

## CPHD Discussion Paper 2: Informed Decisions about Food Purchasing\*

Prepared by the Consumer and Public Health Dialogue (CPHD) for consideration by the Board of Food Standards Australia New Zealand. This paper aims to outline consumer-related perspectives on food regulatory matters.

### **Section 18, Food Standards Australia New Zealand Act 1991**

Objectives of the Authority in developing or reviewing food regulatory measures and variations of food regulatory measures.

(1) The objectives (in descending priority order) ... are:

... (b) **The provision of adequate information relating to food to enable consumers to make informed choices.**

### Background

Food Standards Australia New Zealand (FSANZ) has three statutory objectives in developing or reviewing food regulatory measures. These include providing adequate information relating to food to enable consumers to make informed choices.<sup>1</sup> The challenge is to make this objective meaningful so it can be implemented effectively (and efficiently) within the context of total decision-making processes.

The second objective should serve two purposes. One is to ensure individual consumers can have confidence that the information available to them will be sufficient to enable an informed choice. The second purpose is to reinforce public perception and confidence in the food regulatory system as a whole. In a similar manner to a food safety breach, exposure to examples of inadequate, inaccurate or confusing information affecting any food selection will undermine public confidence in the food regulatory system as a whole, independent of any risk to public health.

There is a perception that consumer values issues are given inadequate consideration in standards-setting<sup>2</sup>. Within the hierarchy of food regulation proposed by the Blewett Review of food labelling<sup>3</sup> and accepted in principle by the Food Ministers' Forum<sup>4</sup>, a market-based approach to consumer values claims is proposed. Government regulation would not be required in efficient markets and only would be considered when market processes do not work. Consumer groups believe this approach has limitations for individual food selections. For example, credence claims like 'free-range' and 'sustainable' are used by food companies to appeal to consumers' values. Consumers use these claims to make informed purchasing decisions. However, it can be difficult for consumers to know what reasonable standards are in place in such areas and how they are monitored.

CHOICE and Consumer NZ have considerable experience analysing food labelling and believe that voluntary labelling on issues of considerable importance to consumers is inconsistent in application in many areas.

<sup>1</sup> The objectives are expressed in descending priority order, with the first objective being the **protection of public health and safety** and the third being **prevention of misleading or deceptive conduct**.

<sup>2</sup> Submissions to the Review of food labelling law and policy. Available at <http://www.foodlabellingreview.gov.au/internet/foodlabelling/publishing.nsf/Content/submissions-public>

<sup>3</sup> [www.foodlabellingreview.gov.au](http://www.foodlabellingreview.gov.au)

<sup>4</sup> Legislative and Governance Forum on Food Regulation response to the Labelling Logic report. Available at [http://www.foodlabellingreview.gov.au/internet/foodlabelling/publishing.nsf/content/ADC308D3982EBB24CA2576D20078EB41/\\$File/FoFR%20response%20to%20the%20Food%20Labelling%20Law%20and%20Policy%20Review%209%20December%202011.pdf](http://www.foodlabellingreview.gov.au/internet/foodlabelling/publishing.nsf/content/ADC308D3982EBB24CA2576D20078EB41/$File/FoFR%20response%20to%20the%20Food%20Labelling%20Law%20and%20Policy%20Review%209%20December%202011.pdf)

\* The views expressed in this paper are those of the Members of the Consumer and Public Health Dialogue and do not represent the views of Food Standards Australia New Zealand

In circumstances where it is clear market processes are not working effectively and consumers are not being given adequate information, the introduction of standards can help inform consumers and level the playing field for companies which make valid credence claims. However, the 'tipping point' to demonstrate effectiveness of market forces resulting in government regulatory action is not well defined or actioned, even when considerable resources have been applied to the issue, as has occurred with standards for organic foods.

In such cases of apparent ineffective market systems, the first objective relating to public health and safety has become the sole judgment point, rather than considering the role of the food regulatory system as a whole. The effectiveness of the food regulatory system relies on public confidence, which in Australia has been found to be high<sup>5</sup>. This confidence in government oversight of the processes will be eroded as more examples of ineffective industry approaches to labelling and self-regulation are disclosed, as has been occurring overseas<sup>6</sup>.

This paper uses the case studies of country of origin labelling and free-range egg labelling as examples of consumer value issues where standards have the potential to enable consumers to make informed decisions about food.

### **Case study 1: Country of origin labelling**

Country of origin labelling (CoOL) can be classified as a consumer values issue, rather than one of public health and safety. Consumers have a range of reasons for wanting to know the origin of food, including supporting local farmers and manufacturers, as well as a desire to source or avoid products from certain countries for ethical reasons. Consumers may also want to know the origin of food because they perceive there are health or safety concerns with food grown or processed in certain countries. All food for sale in Australia and New Zealand should meet domestic food safety standards and there should be robust monitoring of imported foods, yet the interest in country of origin labelling suggests that consumers apply a wider range of risk assessment criteria to their food selections than are currently applied through 'standard' science-based risk assessments.

Effective CoOL gives consumers the ability to make informed choices about where the food they eat comes from. In Australia, CoOL is mandatory for all packaged and most unpackaged food for retail sale, although consumer groups would like to see clearer and more meaningful terminology. New Zealand does not have mandatory CoOL. The two main supermarket chains have signed up to voluntary CoOL for fresh fruit, meat and vegetables, but the labelling can be haphazard. Beef + Lamb NZ already marks its NZ-produced meat and has agreed to mark all imported meat (all of which is from Australia). The lack of consistency in voluntary efforts to label the origin means that New Zealand consumers have difficulty making informed decisions about the food they eat.

The New Zealand CoOL example demonstrates that voluntary labelling around consumer values issues can fail to give consumers the information they need to make informed decisions. In the Australian case, regulation under the Food Standards Code has meant that CoOL is widespread and Australian consumers may be more informed than New Zealand consumers.

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<sup>5</sup> Coveney J. Food and trust in Australia: building a picture. *Public Health Nutr.* 2008 ;11(3):237–45.

<sup>6</sup> Ronit K. Obesity and self-regulation of food and beverage marketing: a literature review. *Eur J Clin Nutr.* 2014; 68: 753–9. Galbraith-Emami S, Lobstein T. The impact of initiatives to limit the advertising of food and beverage products to children: a systematic review. *Obes Rev.* 2013;14(12):960-74 and also [www.foodlabellingreview.gov.au](http://www.foodlabellingreview.gov.au)

## Case study 2: Free-range egg labelling

Free-range eggs make up 14% of the New Zealand egg market<sup>7</sup> and nearly 40% of the Australian egg market.<sup>8</sup> There are different approaches towards regulation of free-range production and labelling. Amendments to New Zealand's Code of Welfare for Layer Hens in December 2012 introduced minimum requirements for free-range egg farms consisting of:

- Indoor stocking densities of 9 hens per m<sup>2</sup>.
- Outdoor stocking densities of a maximum of 2,500 birds per hectare (around 4m<sup>2</sup> per bird). The code recommends less than 900 hens per hectare as "best practice".
- "Pop holes" to enable outdoor access are required to be 35cm high by 40cm wide and evenly distributed along the building.
- Range management is expected to ensure the hens use the range area frequently, and includes providing trees, shrubs or other shelter to give protection from possible predators such as hawks.

By contrast, Australia's Model Code of Practice for the Welfare of Animals: Poultry Edition only contains one requirement for free-range eggs: the stocking density must not exceed 1,500 birds per hectare. However, the Model Code is voluntary and the industry body (the Australian Egg Corporation Limited) admits nearly a third of egg production uses stocking densities in excess of 20,000 birds per hectare.<sup>9</sup> There are also concerns in New Zealand that a considerable proportion of free-range egg production lacks appropriate monitoring and enforcement.<sup>10</sup>

Consumer groups in Australia and New Zealand would like to see mandatory standards around free-range labelling. Consumers pay a premium for free-range eggs in the belief these products meet their expectations and accepted standards. The current lack of consistency in free-range claims means consumers can have little confidence they are getting what they pay for or are making informed decisions.

Such lack of confidence has the potential to influence consumers' perceptions of other aspects of food regulation.

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<sup>7</sup> Egg Producers Federation of New Zealand <http://eggfarmers.org.nz/egg-farming-in-nz/farming-types/free-range>

<sup>8</sup> Retail World Grocery Guide 2012.

<sup>9</sup> Australian Egg Corporation Limited Fact Sheet: Free Range Stocking Densities.

<sup>10</sup> <http://www.stuff.co.nz/life-style/food-wine/food-news/9055738/How-free-range-are-your-eggs>