

Side effects of having informed choice as an objective of government intervention in food labelling

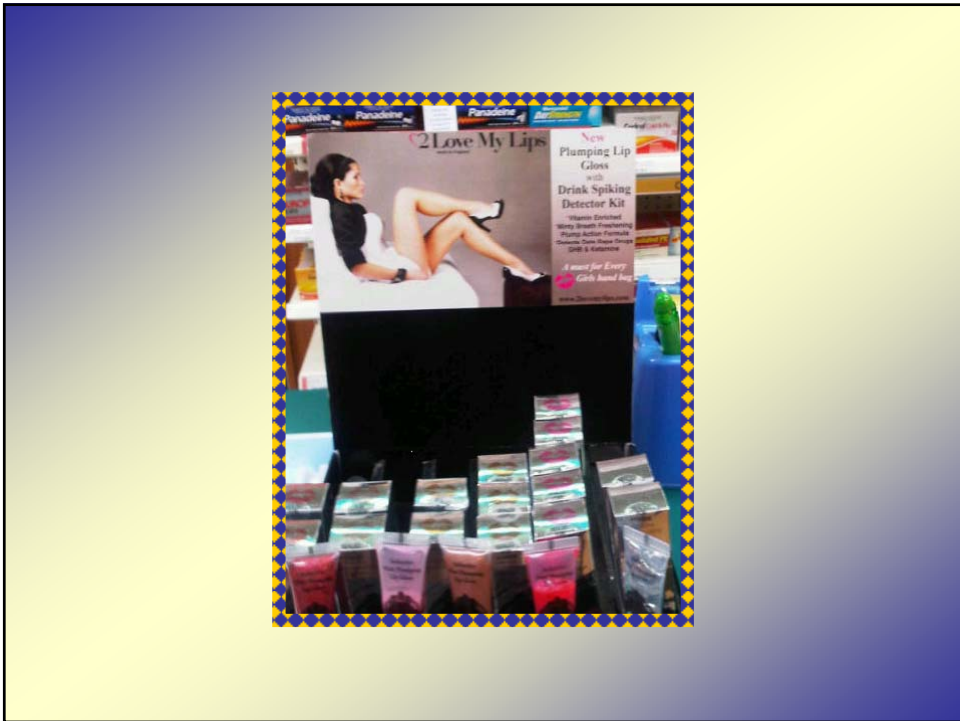
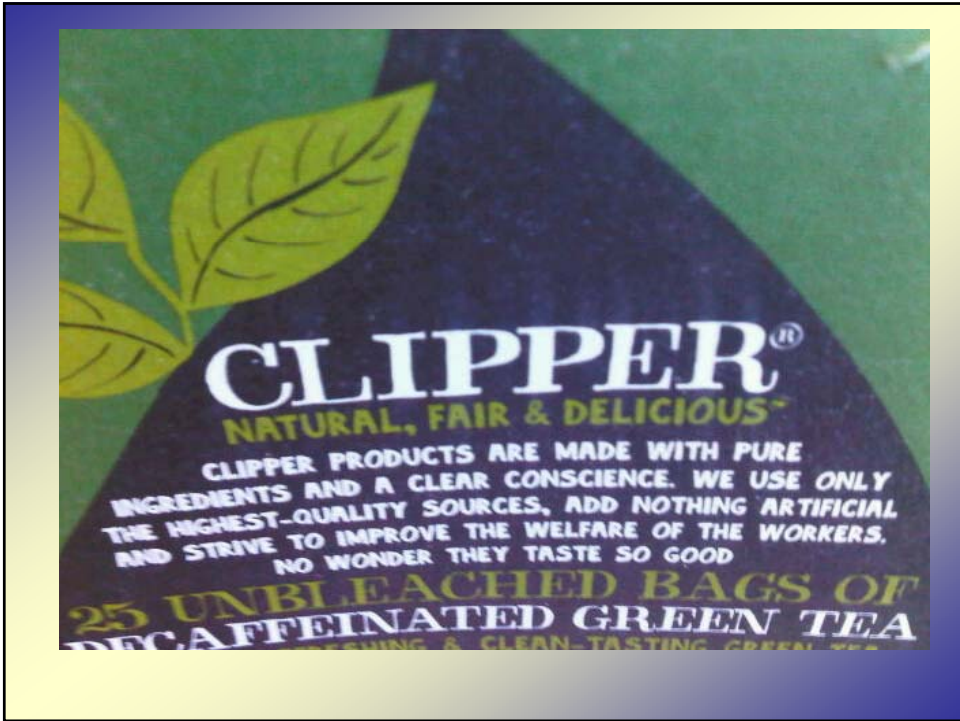
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Information to enable informed consumer choice

- It is ten years since the 'right to know' was inserted as a separate, specific objective into food standards law.
- It was added to the existing (long standing and uncontroversial) objectives:
 1. protecting public health and safety
 2. preventing misleading or deceptive conduct.

**But why do we need to talk about this?
Why is it controversial?
Can't I just have a little afternoon snooze?**







The role for government in food labelling

- Asymmetric information is a necessary but not a sufficient condition
- Must also be wider public benefits that exceed costs
- These are related to 'health risks' or 'economic risks' but usually NOT *environmental* risks e.g.
 - protecting orangutan habitats
 - 'food miles'

Private signalling CAN overcome asymmetric information

- ◆ But only under certain circumstances (Jill McCluskey and others)
- ◆ And there will be ongoing instability in 'credence attribute markets' and incentives for fraud
- ◆ This leads to calls for more prescriptive regulation (standards, labelling, traceability etc) but better enforcement of existing laws is a better option
- ◆ Need more 'integrated compliance'

Why was informed choice introduced as a specific objective?

Prize for the correct answer

1



2



3



The Current National Review of Food Labelling

- Context
- Matters for Review
- What happened

- Q4.** What principles should guide decisions about government intervention on food labelling?
- Q5.** What criteria should determine the appropriate tools for intervention?
- Q13.** To what extent should the labelling requirements of the Food Standards Code address additional consumer-related concerns, with no immediate public health and safety impact?
- Q14.** What criteria should be used to determine the inclusion of specific types of information?
- Q17.** Is there a need to establish agreed definitions of terms such as 'natural', 'lite', 'organic', 'free range', 'virgin' (as regards olive oil), 'kosher' or 'halal'? If so, should these definitions be included or referenced in the Food Standards Code?

Up to 60% of processed food on supermarket shelves contains GM (genetically modified) ingredients. Loopholes in our labelling laws mean they are unlabelled.



Why are we eating in the dark?

Europe labels GM food.

Brazil, Hungary, Serbia, and China have labs that can quantify GM ingredients in food.

Put in a submission to the Australian Food Labelling Review by 14th May.

Ask for: - all ingredients fully or partly derived from GM crops or processes to be labelled, including oils, sugars, starches, additives, honey and milk, eggs and meat from animals fed GM feed.

Why not comment on: additives, trans fats, country of origin, animal welfare, palm oil etc too?

<http://www.foodlabellingreview.gov.au/internet/foodlabelling/publishing.nsf/Content/pubsreports>

For submission guidelines see our website www.madge.org.au



The Victorian Government Submission

- What it said about informed choice
- Example - nailing down a definition of 'organic'
- Integrated compliance

“this approach avoids governments using their resources sub-optimally by getting involved in standards or certification for some credence attributes and not others”

“Although corporations and policy makers are bombarded with international surveys purporting to show that average consumers do demand ethical products, lingering doubts remain as survey radicals turn into economic conservatives at the checkout” (Devinney, Auger and Eckhardt 2009, ‘the myth of the ethical consumer’ p14)

So where are we? A draft list of side effects

1. High expectations
2. Over-emphasis on the ‘right to know’
3. Dilution of essential messages
4. Bounded ability to take in messages
5. Confusion about objectives
6. Increasing costs to consumers without empirical research to elicit values and use of labels in ‘real’ retail environments
7. Increasing costs to producers (eg CoOL, egg stamping)
8. Compounding of all of these impacts if reviews are open ended questions
9. Unnecessary inquiries
10. Under-representation in reviews and inquiries of lower socioeconomic groups
11. Equity concerns

Front-of-pack nutrition labelling

- Equity concerns are particularly important for this type of labelling
- Lower socio-economic groups may benefit MORE from interpretive 'traffic light' labelling
- This issue highlights the importance of empirical research in real retail environments covering all socio-economic groups

Integrated Compliance

- What is it?
- Why do we need it?

Consumer detriment studies

There are hundreds of thousands of problems with food and drink every year in Victoria that people believe to be legitimate causes for complaint but about which they take no action

WHY? “it’s not worth the time and effort”

and there are undoubtedly many more problems that consumers never even find out about

Conclusion – Main Points

- Economics of food labelling is uncontroversial
- Difficult to justify further prescriptive labelling regulation
- Disproportionate impact on those that may value it least
- Need for value-elicitation research and more integrated compliance
- Pursuing the ‘right to know’ via integrated compliance with laws already there, will achieve the best balance of consumer protection, consumer choice and industry opportunities

Label Instructions



This is a clothing label from a small American company that sells their product in France.

Here's the translation of the French part of the label.

- Wash with warm water.
- Use mild soap.
- Dry flat.
- Do not use bleach.
- Do not dry in the dryer.
- Do not iron.
- We are sorry that Our President is an idiot.
- We did not vote for him.