



**SEAFOOD INDUSTRY
AUSTRALIA**

**Evaluation of Country of Origin
Labelling for Food submission**

Submitted via email: Originlabelling@industry.gov.au and uploaded on the evaluation web page
September 11, 2020

Seafood Industry Australia (SIA) welcomes the opportunity to make a submission to the 'Evaluation of Country of Origin Labelling for Food' discussion paper and evaluation survey as released by the Department of Industry, Science, Energy and Resources on July 31, 2020.

SIA is the national peak-body representing the Australian seafood industry as a whole. With members from the wildcatch, aquaculture and post-harvest sector, including state, territory and sectorial associations, along with seafood businesses and producers. We are the voice of Australian seafood.

The Australian seafood industry directly supports more than 15,000 Australian jobs, and countless more downstream in transport, logistics, and processing; and contributes \$3.5 billion in gross domestic product annually to the Australian economy.

SIA provides consumers, Government and other stakeholders with confident and united representation.

Our mission is to Promote, Protect and Develop the Australian seafood industry on the national and international level. Our unity indicates that we love what we do, we stand by our products, and that our products are the best in the world.

Our Pledge

We are the Australian seafood industry, and we are committed to putting the best Australian seafood on your table now and for generations to come.

To ensure we do this in ways we are all proud of, we promise to:

- Actively care for Australia's oceans and environment and work with others to do the same;
- Value our people, look after them and keep them safe;
- Respect the seafood we harvest and the wildlife we interact with;
- Be transparent and accountable for our actions;
- Engage with the community and listen to their concerns; and,
- Continually improve our practices.

This is our pledge to you.

Overview

SIA strongly believes in the rights of consumers to make informed choices about the food they purchase and consume. Thanks to a strong food safety reputation in Australia, and a trusted agricultural supply chain, Australian consumers have developed an expectation of food safety, authenticity and trust in their purchases. Since 1986, food retailers have affixed information on where the ingredients have originated from. As such, the decision to mandate a consistent labelling scheme in Australia has been welcomed by consumers and industry alike. The legislation brought about by the *Country of Origin Food Labelling Information Standard 2016* (“The Standard”), made under section 134 of the Australian Consumer Law, was welcomed by consumers and the Australia seafood industry alike for its ability to provide clearer, consistent, more informative and easier to find country of origin labels for food. The purpose of this information standard is to provide Country of Origin Labelling (CoOL) requirements for food for human consumption that is sold in Australia. The reforms aimed to help consumers make more informed choices about the food they buy, in line with their personal preferences and purchase motivations.

Under this information standard, most food for retail sale in Australia must be labelled with a country of origin, however food sold to the public for immediate consumption by the “food service sector” (*Country of Origin Food Labelling Information Standard 2016, Part 2, Division 1, 14, 2, a-e*) was exempt from enforcing this legislation with the requirements for standard marks and the placement of origin statements voluntary, rather than mandatory.

SIA strongly believes in the rights of consumers to make choices, informed by any number of motivators, regarding the origin of foods they to eat, and the importance of the transparency provided by country of origin labelling statements in increasing consumer confidence in both the Australian seafood industry, Australian food supplies, and the agricultural supply chain on a whole.

SIA, on behalf of the Australia seafood industry, strongly urges this review to remove the current exemption provided to the food service sector and expand CoOL to include food service businesses in Australia. The current exemption impedes the rights of Australian consumers to the information and transparency provided by origin statements to which they are entitled. The exemption reduces the level of accountability and professionalism in the food service sector, which also provides them with undue advantage over the retail sector.

The exemption to food service debases the entire CoOL reform by applying a double standard to the rights of consumers. Whilst the impact on businesses should not be untenable, neither should businesses avoid its duty to inform entirely.

Recommendations for Action

- Remove the CoOL exemption on food service to include the mandatory labelling of seafood sold in food service;
- Ensure food service menus identify origin of seafood through the use of Country, Region or specific location, at the discretion of the business i.e. Australian Barramundi, or Northern Territory Barramundi, or Humpty Doo Barramundi;
- Allow for imported products to be unlabelled or labelled with an “i” for imported; and
- Provide the food service sector with a minimum term of 12 months to implement the new labelling legislation.

This submission covers the following areas:

1. The importance of transparency in labelling for Australian consumers;
2. Why seafood requires CoOL in food service;
3. Why the current voluntary labelling system doesn't work;
4. Food service myths on barriers to implementation;
5. What's the best mandatory labelling solution for food service?

The importance of transparency in labelling for Australian consumers

There is strong consumer demand for country of origin labelling information to be provided for seafood sold in the food service sector. The political debate around the Country of Origin Bill 2016 repeatedly reinforced this point. Support for the right for consumers to have access to country of origin information was bipartisan and undisputed.

Research conducted by the Federal Department of Industry, Innovation and Science in 2015 found being able to identify country of origin was either “important” or “very important” to 74 per cent of consumers surveyed.

Federally there have been numerous inquiries supporting a labelling solution:

- Senate Rural and Regional Affairs and Transport References Committee “Inquiry into the Current Requirements for Labelling of Seafood and Seafood Products” (2014);
- Joint Select Committee on Northern Australia “Scaling Up: Inquiry into Opportunities for Expanding Aquaculture in Northern Australia”(2016);
- The government response to Senator Xenophon’s (and other co-sponsors) Food Standards Amendment (Fish Labelling) Bill 2015 recognised consumer desire to know the origin of their food;
- The Standing Committee on Agriculture and Industry’s “A Clearer message for consumers” report stated: “The Committee acknowledges that many consumers want to support Australian businesses by purchasing Australian made products – consumers express a strong preference to support local industries including food processing and manufacturing”
- The Food demand in Australia: trends and issues 2018 report found demand for Australian grown produce domestically was on the rise, with Australians wanting to support our farmers and choosing to buy Australian produce. The report showed consumers’ want clear food labelling and to be informed, and food producers should be listening to that message.

Further, the Blewett Review, “Labelling Logic” identifies the need to monitor for market failure in the provision of consumer values information such as origin of seafood, with the prospect of a legislative intervention.

The absence of CoOL is to the detriment of the consumer with more than 50 per cent of those surveyed assuming the seafood they purchase is of Australian in origin if there is no stated country of origin (Lawley 2015).

Just as recent changes to country of origin labelling in retail were driven by “public confusion” and “overwhelming calls from the public for improved country of origin labelling” (Agricultural Competitiveness White Paper, 2015), so too is there a need to address choice and confusion in the food service sector.

There is community and political support for the extension of origin labelling to seafood sold in the food services sector. In 2008, Country of Origin Labelling for seafood sold in food service was introduced in the

Northern Territory with minimal disruption, and the Queensland Liberal National Party has made an election promise to implement local labelling should they come into office in this year’s election.

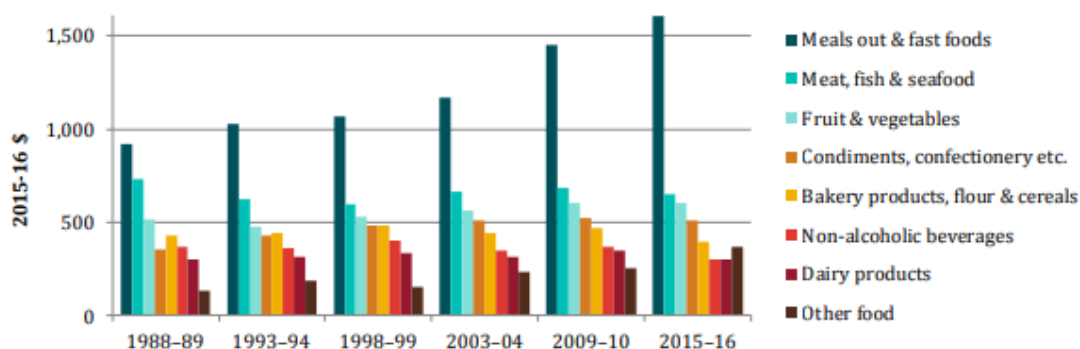
Why seafood requires CoOL in food service

Significant volumes of seafood are sold into the food service sector whether takeaway, casual dining, high-end restaurants, or the corner fish and chip shop. With close to 70 per cent of seafood consumed in Australia imported, and the majority of seafood consumed in the food service sector, many consumers assume their iconic seafood meals are made using iconic Australia seafood, however we know this is often not the case.

Consumers want to eat Australian seafood and support Australian seafood producers, the Food demand in Australia: trends and issues 2018 report found demand for Australian grown produce domestically was on the rise, however consumers cannot buy Australian seafood if they cannot tell where it’s from.

Changing household food expenditure patterns: based on ABS household expenditure survey (HES) data, the trend away from home cooking toward meals out and fast foods has continued in recent years (Figure S1). The share of meals out and fast foods in total food expenditure increased from 25 per cent in 1988-89 to 31 per cent in 2009-10 and 34 per cent in 2015-16, the latest year available. That is, on average, consumers have switched further from food products toward higher-priced food services—between 1988-89 and 2015-16, real consumer prices increased overall by 5 per cent for food and 17 per cent for meals out and take away food.

Figure S1 Food expenditure per person in Australia, by main food type, 1988-89 to 2015-16



Note: Listed by value in 2009-10. Values are in 2015-16 prices; CPI-adjusted data. Food includes non-alcoholic beverages.
Sources: ABS 2017a,b

*Food demand in Australia 2018

Repeatedly, the Australian seafood industry has been assured that by conducting its own marketing and promotional activities it can support the consumption of Australian seafood domestically. However, the absence of CoOL information in the food service sector, and the inability of the majority of vendors to reliably provide origin information, means consumers cannot willingly seek out and consume Australian

seafood. An increasing portion of Australian seafood is consumed in food service, as opposed to in-home consumption, which means with the exemption standing consumer ability to identify Australian seafood is rapidly diminishing.

Why the current voluntary labelling system doesn't work

The Australian seafood industry has been assured a voluntary labelling system is available as a reasonable alternative to mandatory legislation. Similar to the failures in the retail sector prior to CoOL legislation originally being introduced in 2006, the voluntary approach to food service labelling has not worked.

The retail sector has evolved and strengthened over time as a result of the improvements in consumer confidence. This increasing consumer confidence is as a direct result of the increased transparency and accountability the retail sector achieves through origin information labelling. The beginnings of which were can be found in this legislative approach.

Similarly, a mandatory system is required to begin the cultural shift towards accountability and trust in the food service sector. Consumers are increasingly ambivalent about what they are being served when eating out as the disparity in regulation and access to information widens.

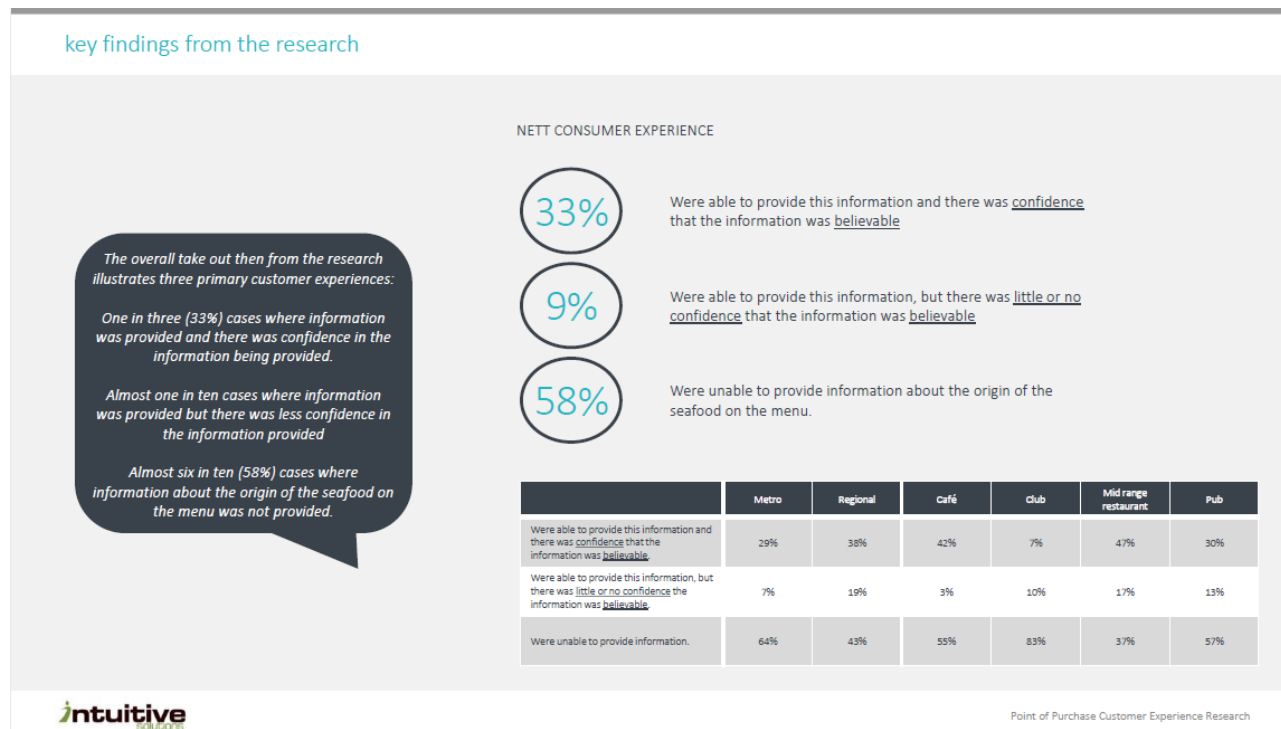
The Australian seafood industry could not quantify the level of investment that would be required to create a similarly massive shift in transparency in food service as the way the removal of the CoOL exemption in food service would create. The benefits to consumers of CoOL in food service far outweigh the cost burden to food service businesses affected.

There has been little to no adoption of seafood CoOL outside of niche businesses and fine-dining establishments. Many of these businesses who promote provenance and country of origin do so where there is a positive story, such as the Australian origin of their produce. However, we are also aware that the vast majority will not seek to voluntarily advise their customers of the country of origin of all foods, and particularly where there is a not a marketable interest in doing so. However, the absence of CoOL is to the detriment of the consumer with more than 50% of those surveyed (Seafood CRC, Lawley, 2015) assuming the seafood is of Australian in origin if there is no stated country of origin.

SIA is aware of two recent examples where SIA members have attempted a voluntary seafood labelling system in their food service establishments in Hobart, Tasmania and Western Sydney, New South Wales. In both instances the businesses suffered a loss of sales and reputation, and were forced to revert back to non-labelling as they were discriminated against by consumers who believed their competitors used all Australian seafood due to their lack of CoOL.

Similarly, the Australian Seafood industry has been advised that consumers do not require mandatory labelling in food service as they can simple “ask the waiter”. Asking food service staff for information on origin has been proven to be ineffective. The culture of awareness of seafood origin is not prevalent in the food service sector.

To test the veracity of this assumption SIA commissioned its own independent research into the reliability of asking the waiter for origin information. On average, 67% of staff were unable to provide credible information regarding the origin of the seafood being sold. The worst results were found in clubs with more than 90% of staff being unable to answer the question. This clearly demonstrates that a self-regulatory system for providing origin transparency for seafood does not deliver to the purposes of the Information Standard.



We believe market failure currently exists and mandatory, legislated CoOL for seafood sold in foodservice should be implemented.

Food service myths on barriers to mandatory labelling

In previous investigations the Australia seafood industry has been advised the impediment to expanding CoOL to the food service sector lays in the on-off and ongoing cost of implementation to these business. There are more than 77,000 foodservice businesses in Australia, comprised of cafes, coffee shops, caterers, fast food, pubs, bars, nightclubs, restaurants and social clubs. We estimate that seafood origin labelling could reasonably apply to 60% of total food service businesses. We do not agree with the common push-back items placed upon these expansion and offers the reality to these myths below:

Food Service Sector Myths	Reality
One off education costs to learn about new regulations to determine if/how it applies to them are onerous;	One off costs were similar cost burdens absorbed by the retail sector on the basis that the consumers right to know was a priority;
One off cost to update printed menus and signage, possibly chalk boards and digital signage and staff training is onerous;	We recommend a minimum 12-month compliance window to coincide with the standard life-cycle of printed menus, signage etc. In addition, businesses and retailers absorbed the cost of redesigning, and replacing retail packaging in a similar manner;
All restaurants, pubs and clubs change their menus on a weekly or monthly basis;	In reality, regular menu changes are more likely to occur in premium restaurant and are therefore an existing cost;
Food service businesses earn a lower margin on sales than retail margins therefore can absorb less cost burden and require protection;	SIA understands food service margins at 60-70%, are more accommodating than average retail margins of 25-30%, therefore food service received undue advantage;
Mandatory seafood origin labelling in foodservice will set off a precedent for other mandatory origin labelling interventions;	It is only where CoOL will provide consumers with materially important information on the characterising ingredient or “hero” of the dish that mandatory labelling should be implemented;
Food service businesses would spend too much time establishing the origin of their seafood purchase;	Origin information is readily available on supplier invoices upon delivery. Also it is a requirement for food safety and product recall;
Cost of staff training on origin of seafood would be inhibitive;	Less staff training would be required with mandatory labelling as the menu would contain relevant information for the customer;
Food service businesses regularly move between Australian and imported seafood sources;	The price premium applied to Australian seafood of 30-40% necessarily inhibits a chop and change approach to moving between seafood of both Australian and imported origins. Similarly, this prohibits lower budget food service businesses from sourcing Australian

	seafood and the regular use of imported seafood is assured;
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SIA suggests the food service myths on barriers to implementation of labelling in seafood are a smoke screen to avoid the necessary improvements and innovations required to provide the Australia consumer with the information required to make informed decisions when choosing their meal.

What’s the best mandatory labelling solution for food service?

It is understood the majority of Australian seafood is sourced through middle through to premium level food service businesses. See the table below:

CoOL information for use by Department of Industry, Innovation and Science

Table 2: Relationship between type of food service and transparency of origin. Adapted from FRDC 2010/222: A Study Of The Composition, Value And Utilisation of Imported Seafood In Australia

% of Imported (& unlabelled) seafood	Food service type*	Location	Type of fish fillet	Profit multiplier on cooked seafood*
High  Low	Low budget Institutions such as jails and cheap catering	Lower socio-economic areas which may include outlying suburbs of major metropolitan centres	Imported Basa	10
	Fish and chips, take aways and fast food outlets		Imported blue grenadier/hoki	
	Cafes, pub counter lunches, low price catering	Coastal regions (where local seafood is offered alongside imported)	Imported Nile Perch & cheap Aust/regional fillets in season	6
	Bistros, hotel dining rooms, ordinary Asian restaurants and sushi bars and mid price catering		Imported frozen barramundi fillet	
	Casual/informal "contemporary foods" or seafood restaurants,	Higher socio-economic areas such as inner city and high end regional and coastal tourist retreats	Mid price Australian fillet fresh or frozen	2.6
	Formal contemp./seafood restaurants, Japanese sushi bars and restaurants, and formal catering		Australian frozen wild barramundi fillet. Frozen imported coral trout	
Top end fine dining restaurants.		Fresh Tasmanian Atlantic salmon		
		Fresh Australian farmed barramundi fillet		
		Fresh Australian tuna or swordfish steak		
		Coral trout or farmed Murray cod (\$40 - 50 range)		

*Multiplier is the difference between cost and final sale price

SIA proposes an “if it’s not labelled, it’s not Aussie” approach. We believe this is a workable solution to expanding labelling of seafood on food service menus across the country, while not vilifying imported seafood which we acknowledge has a place in the market.

1. Where seafood is being purchased for consumption from a written menu and is the “characterising ingredient” or the “hero” of the dish, the origin of that seafood must be made clear.
2. Australian seafood must be identified by country, region or brand, at the discretion of the business. This ensures a positive and promotable message reaches the consumer. For example,

Australian Barramundi, or Northern Territory Barramundi, or Humpty Doo Barramundi. Focusing on the “Australianness” of the product is aligned with the principles behind retail country of origin labelling.

- Menu example of Australian seafood being clearly identified – *Spencer Gulf pan fried garlic King Prawns*.
3. Importantly, we do not wish to vilify imported seafood products, and understand there is a place for a variety of seafood products at a variety of different price points. Imported seafood can be similarly identified if so desired. If not, then there must be a mechanism to indicate that the seafood is imported, but there is no requirement to identify specific country of origin. This provides increased flexibility for businesses to manage variations in supply without the need to alter menus. For example an “i” after the fish species or descriptor that links to a footnote explaining this product is imported. “i – imported” or similar statement or symbol that makes it clear the product is not Australian; in a similar way to “gf” being used to describe items which are gluten free.
 - Menu example of imported seafood clearly identified through a small identifier following the menu description, similar to ‘gf’ for gluten-free - *Salt and pepper crumbed squid i gf*.
 4. The food service sector should be provided with a minimum of 12 months to implement the new labelling legislation. We also recommend a maximum of 24 months for compliance.
 5. SIA further calls for full seafood labelling requirements on all fish n chip shops across Australia. Australia currently has approximately 2,847 fish & chip shops nationally. Fish & Chip shops are defined as food service businesses that predominantly prepare, cook and serve fish and seafood as the characterising ingredient for takeaway or dine in consumption. For these businesses, we believe a full mandatory labelling regime is appropriate.

Mandatory CoOL in the food service sector provides transparency for consumers who demand it, removes the potential cost burden of menu printing from the lower end of the food service pyramid (hospitals, prisons, pubs and clubs) as the prevalence of Australian seafood is minimal, and provides a manageable environment for enforcement of regulation.

In conclusion, SIA urges the 'Evaluation of Country of Origin Labelling for Food' review to provide transparency for the Australian consumer by expanding Country of Origin Labelling to include seafood sold in the food service sector. An extension of the existing legislation would create a level playing field for Australian seafood sold across retail and food service, and provide consumers with the same level of information regardless of where they chose to dine. Truth in labelling allows consumers to make informed purchasing decisions free of confusion and in-line with consumer detail preferences.

I welcome the opportunity to discuss this submission with you further and can provide more detail if needed. I would like to thank you in advance for your support of the Australian seafood industry and our future.

Yours sincerely,



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