



Australian Barramundi Farmers' Association

Submission regarding the
FOOD (LABELLING OF
SEAFOOD) AMENDMENT BILL
2021

9th February 2022



Committee Secretary
State Development and Regional Industries Committee
Parliament House
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Submitted via email: sdric@parliament.qld.gov.au
9TH February 2022

The Australian Barramundi Farmers' Association (ABFA) strongly supports the Food (Labelling of Seafood) Amendment Bill 2021.

Background to Country of Origin (CoOL) Labelling Reform

Commonwealth 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 reforms helped consumers make more informed choices about the food they buy, but while it became mandatory for food sold in the retail sector to be labelled with country of origin, there was an exemption made for the food service sector. While retail outlets are required to inform shoppers if their seafood is imported or Australian, when you order barramundi - or any seafood - in a restaurant or a fish and chip shop, there is no obligation to tell you where that fish is from. We believe that exemption is wrong.

Consumers want information on country of origin no matter where they purchase their seafood. Research conducted by the Commonwealth Department of Industry, Innovation and Science in 2015ⁱ found that being able to identify country of origin was either "important" or "very important" to 74% of consumers surveyed. This is particularly relevant in Queensland where seafood is integral to identity. While the 'Food demand in Australia: trends and issues 2018' reportⁱⁱ found demand for Australian grown produce domestically was on the rise, consumers cannot buy Australian seafood if they cannot tell where it's from.

The need for CoOL of Seafood in Food Service

While nearly all domestic consumption of other major foodservice proteins (such as beef, lamb, and chicken) is produced domestically, close to seventy percent of the seafood eaten in this country is now imported – a stark and rapid change from just twenty years ago when almost all seafood consumed was produced locally.

Consumer's assumptions about the origin of seafood, the venue's product sourcing, and menu pricing creates a barrier to seeking information. These assumptions include:

- *If it isn't labelled it must be Australian:* Over 50% of consumers assume that the seafood purchased was Australian if the Country of Origin (CoO) was not identified.

If consumers assume that the seafood is Australian, their assumption is their own barrier to seeking information.

- *Restaurant seafood is premium seafood:* Again, consumer's assumptions and expectations create a barrier to seeking information. Consumer assumption is fed by the expectation that the restaurant would source Australian produce. People eat seafood at a restaurant because they are looking for experience, see it as a luxury food, best eaten straight after purchase and best eaten when dining out.
- *If the seafood is more expensive it must be Australian:* Without Country of Origin Labelling (CoOL) the consumer assumes all seafood is Australian because that is how it can be priced, irrespective of where it comes from.

Market Failure

The Review of Food Labelling Law and Policy (The Blewett Review, "Labelling Logic")ⁱⁱⁱ 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. Market failure currently exists, and mandatory CoOL for seafood sold in foodservice should be implemented in Queensland.

In the case of Barramundi, we estimate that imported product fetches a whole fish price 40% of the price of Australian product (e.g., \$10/kg whole for Australian fish and \$4/kg equivalent for imported) to supply a product that the consumer assumes is all Australian. Queensland producers strive to differentiate their product on provenance values, quality, safety, and sustainability - yet one of our biggest challenges to achieving growth in profitably is the difficulty in differentiating product from cheap imports at the point of sale. With most seafood consumed in the food service sector inappropriate pricing, import substitution and reputational damage hurts Australian producers.

The Blewitt Review recognised that there are mutual benefits to buyer and seller when the CoO is positive, but that government intervention is required when the benefits are non-reciprocal. That is, when the CoO has negative connotations, and it is in the seller's interest to withhold the information the Blewitt Review recommended intervention.

There are vested interests within food service and supply chains creating an information barrier for consumers when the information is considered by the food service venue to not be positive. Margins are greater when cheaper imported product is sold unlabelled where the operator can take advantage from the public assumption that it is Australian. Interestingly many of those same foodservice venues have wine lists that show the specific origin of the produce or specify a range of other location indicators on menus for a variety of foods when it is considered a positive (e.g. local flathead, Alaskan king crab etc).

Consumers expect, especially when dining out in a venue in a Queensland coastal location, that the seafood would be local, or at least Australian. Rather than displease consumers, seafood that is from overseas is left unlabelled – and the market fails to pass on seafood origin information despite it being provided by the seafood industry through the supply chain.

Why a voluntary CoOL system does not work

It has been demonstrated that a voluntary labelling system does not work, as many consumers believing the absence of labelling indicates that the seafood on the menu is Australian. There is evidence of businesses attempting to adopt CoOL voluntarily, however they have had to retract as they have been discriminated against by consumers who believe their competitors use all Australian seafood due to their lack of CoOL.

Asking food service staff for information on origin has been proven to be ineffective. 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.^{iv}

CoOL in Queensland Food Service will provide economic stimulus for the Queensland seafood industry

Multiple surveys and market investigations^v indicate that a significant proportion of imported Barramundi is sold under false pretences in food service, either because Australian consumers assume Barramundi is an iconic Australian fish, or because unscrupulous distributors source cheap imported Barramundi and represent the product as Australian. The economic damage caused by this situation for just one sector (Australian farmed Barramundi) within the broader seafood industry is significant.

When mandatory Country of Origin labelling laws were introduced in the retail sector the market share of Australian Barramundi increased immediately and significantly. This happened because once there was transparency in the country of origin, consumers demanded and chose Australian product over imported product, even though it typically sells at twice the price of the imported alternative.

Expansion of mandatory Country of Origin Labelling of seafood to food service nationally would result in an estimated growth of the Australian farmed Barramundi sector exceeding \$100 million per annum and an additional 250 direct jobs and 1,000 indirect jobs. Queensland has the opportunity through this bill to realise an estimated 40% of these gains.

In terms of the broader seafood industry, the total value of seafood production in Queensland increased by 15.5% to \$320.3 million in 2019–20 (Fisheries Queensland 2020). Country of Origin Labelling in food service provides the opportunity to transform the Queensland seafood industry and deliver a powerful economic stimulus while generating important social outcomes around integrity of seafood labelling.

There is a massive opportunity for aquaculture production to increase as highlighted by the Queensland Government's commitment to northern development and aquaculture opportunities, and an opportunity to add value to wild caught product.

Implementation

We do not wish to vilify imported seafood products and we understand there is a place for a variety of seafood products at a variety of different price points. Neither do we wish unreasonable or overly burdensome regulation on the food service industry.

We understand that mandatory CoOL would have some cost associated with administrative red tape and compliance, however it must be noted that currently every seafood producer, wholesaler and retailer bear existing CoOL administrative costs as they provide labelled seafood to the backdoor of establishments in the foodservice and restaurant trade (i.e., from the water to within a few metres of the consumer's plate).

This Amendment Bill provides flexibility for businesses to manage variations in supply. For example, at a minimum, 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.

In addition, if there are cost concerns about supply and menus, venues can readily stipulate a price for Australian and one for imported product and let consumers decide - this is currently undertaken in every supermarket, fish wholesaler and retailer in Australia.

The NT experience shows that cost for the food service sector to implement and comply with the legislation was generally not significant and businesses appeared to adjust quickly, with the vast majority being in a position to comply with the legislation within a month of its implementation.

In conclusion, as both a consumer and a member of the Queensland seafood industry, and representing our members, I fully support this Amendment Bill to create a level playing field for Queensland seafood sold across retail and food service, and to provide consumers with improved truth in labelling regardless of where they choose to dine.

Yours sincerely,



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ⁱ Colmar Brunton, Country of origin food labelling: research report 2015, Department of Industry and Science https://www.industry.gov.au/sites/g/files/net3906/f/May%202018/document/pdf/country_of_origin_labelling_research_report_2015.pdf

ⁱⁱ CRC 2015/702: A Final Seafood Omnibus: Evaluating changes in Consumer attitudes and behaviours, <https://www.frdc.com.au/sites/default/files/products/2015-702-DLD.pdf>

ⁱⁱⁱ Review of Food Labelling Law and Policy, <https://foodregulation.gov.au/internet/fr/publishing.nsf/Content/review-food-labelling>

^{iv} Seafood Industry Australia research

^v Market Research, University of the Sunshine Coast, Australian Barramundi Farmers' Association 2019