



# ACCI POLICY STATEMENT

## LABELLING POLICY

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A product label is one of the most important and direct means of communicating product information between buyers and sellers and serves three primary functions:

- provides basic product information such as the common name, list of key ingredients, net quantity, durable life dates, grade/quality, country of origin and name/address of responsible manufacturer, dealer or importer;
- provides health/safety and nutrition information including instructions for safe handling, nutritional profile or other specific information relevant to recommended possible uses of the product; and
- vehicle for marketing, promotion and competition, advertises and promotes product sale and trade via label vignettes, promotional information and label claims.

Label information constitutes the primary means by which consumers differentiate between individual products and brands to make informed purchasing choices.

In Australia, labelling is not treated by governments, either Commonwealth or State, as a subject in its own right nor is there one Minister responsible for labelling policy. Thus, in each State, industry has to look to more than one law to ensure compliance with all packaging and labelling requirements in regard to a particular product, as well as other requirements by government in regard to the manufacture, distribution and sale of that product. In the case of products marketed in more than one State, the number of regulations to comply with increases.

Similarly, at the federal level no single agency has taken responsibility for the development of a national labelling policy. As a result, the numerous agencies that are responsible for developing labelling requirements continue to do so in an ad-hoc manner resulting in unnecessary costs to business and consumers.

Furthermore, the information available to businesses regarding their labelling obligations, when available, is often poorly coordinated with businesses required to contact a number of different agencies at both the State and Federal level to obtain information that can sometimes be incomplete or contradictory.

Enforcement of these existing labelling laws needs to be equitable. Moreover, the enforcement of labelling laws should be consistent across industries and irrespective of the origin of the product. All enforcement agencies should ensure that Australian businesses are not disadvantaged and that consumers are provided with the level of protection that is required by law in Australia. In addition to ensuring consumers are able to make informed decisions, it is essential that any labelling decisions take into consideration the cost to the industry. Onerous labelling requirements, frequent changes in requirements and short implementation schedules for new requirements can add significantly to production costs and undermine the ability of Australian products to compete internationally.

### PRINCIPLES OF LABELLING POLICY

Businesses use labelling as a primary means of communicating with their customers and as a tool for marketing and promotion. Therefore, the purpose of labelling from a public policy perspective is twofold: to maximise public confidence in product safety by enabling consumers to make an informed choice whilst minimising the compliance costs to business; and to facilitate commerce.

For public policy purposes labelling should:

- meet minimum health, safety and environmental requirements;
- be clear, simple and legible;
- inform consumers of how the product should be used most effectively;
- minimise compliance and ongoing costs; and
- be sufficiently flexible to allow for modifications, provided these are consistent with the desired outcomes of the labelling requirements, for example, when the required information does not fit on small or unusually shaped product.

Within this framework ACCI:

- supports policies which engender confidence in Australia's labelling laws by providing adequate consumer information and protection;
- supports labelling policies which enable consumers to make an informed choice;
- believes mandatory labelling requirements should be reserved for key attributes such as human health, while voluntary labelling of other attributes, under government or industry guidelines, where appropriate, should be encouraged. In all cases, the emphasis should be on creating competitive markets for quality attributes and providing reasonable consumer protection;
- supports labelling requirements which are written in terms of outcomes and are performance-based to facilitate flexibility in achieving the desired outcome
- believes that, wherever possible, labelling requirements across Australia and internationally should be harmonised;
- believes that business should have access to a one-stop shop which is capable of providing comprehensive advice on all labelling obligations;
- believes that a single government agency should have responsibility for the development of labelling policies across industries and that this agency should be active in ensuring that labelling requirements are nationally consistent, valuable to consumers and do not impose unnecessary costs;
- does not support calls for the origin of individual components to be listed in product labelling;
- supports the equitable enforcement of labelling laws irrespective of whether the product is imported or domestically produced, or the nature of the business;
- supports labelling initiatives which ensure consistency between the treatment of country of origin claims domestically and in any bilateral agreements;
- supports labelling initiatives which ensure that the current provisions in the Trade Practices Act relating to country of origin claims remain;
- advocates that in achieving these goals that the costs to industry, and therefore consumers, must be minimised; and

- believes that a national labelling policy should be developed which is consistent with the policies contained in this Policy.

## POLICY OBJECTIVES

ACCI recommends that a stock-take of Australia's labelling laws be conducted which provides recommendations to relevant Ministers regarding the duplication and complexity of all State and Federal labelling laws. Following this, a system of harmonisation should be initiated with the aim of developing a national labelling policy consistent with the principles contained in this Policy.

There should also be a single entry point for business to contact regarding their obligations in relation to labelling. At the federal level, currently a business may need to contact a number of agencies such as the Australian Competition and Consumer Commission (ACCC), Standards Australia, the Department of Industry, Tourism and Resources, the Australian Customs Service, the Australian and New Zealand Food Authority (ANZFA), the National Industrial Chemicals Notification and Assessment Scheme (NICNAS), the National Registration of Agricultural and Veterinary Chemicals (NRA), the Therapeutic Goods Administration (TGA) and many more for information relating to the labelling requirements of a product. A business would then need to comply with any separate relevant State and Territory labelling laws.

ACCI believes that a single policy unit within government should be responsible for providing advice to these agencies to ensure that Australia's labelling policies are not piecemeal, ad-hoc, inconsistent and duplicative. The Government should also establish whole of government guidelines for the development of labelling policies to assist individual agencies in their development of labelling policy and to ensure consistent approaches across industries. Within this framework it is essential that this agency be active in advocating the development of labelling policy which is both efficient and effective and which facilitates industry involvement in this process. The development of sectoral or industry-based labelling guidelines for business which incorporate all relevant State, Federal and Australian Standards information relating to labelling requirements may be of assistance to business as well as highlight current duplications and inconsistencies.

Labelling requirements are also developed through Standards Australia via voluntary and mandatory standards. The development of labelling obligations through the Australian Standards process is an effective method of developing labelling guidelines as it requires consensus amongst all interested parties. However, these labelling requirements should be consistent with a whole of government labelling policy. Where mandatory, this information should be made easily available to business.

It is important to recognise that it is in business's best interests to ensure that consumers are well informed. Businesses spend significant resources to ensure that they are getting their messages on the key attributes of their product across to consumers. Labelling regulations should recognise this and allow industry to determine the most appropriate way to present information.

## THE POLICY FRAMEWORK

Labelling has an important role in providing consumers with information to differentiate between product brands and to determine the product that best suits their needs.

Labelling policies differ from other regulatory approaches because they work more directly in conjunction with consumer demand in the marketplace. Where labelling is used as a tool to achieve a specific policy objective, it can play several roles. Most prominent among these is its role as a direct aid to consumers in making purchasing decisions.

However, labelling also plays several third party roles including:

- as an aid to informed choice. Labelling requirements are more compatible with consumer and seller incentives than other types of regulation. Providing consumers with information they require to make an informed choice should

always be fully explored before, for example, a product is removed from the market on the basis of a pre-supposed risk;

- as a product design influence. Labelling regulation may assert a strong influence over product design. For example, with detailed nutrition labelling requirements food processors may design a product to use a defined label term such as “low sodium” or energy efficiency labelling may result in manufacturers altering designs to achieve a favourable rating;
- a public surveillance assurance. Labelling policy may serve to assure consumers that the Government is paying attention to important quality attributes of products. These may include warning labels of certain particular ingredients/products which are deemed hazardous in certain circumstances; and
- a public values definition/forum for consensus. Information on labels and the format used, signals to consumers, distributors and manufacturers, which of the product’s attributes are key and which values make a difference. Labelling programs crystallise, often for a significant period of time, a set of judgements on which quality attributes are important.

Labelling regulations may be used as a tool to improve the information available to consumers in making purchase decisions and as a means of influencing markets for product quality. They may be used as complements or substitutes for other types of regulatory regimes and may be applied to the full range of quality attributes.

For further information:

Greg Evans

Director, Industry Policy and Innovation

Telephone: (02) 6273 2311

Facsimile: (02) 6273 3286

Email: [greg.evans@acci.asn.au](mailto:greg.evans@acci.asn.au)