

18 May 2017

Committee Secretariat
Primary Production Committee
Parliament Buildings
Wellington

By: Online submission

**SUBMISSION on
Consumers' Right to Know (Country of Origin of Food) Bill**

1. Introduction

Thank you for the opportunity to make a submission on the Consumers' Right to Know (Country of Origin of Food) Bill (CoOL Bill). This submission is from Consumer NZ, New Zealand's leading consumer organisation. It has an acknowledged and respected reputation for independence and fairness as a provider of impartial and comprehensive consumer information and advice.

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We wish to appear before the committee to speak to our submission.

2. Summary

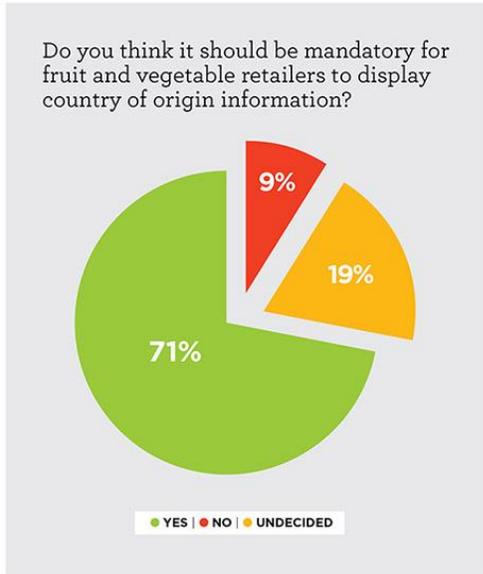
Consumer NZ supports the CoOL Bill. Our research has found:

- The existing voluntary approach to country of origin labelling is failing to provide consumers with the facts they need to make informed choices.
- New Zealand remains one of the few countries with no mandatory CoOL requirements, placing consumers here at a disadvantage.
- The majority of New Zealand consumers (71 percent) support mandatory labelling.
- Compliance costs of mandatory labelling are unlikely to be significant and are outweighed by the potential benefits for consumers.

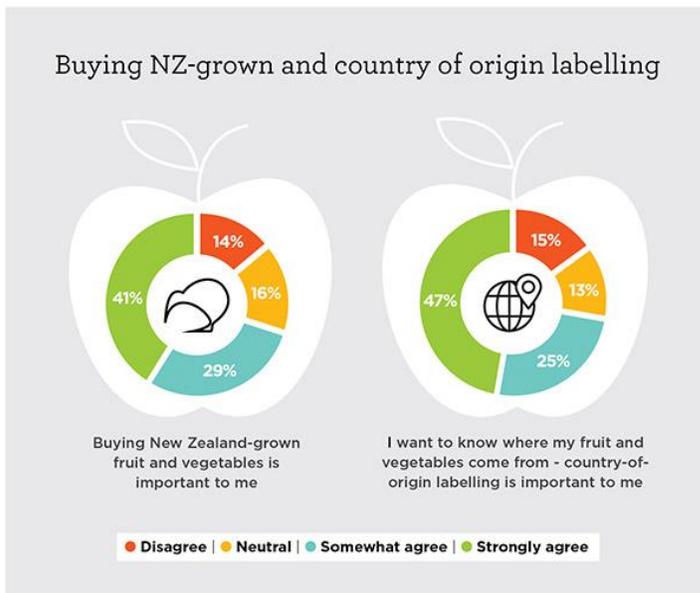
These issues are discussed in further detail below.

3. Consumers want mandatory labelling

In February 2017, Consumer NZ carried out a joint survey on CoOL with Horticulture New Zealand. The survey found 71 percent of consumers want mandatory country of origin labelling for fruit and vegetables. Only nine percent didn't support mandatory labelling.¹



Our survey also found the majority of consumers want to buy local produce. Seven out of 10 consumers want to know where their fruit and vegetables come from and say buying New Zealand grown produce is important to them.



1. Our data are from a nationally representative survey of 1066 New Zealanders, aged 18 years and older, and carried out online in February 2017. The margin of error is +/- 3.0%.

4. Voluntary approach not working

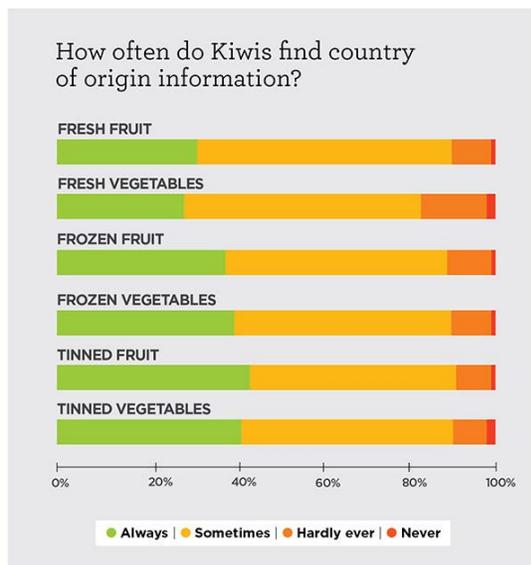
Survey results confirm the existing voluntary approach to labelling is failing to provide consumers with the facts they need to make informed choices.

Sixty-five percent of shoppers said they looked for labelling information when buying fresh fruit. However, less than a third (32 percent) always found it. Even fewer (29 percent) always found labelling information when buying fresh vegetables.

Our research has found, where labelling information is available, it can be vague or incorrect.

A recent mystery shop of Wellington supermarkets found examples of incorrectly labelled produce (see Appendix 1).

Our 2015 review of country of origin statements on 81 packets of frozen berries and vegetables also found 21 percent had unhelpful information the product was “made or packed in New Zealand from local and/or imported ingredients” or “packed in New Zealand from imported ingredients”.



5. Most other countries have mandatory labelling

Country of origin labelling is already mandatory in many other countries. At least 50 countries, including Australia, Canada, the United Kingdom and the United States, have mandatory labelling requirements.

New Zealand is one of only a handful of countries that doesn't have labelling rules. Mandating labelling would ensure New Zealand consumers are afforded the same rights as consumers in many countries we trade with.

In Australia, for example, country of origin labelling has been mandatory since 2005. Last year, labelling rules were strengthened to require foods made in Australia to show the percentage of local ingredients they contained. Imported foods also have to specify a country of origin.

Consumer NZ supports the introduction of a similar system in New Zealand. Consumers have the right to know where their food comes from, whether it is a single ingredient food item or a food item with more than one ingredient.

6. Compliance costs

We consider there are unlikely to be any significant compliance costs associated with the introduction of the CoOL Bill.

In 2016, the Australian government carried out an extensive cost-benefit analysis of proposed CoOL reforms and concluded the benefits to consumers would outweigh the cost to industry of providing the information.²

At present, consumers bear the costs of insufficient or unclear information on country of origin. As the 2016 Australian review found, these costs may arise from:

- uncertainty about the origin of a product purchased and the lost utility the information would have provided;
- increased time spent trying to find and understand information on product origin;
- shoppers not purchasing their most preferred product due to a lack of origin information.³

Making origin information available would reduce search costs and ensure consumers could make purchases that better matched their preferences.

Arguments raised against mandatory labelling claim it will require manufacturers to install new tracking systems. However, food manufacturers should already have systems to track where their ingredients come from to meet their obligations under food safety and consumer legislation.

The cost of making label changes has also been cited as an argument against mandatory labelling. However, many single ingredient food items are unpackaged and therefore only stickers or signs will need to be altered. For packaged foods, manufacturers often change

² Country of origin labelling, Decision Regulation Impact Statement, Consumer Affairs Australia New Zealand, March 2016, retrieved on 16 May 2017 from <https://www.industry.gov.au/industry/IndustrySectors/FoodManufacturingIndustry/Documents/CoOL-Decision-RIS.pdf>

³ Ibid.

packaging for marketing promotions. Further, many countries we export to already demand CoOL. We therefore consider compliance costs to be overstated.

Some retailers voluntarily provide country of origin labelling. Mandating labelling would ensure shoppers have access to this information wherever they shop and ensure a level playing field for retailers.

7. Incorporate changes in Fair Trading Act

In Australia, CoOL is dealt with under the Australian Consumer Law. Most other countries that have introduced mandatory CoOL have done so under consumer law, rather than food safety laws.

We consider mandatory labelling requirements should be introduced as a consumer information standard under section 27 of the Fair Trading Act, rather than as an amendment to the Food Act.

There is already a consumer information standard for country of origin labelling of clothing and footwear. These standards are enforced by the Commerce Commission. The commission can prosecute anyone who breaches a standard or issue an infringement notice for non-compliance.

Thank you for the opportunity to make a submission on the CoOL Bill. If you require any further information, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Sue Chetwin".

Sue Chetwin
Chief Executive

Appendix 1



New Zealand capsicums labelled "product of Aust/Holland"



USA mandarins labelled "product of Australia"



Australians pears labelled "Fresh from NZ"



Sliced pineapple "Country of Origin New Zealand"?



Chilean grapes labelled from New Zealand



USA asparagus labelled "Fresh from NZ"



Italian kiwifruit labelled "Fresh from NZ"



Sliced rockmelon labelled "made from local and imported ingredients"