Australian Council of Prawn Fisheries

Submission to

State Development and Regional Industries Committee

Food (Labelling of Seafood) Amendment Bill 2021

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February 2022

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About the Australian Council of Prawn Fisheries

The Australian Council of Prawn Fisheries (ACPF) is the National peak industry body that represents Australia's wild catch prawn industry. The Council is comprised of regional, State, and Commonwealth wild-prawn fishing and marketing associations, and individual fishing companies around Australia. The Council represents and makes this submission on behalf of our members:

- Clarence River Fisherman's Co-op Ltd
- Gulf St Vincent Prawn Fishery
- Moreton Bay Seafood Industry Association Inc
- North Queensland Trawler Supplies
- Northern Prawn Fishery Industry Pty Ltd
- Professional Fisherman's Association Inc
- Queensland Seafood Industry Association
- Seafood Industry Victoria
- Shark Bay Prawn Trawler Operators Association Inc
- Sea harvest Pty Ltd
- Spencer Gulf and West Coast Prawn Fishermen's Association Inc
- Queensland Seafood Marketers Association Inc
- Austral Fisheries Pty Ltd
- MG Kailis Pty Ltd – Exmouth Gulf Prawn Fishery
- Murphy Operator P/L
- A. Raptis & Sons Pty Ltd
- Townsville Ross River Marina

Executive Summary

The ACPF notes that the Food (Labelling of Seafood) Amendment Bill 2021 was introduced in the Qld Parliament on 17 November 2021 to amend the Food Act 2006 and that it will be reviewed by the Qld Parliament's Development and Regional Industries Committee for reporting on 6 April 2022.

It is also noted that:

1. The objective of the Bill is to require by law, mandatory Country of Origin Labelling of seafood sold at dining outlets across Queensland (for example at cafés, restaurants or takeaway shops) by amending the Food Act 2006.
2. The purpose of the Bill is to raise consumer awareness around the origins of seafood being purchased and consumed, and to subsequently support the Australian and Queensland seafood industry and the local jobs it supports.
3. The Bill proposes to make it an offence for dining outlets to fail to comply with Country of Original Labelling requirements – with the maximum penalty being 1 penalty unit (around $138 dollars) for a first offence, and 5 penalty units (around $690 dollars) thereafter.

The ACPF supports the labelling of seafood with its origin to provides transparency to Australian consumers which builds trust. COVID19 has served to reinforce Australian's desire for origin of their food and their quest to seek out 'local' food.

The ACPF recommends:

a) Mandatory provision of CoO labelling for products sold online – either through extra pictures of the packaging or in the Product Description

b) Review the requirement to record Australian products as being less than 100% Australian on packaging where miniscule amounts of preservatives are used

c) Mandatory CoO labelling for food service according to Seafood Industry Australia's recommendation:

- ***Australian seafood labelled but discretion provided to the food service as to how Australian products can be described, and***
- ***a discreet subtitle mark, as appropriate to menu descriptions, for imported products so as not to destroy market confidence in seafood.***

Australian Wild Prawns and Market Supply

Seafood market share: The commercial prawn fishing industry is the second largest fishing sector in Australia valued at $280m GVP (ABARES, 2020). (note: the downstream economic value of the sector is not included in this figure.)

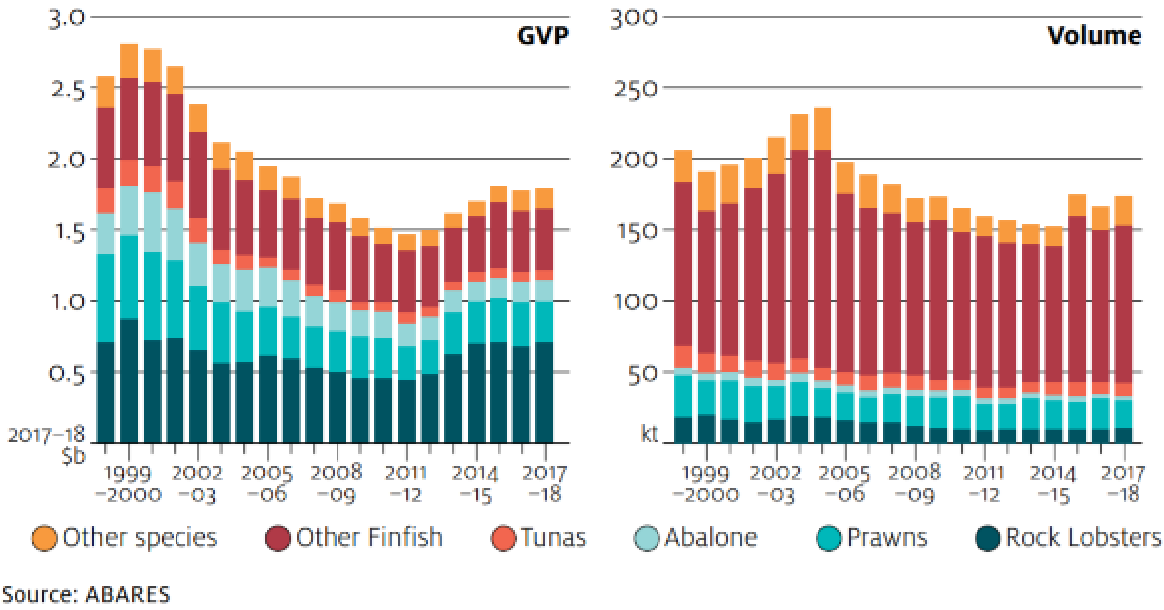

Figure 1: Wild catch GVP and volume by major species 1999-2000 to 2017-18

Fisheries and businesses:

14 commercial prawn trawl fisheries operate in the tropical, subtropical and temperate waters of Australia. Commercial prawning operations are comprised of a combination of incorporated companies, vertically integrated businesses and family-run dual/single boat owners.

Figure 2 - Australia's prawn fisheries

Prawn market share: Australians consumed 52,600 tonnes of prawns – 34,700 tonnes of those being imported (ABARES, 2020). Through an industry led and funded category level marketing initiated in 2013 - the Love Australian Prawns campaign - Australian prawns are differentiated from imported prawns. Approximately 14,800 tonnes of Australia's prawn consumption were Australian wild caught. A further 4,205 tonnes of Australian wild caught prawns was exported.

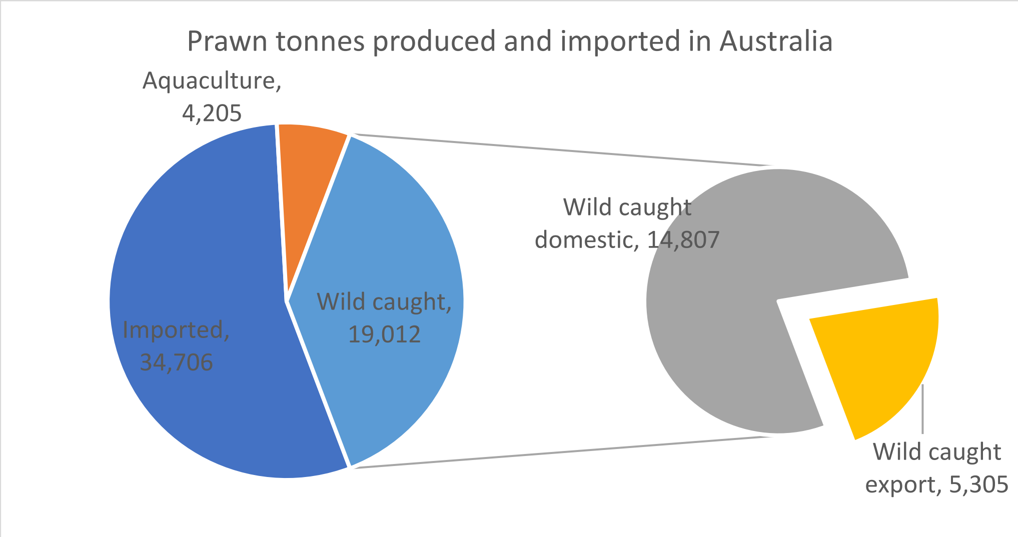

Figure 3 - Prawn tonnes produced and imported in Australia (ABARES, 2020)

Product format and harvest technique: The majority of wild prawns are caught, graded, packed and frozen at sea however some are also cooked at sea before being packed. Both green and cooked prawns are sold to wholesale and retail domestic markets - a significant amount of frozen wild prawns are also exported.

Frozen packed at sea product forms are comprised of random weight and 10 kg bulk pack, and 5kg, 3 kg and 1.5kg packs. Some frozen prawns are also reprocessed on shore (both within Australia and overseas) into 'consumer convenience' packs. On board 'value add' processing technology is generally limited due to the size of the vessels.

Figure 4 - Wild caught prawns - majority volume packed at sea. L-R: 1.5kg pack; Port Lincoln unload of 10kg bulk pack

Path to consumers: It is estimated that approximately 75% of Australia’s 18,000 tonne prawn production* for domestic consumption is supplied for retail sale. The majority of Australians purchase their prawns from supermarket deli cabinets with a growing portion of frozen pre-packed lines (Neilsen, 2020). The origin is mandatorily labelled on ice stabbers against the product in the retail deli cabinet. Since 2018, packaged prawns display the bar chart and country of product origin. The balance of Australia’s prawns, approximately 25%, is supplied to food service.

**includes approximate total domestic production for both wild and farmed prawns*

Figure 5 - Frozen pre-packed Australian prawns and the bulk of sales via retail deli

Evidence to support change

1. **Food service's labelling requirements are an anomaly in Australia's legislated approach to food origin transparency**

The ACPF notes that reforms of Australia's Country of Origin Labelling (CoOL) regulations for food were passed in 2016 and came into full-effect in July 2018 for packaged food. Food sold at retail has been mandatorily labelled from 2006. With the exception of the NT, food sold in food service is still exempt.

The purpose of CoOL for food is to help consumers make more informed choices about the food they buy and to provide clearer, more consistent, more informative country of origin labels for food. Regulating CoOL transparency addresses the market's failure to voluntarily pass on the origin information provided by the supplier to the consumer values (Labelling Logic, 2011).

In the absence of Australian Government leadership to address the issue the ACPF acknowledges Qld's leadership to address the issue for Qld consumers.

Recommendation: The Bill be supported for Qld implementation as it addresses a long-standing anomaly in Australia's approach to food origin transparency across retail, packaged products and food service.

2. **Australians are confused about food origin.**

There is a well-founded perception that unlabelled 'centre plate' proteins prepared in food service are of Australian origin. 100% of fresh beef, lamb, pork and chicken are Australian. Seafood is the anomaly where 70% of seafood consumed is imported. A large majority of imported seafood is sold into the food service sector.

We know that 50% of consumers assume that the seafood they are buying is Australian even when the Country of Origin was not identified on the menu (Seafood CRC, 2015).

Recommendation: The Bill be supported as it addresses Australian's confusion about the origin of seafood in food service when all other 'centre plate' proteins are 100% Australian.

3. **Australian's questions about food origin can't be answered by food service.**

Treston (2020), writing for Neilsen COVID-19 Consumer Insights, reported that the trend for food transparency, particularly local (Australian) origin, has been exacerbated through the COVID19 pandemic in Australia. Australians are demanding food origin information more than ever.

With respect to food service, CoO is provided voluntarily and on consumer request however consumer data reveals significant lack of transparency and consumer difficulty to obtain origin information. We know that when commissioning a mystery shopper study in 2018, SIA reported the following food service customer experiences (see Appendix 1 for detail):

- One in three (33%) cases where information was provided and there was confidence in the information being provided.

- Almost one in ten cases where information was provided but there was less confidence in the information provided.
- Almost six in ten (58%) cases where information about the origin of the seafood on the menu was not provided.

Labelling Logic (2011) recommended consumer (values) information be provided on a mandatory basis if a voluntary approach is ineffective in providing that information to consumers.

Recommendation: The Bill be supported as it remedies market failure to voluntarily provide origin information provided by the supplier to the consumer.

4. Trust damage to the whole seafood category and food service sector in keeping the status quo.

Perpetuating a lack of transparency in food service is a breach of trust that not only affects the entire seafood category – both imported and Australian – but the integrity of the food service sector.

Australian Wild Prawn industry contributors have voluntarily invested over $2million since 2013 to differentiate Australian Prawns via the Love Australian Prawns campaign – building consumer confidence and trust. To support its investment the ACPF began investing in trace element fingerprint technology in 2016 to identify substituted prawns sampled from any point in the supply chain. Through publishing results and informing the supply chain of covert random supply chain members confirm that the industry's efforts are being rewarded.

After best intentions, the ACPF was disappointed in 2017 when Futureye reported that lack of labelling transparency through the chain and at purchase was one of four significant risks to the Australian Wild Prawn industry's social license. The producing sector is not the perpetrator of lack of transparency but the consumer indirectly associates the producing industry with ambiguity at food service.

If there is doubt over the integrity of a food item, a consumer is more likely to select another protein from the menu and the food service establishment is more likely to be reviewed as 'dodgy'.

Recommendation: The Bill be supported in order to address the reputation of both the food service sector and the seafood sector over the lack of transparent supply of seafood.

5. Financial damage to other primary producing sectors in keeping the status quo.

A scan of Australian menus in 2016 conducted by the Northern Territory Seafood Council indicated that seafood offerings are overtaking red meat on menus. Ruello (2010), reports a multiplier from 6 to 10 for imported fish fillets compared to 2.6 for Australian fish fillets.

When the majority of the seafood is imported and sold at a significant margin under the pretence it is Australian, other 'centre plate' proteins suffer. The

Figure 6 - Example menu; Time to Tell the Truth, NTSC, 2016

example menu (Figure 6) shows that Australian red meat is competing with unlabelled, imported seafood.

Recommendation: The Bill be supported to achieve a more level playing field for Australian 'centre plate' proteins.

6. **Damage to the whole seafood category and food service sector by making radical change.**

In recommending the removal of the current exemption, the ACPF acknowledges that the food service sector would encounter significant challenges if required to provide the country of origin in writing on all menu items. Seafood can and does change supply sources through the seasons and repeated menu changes would be onerous. Backlash from the food service sector is justified when faced with the task of labelling a seafood marinara on a menu.

Also important is the very likely negative consequences on the seafood category of suddenly singling out imported origin. If 50% of consumers either did not know (or didn't want to ask) that their menu's tiger prawns were actually imported and not caught in Qld waters at all, sudden revelation of the origin facts could do some damage.

Removal of the exemption for food service implies that menus would need to carry "Product of China", "Product of Indonesia". The ACPF suggests that more discretion in imported seafood labelling should be allowed to the food service.

The ACPF supports the Bill's workable solution as recommended by Seafood Industry Australia. SIA's position was agreed after the Professional Fisherman's Association, NSW (PFA NSW) consulted members of the food service sector with SIA in 2016. The resolution was that on food service menus:

- Australian seafood be clearly identified – the level of detail (country, state, region, brand) at the discretion of the business. For example: *Spencer Gulf pan fried garlic King Prawns*
- Imported seafood needs a small identifier (such as *i* or *imp*) following the menu description, similar to 'gf' for gluten-free. For example: *Salt and pepper crumbed prawns* *gf* ***imp***

Changes need to apply to the 'centre plate' protein. The 'centre plate' protein is the source of contention and confusion. Requiring further implementation to the prawns in a marinara, the prawns in the dumplings, the seafood in the fish sauce, etc is an unworkable solution and not the ACPF's intention. The 2016 PFA NSW (and SIA) workshop with food service recommended that implementation be confined to 'centre plate' items. Where the seafood is mixed then allow an identifier of some type that implies the seafood is of mixed origin.

Recommendation: The Bill be amended to narrow its application to 'centre plate' seafood and, for mixed origin seafood, allow an identifier that implies the seafood is of mixed origin.

7. **Success lies in sufficient and effective deterrent compared to the financial benefits from unlabelled seafood.**

Fines of $138 and a maximum of $690 is completely insufficient to deter breach of legal requirement. The margins on offering unlabelled imported seafood under the pretences of premium

Australian seafood are so great that $138 is not worth the Qld Government's time to implement the regulation change.

On the flip side, there is a place for the industry to profile food service establishments with transparent seafood menus alongside an education campaign and a phase in period as agreed between food service and seafood sector representatives at the forum run by PFA NSW in 2016.

Recommendation: Increase the deterrent and the likelihood of detection as a sufficient incentive to drive change addressing lack of labelling on seafood menus.

Recommendations

1. **The Bill be supported for Qld implementation as it addresses a long-standing anomaly in Australia's approach to food origin transparency across retail, packaged products and food service.**
2. **The Bill be supported as it addresses Australian's confusion about the origin of seafood in food service when all other 'centre plate' proteins are 100% Australian.**
3. **The Bill be supported as it remedies market failure to voluntarily provide origin information provided by the supplier to the consumer.**
4. **The Bill be supported in order to address the reputation of both the food service sector and the seafood sector over the lack of transparent supply of seafood.**
5. **The Bill be supported to achieve a more level playing field for Australian 'centre plate' proteins.**
6. **The Bill be amended to narrow its application to 'centre plate' seafood and, for mixed origin seafood, allow an identifier that implies the seafood is of mixed origin.**
7. **Increase the deterrent and the likelihood of detection as a sufficient incentive to drive change addressing lack of labelling on seafood menus.**

References

ABARES (2020): Steven, AH, Mobsby, D and Curtotti, R 2020, Australian fisheries and aquaculture statistics 2018, Fisheries Research and Development Corporation project 2019-093, ABARES, Canberra, April. CC BY 4.0. https://doi.org/10.25814/5de0959d55bab

Labelling Logic (2011) Australia and New Zealand Food Regulation Ministerial Council: Labelling Logic: Review of Food Labelling Law and Policy (2011) (Recommendation 2)

Neilsen (2020): Fish & Seafood Category Performance Report for FRDC. April, 2020

Northern Territory Seafood Council (2016): Country of Origin Labelling for seafood - Time to Tell the Truth.

Ruello (2010): FRDC 2010/222: A Study Of The Composition, Value And Utilisation of Imported Seafood In Australia

Seafood CRC (2015): Seafood CRC 2015/702: A Final Seafood Omnibus: Evaluating changes in Consumer attitudes and behaviours

SIA (2018) Point of Purchase Customer Experience Research: Intuitive Solutions for Seafood Industry Australia

Treston (2020) COVID-19: How Australia Must Adapt To New Pandemic Purchasing Patterns (Neilsen, 2020)

Appendix 1 – Seafood Industry Australia mystery shopper results

key findings from the research

The overall take out then from the research illustrates three primary customer experiences:

One in three (33%) cases where information was provided and there was confidence in the information being provided.

Almost one in ten cases where information was provided but there was less confidence in the information provided

Almost six in ten (58%) cases where information about the origin of the seafood on the menu was not provided.

NETT CONSUMER EXPERIENCE

33% Were able to provide this information and there was confidence that the information was believable

9% Were able to provide this information, but there was little or no confidence that the information was believable

58% Were unable to provide information about the origin of the seafood on the menu.

	Metro	Regional	Café	Club	Mid range restaurant	Pub
Were able to provide this information and there was confidence that the information was believable.	29%	38%	42%	7%	47%	30%
Were able to provide this information, but there was little or no confidence the information was believable.	7%	19%	3%	10%	17%	13%
Were unable to provide information.	64%	43%	55%	83%	37%	57%

intuitive solutions

Point of Purchase Customer Experience Research