate labelling. A recent Senate Inquiry into Meat Marketing by the Standing Committee on Rural and Regional Affairs and Transport (The Committee) extended its inquiry to cover issues such as labelling, production definitions, standards and quality assurance schemes. In the body of the report, the Committee stated that animal welfare-related labelling should be subject to tighter controls to protect both consumers and genuine producers.⁹

APL has always advocated that animal welfare labelling should be market driven rather than mandatory. However we believe that a standardised set of requirements for voluntary MOP labelling is required to protect consumers and honest producers.

We propose that this would involve the approval of a standard set of production descriptors developed in consultation with industry which could then be used to develop a standard set of MOP labels. The use of these labels could be governed under the Trade Practices Act and a standard set of trademarks could be developed and administered using a system similar to that used by the Australian Made Campaign Limited.¹⁰

To ensure integrity, an accreditation or auditing system would need to be put in place to support these claims. Options for this include producer vendor declarations or third party certification of the claims, which could be either validated through existing industry schemes or QA programs such as the Australian Pork Industry Quality Program (APIQ) or other Quality Assurance schemes.

It must be remembered that implementing and validating the system would impose a further cost which would in turn be passed on to consumers and back onto producers. This is one reason why we believe the system should remain voluntary and on a user pays basis (i.e. interested producers/processors would have to pay for the use of standard MOP trade marks).

For the system to meet its policy objective (transparency and accuracy in MOP labelling), consumers would need to be provided with enough information about the standard production descriptors to make an informed choice. This could be provided at the point of sale or a short concise definition could be provided on the packaging with more detailed information provided through a website address.

APL is currently working on the development and refinement a set of production descriptors for pork production in consultation with the pork industry. We would be

⁹ The Senate Standing Committee on Rural and Regional Affairs and Transport, 2009, 'Meat Marketing – Final Report - June 2009', Viewed on 16 November 2009

¹⁰ Australian Made Campaign Limited, 2007, Webpage viewed on November 2nd 2009
<<http://www.australianmade.com.au/join>>

pleased to provide assistance in the development of a standardised set of definitions for MOP welfare labelling to be used on a voluntary or, if necessary, on a mandatory basis.

4.2 Environmental food labelling

With increasing public and political focus on global warming, the environmental impact of food production is receiving more attention. Consumer interest in carbon reduction may present market opportunities for some interested pork producers and processors through environmental labelling schemes.

APL and the Pork CRC are committed to reducing GHG emissions from pig production and have invested in research to improve on-farm technology and development of environmental management systems. APL's *National Environmental Guidelines for Piggeries 2009* will incorporate the most up to date scientific information for managing the environmental impacts of pork production. It will outline best management practices as determined by industry stakeholders, and will facilitate a consistent environmental regulatory approach for producers throughout Australia.

The guidelines will build on the earlier *National Environmental Guidance for Piggeries 2004*, and provide direction about environmental assessments for developing piggeries, as well as options for existing piggeries to achieve positive environmental outcomes. The *National Environmental Guidelines for Piggeries 2009* will form the basis of a nationally consistent co-regulatory approach with government that is appropriate for Australian pork production and mindful of environmental needs.¹¹

With the emergence of the “green industry”, the use of carbon offset marketing is growing and concerns are growing about the confusion caused by use of ‘carbon neutral’ or ‘low carbon’ claims on products. The problem is that as there is currently no universally accepted definition for these terms, consumer understanding of these claims varies.¹² There are also a variety of different methods of measuring the carbon footprint or environmental impact of products, which differ in terms of what is included in the calculation (i.e. transport, storage, production, processing etc) and what it is not. This makes environmental labelling confusing and less convincing to the public.

APL believes that it is therefore important that a single transparent system of standardized environmental labelling is developed to ensure that consumers are not misled and their perception of such claims is not damaged. It is also important that all environmental food labelling claims are based on rigorous scientific data and are supported by an independent auditing scheme. APL believes that carbon/environmental labelling should remain on a voluntary, user pays basis, allowing its use to be market driven.

¹¹ Australian Pork Limited, 2009, *The Australian pork industry: Understanding climate change impacts*.

¹² ACCC, 2008, ‘Carbon claims and the Trade Practices Act’, *Commonwealth of Australia*.

5. Genetically Modified (GM) food labelling

We are aware that certain groups have appealed to the public to call on the *Review Panel* for a mandatory approach to GM labelling.¹³ APL would like to provide the following information about the use of GM technology in the pork industry for consideration alongside this view.

No GM pigs have been bred for food purposes in Australia. Although GM pigs have been bred for medical research and scientific purposes only, by legislation these animals cannot enter the food chain. Therefore consumers can be certain that all pork labelled 'Product of Australia' or 'Australian Grown' is non-GM.

There is presently no requirement (in the EU or any other country) to label meat, milk or eggs derived from animals fed on feed containing GM ingredients. This is because GM feed is considered to leave no DNA and /or novel protein present in the final product. Studies internationally concur that meat, milk, and eggs from livestock and poultry fed approved commercial GM feeds are safe to eat and that there is no effect on the nutritional value of the product.¹⁴ Pigs fed on GM feedstock are not therefore Genetically Modified Organisms, because this does not result in any genetic changes to the pigs.

The ACCC directly contradicted this science in 2004 when it forced two major manufacturers of poultry products to remove the "not genetically modified" claim from their packaging due to the possibility that they may have been fed GM soy. The ACCC stated that this claim could be misleading because it may lead consumers to believe that the feed used was GM-free¹⁵.

Although GM ingredients (mainly oilseed meals) are already used in stock feeds in Australia, GM ingredients are avoided in feeds for pigs. ABARE has reported that of all Australian livestock industries, the pork industry is the most sensitive to the use of GM stockfeed. However, almost all imported pig meat available in Australia is likely to have been produced using at least some GM feed.¹⁶

GM feed is being used by Australia's major competitors including the United States (US), Canada, Denmark, NZ and Brazil. Of these countries Australia's livestock industries use the smallest percentage of GM feed while Canada and the US use the most.¹⁴

¹³ Greenpeace Australia Pacific, 2009, Groups welcome food labelling review: call for better labelling, Posted on October 27 2009, viewed on October 30 2009 <<http://www.truefood.org.au/newsandevents/?news=73>>

¹⁴ Federation of Animal Science Societies (FASS), n.d., 'Facts on Biotech Crops – Impact on Meat, Milk and Eggs, available from <www.fass.org/geneticcrops.pdf>

¹⁵ ACCC, 2004, 'Changes to "GM-Free" chicken labelling underway', viewed on 16 November 2009, <<http://www.accc.gov.au/content/index.phtml/itemId/610481/fromItemId/465054>>

¹⁶ Ansell, E and McGinn, E, 2009, GM Stockfeed in Australia: economic issues for producers and consumers, ABARE research report 09.2. Prepared for the Australian Government Department of Agriculture, Fisheries and Forestry, Canberra, January 2009.

What's more, Australia's food safety system is world class. APL acknowledges that an international peer review of FSANZ GM food safety assessment process was conducted in May 2008 found the FSANZ food safety assessment process to be scientifically rigorous, one of the most transparent in the world and consistent with codex principles.¹⁷

Considering the above information we do not believe that consumers or the pork industry would benefit significantly from the extra cost associated with mandatory labelling of foods containing GM ingredients. Considering that animals fed GM stockfeed are not genetically modified we do not believe they need to be labelled either GM or GM free. Considering that GM pigs are not used in Australian pork production and GM feed is avoided as far as possible, improvements to COOL laws should provide consumers with the ability to exercise caution as they see fit.

CONCLUSION

APL would like to thank the Review Panel for the opportunity to make a submission to the *Review of Food Labelling Law and Policy*.

On COOL, APL believes that a more robust enforcement system is required than currently operates in Australia in order to ensure compliance with COOL laws. We would like the use of both the Made in Australia claim and the Product of Australia claim reviewed as the current requirements for their use makes it difficult for Australian processed pork to differentiate itself in the marketplace.

In general our position on animal welfare and environmental labelling is that it should remain on a voluntary, user pays basis. However we believe there is a clear need for standard production descriptors to be developed for both animal welfare and environmental food labelling to ensure that consumers are not confused by a range of different schemes and to ensure that the ACCC is able to prosecute companies and individuals that make misleading claims.

For animal welfare labelling a standard set of production descriptors needs to be developed in consultation with the pork industry. APL would be happy to assist with this. For environmental or "carbon claims" there is a need for a scientifically based, standardized approach, and a consensus on what information such labels should contain.

APL does not believe that there is a need for labelling of meat that comes from animals fed GM stockfeed because scientific evidence indicates that the final product is not genetically altered and therefore not a GMO. Currently consumers can exercise caution as they see fit

¹⁷ Food Standards Australia New Zealand, 2009, Food Standards Australia New Zealand review of Genetically Modified food safety assessments, Viewed on 30 October 2009, <<http://www.foodstandards.gov.au/foodmatters/gmfoods/reviewofgeneticallym4394.cfm>>

by purchasing Australian pork, which is guaranteed not to be GM and is not likely to have been fed GM feed.

The development of a more consistent, transparent and informative food labelling approach for pork products, that aids market development would be an ideal outcome for the pork industry from this review. APL looks forward to providing *The Review Panel* with further information as the review progresses.