

## Re ACMF Inc. Submission to FSANZ

### Proposal P1011- Country of Origin Labelling – Unpackaged Meat Products

#### To: Standards Management Officer

The Australian Chicken Meat Federation welcomes the opportunity to comment on this proposal (Proposal P1011- Country of Origin Labelling – Unpackaged Meat Products), to require country of origin labelling for unpackaged beef, sheep and chicken meat.

The ACMF Inc is the peak industry body representing the entire chicken meat industry in Australia. Its membership (at either or both a national or state level) includes chicken growers, as well as the companies that produce 95% of Australia's chicken meat. These companies are generally vertically integrated businesses that operate across the chicken meat supply chain, including all or some of the following: breeding farms, hatcheries, feed mills, chicken growing farms, processing plants, further processing (cooking) plants and distribution. Through its State organisations, the Federation also represents a range of other suppliers to the industry, providers of services to the industry, and customers of the industry, who are involved in the production and distribution of chicken meat in Australia.

The Federation **strongly supports** the preferred position reached by FSANZ in its Assessment Report published 18 July 2011 viz **Option 2(a)** *To prepare draft variations to Standard 1.2.11 to require country of origin labelling for unpackaged beef, veal, lamb, hogget, mutton and chicken*, thereby addressing a significant inconsistency in the Standard.

#### Benefits

The ACMF's own research supports the conclusion reached by FSANZ following its review of relevant literature and consumer research, to the effect that country of origin information is important to Australian consumers. In its own survey of 1,100 respondents aged 16 years and older distributed throughout Australia, conducted for the ACMF by Galaxy Omnibus on the weekend 18-20 August, 2006 (see <http://www.chicken.org.au/files/ACMF%20Media%20Release%2021%20Sept%2006%20-%20Aussie%20Quality%20At%20Heart%20Of%20The%20Matter%20Media%20Release%20with%20stats%20sheet.pdf>), it was found that there is an overwhelming preference among Australian consumers for locally grown chicken. More than nine in ten (94%) would prefer to buy Australian chicken over imported chicken.

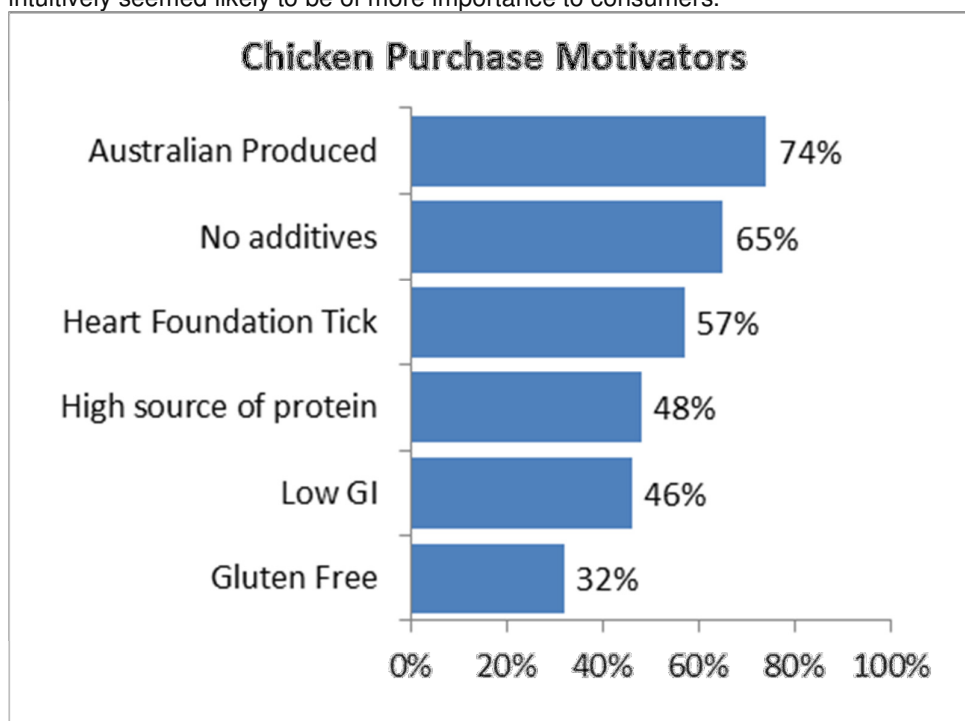
This research also supports the suggestion made in the supporting document to the FSANZ assessment report that COO labelling may have a key role to play in the creation of trust and confidence in the food supply. For example:

- the ACMF survey identified that 88% of Australians surveyed shared a concern about imported chicken products; 70% were extremely or very concerned these imported products.
- among those concerned, there were a range of issues over the importation of chicken products. These included
  - poor health or hygiene standards where the birds are processed (94%), the threat of bird flu or exotic diseases (92%)
  - contamination from pesticides and other chemicals (91%), the freshness of the product (88%)
  - the lack of animal welfare standards applying to chicken farms overseas (85%).

Of even greater concern to the Australian chicken meat industry is that the ACMF survey showed many Australians believe some or all chicken meat products are imported or they were simply unaware of the Australian origin of their chicken meat. 37% either felt that some or all of the chilled, fresh chicken meat available in Australia was not Australian in origin, or were simply unaware of the origin of such products. When it came to frozen chicken products, 64% were either unaware of the origin or felt that at least some if not all of it was imported. Coupled with the

findings that consumers strongly preferred Australian produced chicken meat, and that they shared some significant concerns about imported chicken meat, it is possible that this lack of understanding re the origin of the chicken meat available to them may also be negatively impacting on their confidence in chicken meat available to them and therefore their chicken purchasing habits (although this possible relationship was not specifically examined in the survey).

Furthermore, an RIRDC usage and attitude survey conducted in 2009 (see RIRDC Publication No. 09/080 "Chicken meat usage and attitude study", available at <https://rirdc.infoservices.com.au/items/09-080> ) found that Australian produced was the most motivating on pack claim for chicken purchase, with 74% of respondents more likely to buy chicken products if labelled as Australian produced. The question asked of consumers surveyed was "How much MORE or LESS likely would you be to buy chicken if it had the following on the pack?" The graph below shows the % of respondents who indicated that they were either **much more likely** to buy or **slightly more likely** to buy chicken as a result of that particular label. Clearly and perhaps surprisingly, Australian origin is a much more compelling reason for purchasing chicken than a number of other possible motivators (eg no additives; Heart Foundation tick) which may have intuitively seemed likely to be of more importance to consumers.



Based on the results of the two surveys described above, the ACMF concludes that consumers would at a minimum value country of origin labelling of unpackaged chicken meat, have greater confidence in the chicken meat they buy, and potentially purchase more chicken meat if it was so labelled. We therefore believe that there are potential benefits (albeit difficult to quantify) for both consumers as well as producers of Australian chicken in the associated with the adoption of country of origin labelling for unpackaged chicken meat. While there is currently minimal non-Australian origin unpackaged chicken meat available in Australia, protocols do exist for the importation of chicken meat, and it is entirely possible that at some point importations could occur under these protocols. Under such a scenario, the benefits to both consumers and Australian producers were increase significantly.

### Costs

The ACMF notes and accepts that there may be some minor costs incurred by its members in terms of setting systems up to accommodate the proposed change, and that Option 2a may impose additional costs on industry in terms of record keeping requirements and the provision of country of

origin information at the point of retail sale. However, information received to date from its members indicates that these costs are not likely to be substantial, with two major retailers having implemented voluntary country of origin labelling. While it is noted in the Assessment Report that Option 2a is likely to impose a cost burden on jurisdictions as they will be required to monitor compliance and evaluate the success of the revised Standard, in the case of chicken meat, while importation of chicken meat is not occurring monitoring of compliance should be an insignificant task, as there is no question as to the accuracy of the labelling – simply one of whether product is labelled or not.

### The Preferred Option

The ACMF strongly favours option 2a over the alternative options (1b and 2b) to achieve the objective of country of origin labelling of unpackaged meat products. A voluntary or non-enforceable country of origin labelling scheme (such as proposed in options 1b and 2b) is unlikely to be universally adopted, as there would almost certainly be an incentive for an incentive for retailers selling meat products from other countries not to label with country of origin information. Options 1b and 2b also leave open the possibility of inconsistent (and potentially deliberately misleading) labelling statements on unpackaged meats.

Should you need clarification on any of the points raised above, please contact myself (02 9929 4077 or [vivien.kite@chicken.org.au](mailto:vivien.kite@chicken.org.au)) or Dr Andreas Dubs (02 9929 4077 or [andreas.dubs@chicken.org.au](mailto:andreas.dubs@chicken.org.au)).

Yours Sincerely,



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### Answers to specific questions raised in the Assessment Report:

On a national, state or individual business basis, what are the likely costs to the meat industry and retailers associated with mandatory country of origin labelling for unpackaged beef, chicken and sheep?

ACMF response: In the case of chicken meat, the cost is expected to be minimal, in particular given the fact that in most instances all their product would be Australian and thus traceability would be simple.

On a national, state or individual business basis, is the introduction of mandatory country of origin labelling for unpackaged beef, chicken and sheep likely to result in consumer price changes and if so, how much?

ACMF response: Unlikely, given its already happening, and the costs of extending it to all products would be minimal.

What are the likely costs to enforcement agencies associated with mandatory country of origin labelling for unpackaged beef, chicken and sheep?

ACMF Response: We are not really well placed to answer this question, but we expect that currently they should be minimal (for chicken meat), since virtually all product should simply be labelled as from Australia ie it should be a simple matter to detect non-compliance, because all non-compliances would simply relate to a lack of CoO labelling.

What impacts if any will apply specifically to retailers, including small and independent retailers and butchers?

ACMF response: We are unable to provide any comment on this matter.

What are the benefits to stakeholders, if any, associated with mandatory country of origin labelling for unpackaged beef, chicken and sheep?

ACMF response: While hard to quantify, we have attempted to provide our qualitative assessment of this in our responses above (under 'Benefits')

What is the likely impact of mandatory country of origin labelling on unpackaged beef, sheep and chicken meat industries?

ACMF response: The cost impacts would be minimal for the chicken meat industry, particularly since all product is currently Australian in origin ie producers don't need to differentiate between Australian and non-Australian product streams. There may be some minimal changes in records required, but these would be one-off changes in documentation with minimal ongoing costs in maintaining records. While we don't currently import much by way of unpackaged product, this may change, and given the significance consumers attach to Australian origin, it may be extremely important for Australian producers to be able to differentiate their product from imported product.

Will the costs of labelling increase prices of meats and impact on demand?

ACMF response: In the case of chicken meat, there is unlikely to be any (or extremely low) impact on price, given that CoO labelling is already adopted by some retailers, and the costs of extending it to all products would be minimal. On the other hand, there could be some significant **benefits** to the industry in providing consumers with an enhanced level of confidence in the chicken meat that they are offered, with consequent affects in terms of overall consumption

Will consumers be prepared to pay additional costs if they are incurred?

ACMF response: Since cost impacts are likely to be minimal, this is unlikely to be a significant deterrent to consumers.

Do we have any additional information on the preferences, understanding, use, benefits and importance of country of origin labelling on unpackaged beef, chicken and sheep. Are you aware of any studies or data of consumer's responses to country of origin labelling on unpackaged beef, chicken and sheep?

ACMF response: Yes. We have included some additional information in our more detailed response above.

Do consumers value country of origin information?

ACMF response: Yes. We believe so, based on some of additional information referred to in the questions above and contained in our more detailed response above.

Will consumers use country of origin information in decisions about unpackaged beef, sheep and chicken? What is the impact of country of origin information on consumer's purchase decisions?

ACMF response: We believe so, based on some of additional information referred to in the questions above and contained in our more detailed response above.

What is the importance of country of origin information relative to other product attributes?

ACMF response: It would appear to be high, based on the additional information in our more detailed response above.

What is the proportion of the meat sold which is voluntarily labelled?

ACMF response: Not able to provide an estimate that we have any confidence in.

What are the current retail practices relating to the provision of country of origin information for unpackaged beef, chicken and sheep.

ACMF response: Major retail chains are currently labelling unpackaged fresh chicken meat as Product of Australia in many (if not most) of their stores.

To what extent would the meat industry/retailers voluntarily adopt country of origin labelling for unpackaged beef, chicken and sheep?

ACMF response: Penetration of CoP labelling is unlikely to be comprehensive, even if more extensive than is currently the case.

What if any are the benefits to stakeholders from the voluntary introduction of CoOL?

ACMF response: The only additional benefits beyond the current situation would accrue **if** voluntary take up is significantly extended, which we believe is doubtful. There are potentially some downsides, in that voluntary schemes could lead to inconsistency in labelling and creation of opportunities for misleading statements to be made.