



# Evaluation of Country of Origin Labelling for Food

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## Terms of reference

The Australian Government is evaluating the reforms to Australia's Country of Origin Labelling (CoOL) regulations for food, which came into full-effect in July 2018.

The Department of Industry, Science, Energy and Resources (the department) will lead the evaluation, with the assistance of an external consultant.

The department's Evaluation Unit will manage the evaluation as a whole, with support from the Business Facilitation and Food Policy Branch, and a multi-agency Reference Group will provide strategic direction to the evaluation.

The purpose of the impact evaluation is to review the CoOL reforms and their effectiveness in meeting their intended objectives, including a consideration of any unintended consequences.

## Background

Reforms to Australia's CoOL regulations were passed by Parliament in 2016 and came into full-effect in July 2018. The reforms are enabled by the *Competition and Consumer Amendment (Country of Origin) Act 2016*, and the *Country of Origin Food Labelling Information Standard 2016* (the Information Standard).

The CoOL reforms were implemented in response to feedback from consumers that previous origin labelling claims on food were hard to find, confusing or did not provide enough information. The reforms were implemented to provide clear, consistent, informative and easy to find country of origin labels for food so consumers can make more informed choices about the food they buy, in line with their personal preferences. The reforms also changed the definition of 'substantial transformation', which provides criteria for determining whether products may or may not claim to have been made in a particular location, and has implications for both food and non-food products.

The most significant impact of the reforms was on CoOL requirements for food, as they introduced a new Information Standard for food sold through retail channels. The Information Standard aims to provide businesses with greater certainty and clarity about the claims they can make about the origin of the food they supply, without imposing excessive costs on those businesses. The Information Standard provides clear guidance to businesses about how to apply the new labelling scheme, which includes the use of the Australian Made logo for products grown, produced or made in Australia, a bar chart indicating the proportion of Australian content and a text statement explaining the origin of the goods.

Under the Administrative Arrangement Orders of 5 December 2019 that took effect from 1 February 2020, the department has policy responsibility for CoOL. The CoOL provisions are

contained in the Australian Consumer Law (Schedule 2 to the *Competition and Consumer Act 2010*). As such, any changes to the Australian Consumer Law require agreement from states and territories through the Legislative and Governance Forum on Consumer Affairs. The Australian Competition and Consumer Commission (ACCC), an independent Commonwealth statutory authority, has joint responsibility with state and territory consumer regulators to enforce the Australian Consumer Law, which includes the CoOL requirements.

The Australian Government supported the implementation of the CoOL reforms through public information and awareness campaigns targeted at business and consumers, including an online tool for business to generate the appropriate label for their product.

## Authority for the Evaluation

The 2016 Decision Regulation Impact Statement (RIS) for CoOL committed to reviewing the reforms two years after the end of the transition period in June 2018. The department's *Evaluation Plan 2018-22* has scheduled an impact evaluation for CoOL reforms for the 2020-21 financial year.

In line with the department's *Evaluation Strategy 2017-2021*, the evaluation of the CoOL reforms has been identified as a tier one evaluation due to the reforms' high public profile and significant implications for government, the private sector and the Australian public. Categorisation as a tier one evaluation corresponds with the allocation of department resources to ensure it meets the expectations of these stakeholders.

The reforms have been reviewed previously, as detailed in the following table:

Review Title	Scope	Date, Author
CoOL Performance Management Health Check	Data requirements, existing data collection arrangements, record keeping systems	March 2018, Internal

## Evaluation Timing and Scope

Commencing in 2020-21, this evaluation will cover the scope of the reforms and their effectiveness in meeting their intended objectives, including a consideration of the impact and unintended consequences of the reforms which may have arisen from their implementation.

Changes to origin labelling arrangements for complementary medicines are underway, in parallel with the Evaluation of CoOL for Food. As a result, and in light of previous consideration of this issue, CoOL on complementary medicines is outside the scope of this evaluation.

The evaluation will aim to conclude by June 2021.

# Evaluation Questions

The evaluation seeks to answer the overarching question:

*Have the Country of Origin Labelling reforms improved consumer access to information about the origin of food, and clarified the origin claims businesses can make about their products, without imposing excessive costs on those businesses?*

In answering this question, the evaluation will undertake public consultation to collect evidence from consumers and businesses to evaluate the impact and appropriateness of the current CoOL requirements. To answer this overarching question, this evaluation will seek to answer the sub-questions below which are grouped into three focus areas: *Design and Implementation*, *Outcomes*, and *Lessons Learned*. Some areas will be further stratified by focusing on *Consumers* or *Businesses*.

The *Consumers* and *Businesses* questions will feature in a discussion paper which will be released as part of a public submissions process. The *Design and Implementation* focus area questions will not be included in the discussion paper as they concern issues internal to the department and government, and instead will be addressed by interviews with government stakeholders.

## Design and Implementation

1. What were the problems that the CoOL reforms were designed to address?
2. Did clear, evidence-based links exist between the CoOL reforms and the expected outcomes?
3. Were there alternative labelling models which could have more effectively addressed the issues?
4. Have the reforms been flexible enough to accommodate new consumer, industry and technology developments?
5. How cost-effective was the provision of information to consumers and businesses?
6. Were the CoOL reforms delivered within their original scope, budget and timeframe?

## Outcomes

### Consumer access to origin information

7. Did the CoOL reforms achieve the objective of improving consumer understanding about the origins of their food?
8. Does the differentiation between priority and non-priority foods continue to meet consumer expectations?
9. Is the current scope of mandatory CoOL appropriate? Should the exemption for foodservice be maintained?
10. Do the criteria for making a 'Made in' claim reflect consumer perceptions and expectations?
11. Does use of the Australian Made logo and bar chart reflect consumer perceptions and expectations?
12. Do the CoOL requirements for online sales provide consumers with adequate origin information about products prior to making their purchase?

13. Have communication activities and online resources been effective in raising consumer awareness of the CoOL reforms and helping consumers to understand CoOL information?
14. Are there any other product types for which consumers seek greater access to origin information?
15. Has consumer demand for origin information changed since the introduction of the reforms?

### Clarifying business' ability to make origin claims

16. Has the introduction of safe-harbour defences clarified business' ability to securely make origin claims?
17. How well have businesses complied with CoOL requirements?
18. Do the current CoOL requirements provide adequate flexibility for food and beverage producers to manage variations in the supply of ingredients?
19. Did the CoOL reforms have any unintended consequences on businesses for particular products, including non-food products? What action, if any, was taken to address the impacts of the CoOL reforms on those businesses that were negatively affected?

### Impact on business

20. Have communication activities and online resources been effective in supporting businesses to understand, implement and manage CoOL requirements?
21. Did the transition period enable businesses to implement the reforms in an efficient manner, and minimise implementation costs?
22. What were the realised costs to business associated with meeting the new CoOL requirements?
23. Have food and beverage producers benefited from the increased provision of information to consumers?

### Lessons learned

24. What lessons can be drawn from the program to improve the efficiency or effectiveness of future initiatives?

## Methodology

To answer the evaluation questions, this evaluation will use a mixed methods approach relying on both quantitative and qualitative data sources. As such, several approaches will be undertaken to collect the information required to respond to the evaluation questions, including:

- Consumer survey
- Consumer focus groups
- Business survey
- Business interviews
- Government stakeholder interviews
- Public submissions process
- Research and analysis of appropriate data, including Cost benefit analysis

# Governance

## Reference Group

A Reference Group will be established to provide strategic guidance and direction to the evaluation. The Reference Group will be responsible for providing strategic guidance and direction to the evaluation's Working Group (described below) for the duration of the project.

The Reference Group will agree to the Terms of Reference and review preliminary findings and recommendations as well as the final report.

Acknowledging the importance of the evaluation within the department and across government, the following officials will be invited to attend the Reference Group, noting that participation reflects the role rather than the individual:

- SES Band 1, Evaluation and Research Branch (Chair).
- SES Band 1, Business Facilitation and Food Policy Branch, Industry Growth Division – as the policy owner of CoOL for food.
- SES Band 1, Trade and International Branch, DISER – as the policy owner of CoOL for non-food products.
- SES Band 1 within the Australian Competition and Consumer Commission – as the responsible regulator of CoOL.
- SES Band 1 from Treasury – as the policy owners of Australian consumer law.
- SES Band 1 from Department of Agriculture, Water and the Environment – noting the impact of CoOL across the food supply chain.
- SES Band 1 from Department of Health – as the policy owners of food standards.

Officials from the National Measurement Institute and the department's Communications team will also be invited to attend the Reference Group meetings, given their roles in providing support to the ACCC in monitoring compliance with the CoOL requirements and undertaking the communications campaign for the CoOL reforms, respectively.

The Reference Group will meet four times:

Task	Date
Meeting one: Discuss and approve Terms of Reference	May 2020
Meeting two: Progress update	November 2020
Meeting three: Discuss preliminary findings and recommendations	January 2021
Meeting four: Provide feedback on draft report	February 2021

## Working Group

The department will convene an officer-level Working Group to support the Reference Group, which will include officers from each area represented on the reference group. Following commencement of the evaluation, the Working Group will meet at least monthly to provide an update on progress, share information and seek input from members as necessary.

## Report Approval

The final report will be reviewed by the Reference Group and approved by the Chair, before endorsement by the Departmental Program Performance Committee and Executive Board. The department will then seek approval to publish the report from the Minister for Industry, Science and Technology. The Minister for Industry, Science and Technology will also provide the report to the Minister for Housing and Assistant Treasurer, the Minister for Agriculture, Drought and Emergency Management, and the Minister for Health, for their information.

## Information Release

The evaluation will produce a report documenting the outcomes and findings of the evaluation. In addition to the 2016 Decision RIS commitment to reviewing the reforms, the Government has also made public commitments to evaluate the effectiveness of the CoOL reforms in correspondence with interested stakeholders. As there is significant public interest associated with CoOL, the evaluation report will be prepared with the intention to publicly release the document in full.

There may be information or outcomes produced through the evaluation that are sensitive or confidential. This may include material produced from consumer and business research, surveys, interviews, and other commercially and legally sensitive information. While this information may not be suitable for inclusion in a publicly-facing document, it may be documented as an appendix to the report and shared through a limited distribution to relevant stakeholders.