



AUSTRALIAN
FOOD AND GROCERY
COUNCIL

SUBMISSION

SUBMISSION TO

PRODUCTIVITY COMMISSION

IN RESPONSE TO

**Draft Research Report - Annual Review of
Regulatory Burdens on Business – Manufacturing &
Distributive Trades**

31 July 2008

PREFACE

The Australian Food and Grocery Council is the peak national organisation representing Australia's packaged food, drink and grocery products industry.

The membership of the AFGC comprises more than 150 companies, subsidiaries and associates which constitutes in the order of 80 per cent of the gross dollar value of the highly processed food, beverage and grocery products sectors. (A list of members is included as Appendix A.) The AFGC represents the nation's largest manufacturing sector. By any measure Australia's food, drink and grocery products industry is a substantial contributor to the economic and social welfare of all Australians. Effectively, the products of AFGC's member companies reach every Australian household.

The industry has annual sales and service income in excess of \$70 billion and employs more than 200,000 people – almost one in five of the nation's manufacturing workforce. Of all Australians working in the industry, half are based in rural and regional Australia, and the processed food sector sources more than 90 per cent of its ingredients from Australian agriculture.

The AFGC's agenda for business growth centres on public and industry policy for a socioeconomic environment conducive to international competitiveness, investment, innovation, employment growth and profitability.

The AFGC's mandate in representing member companies is to ensure a cohesive and credible voice for the industry, to advance policies and manage issues relevant to the industry and to promote the industry and the virtues of its products, enabling member companies to grow their businesses.

The Council advocates business matters, public policy and consumer-related issues on behalf of a dynamic and rapidly changing industry operating in an increasing globalised economy. As global economic and trade developments continue to test the competitiveness of Australian industry, trans-national businesses are under increasing pressure to justify Australia as a strategic location for corporate production, irrespective of whether they are Australian or foreign owned. In an increasingly globalised economy, the ability of companies to internationalise their operations is as significant as their ability to trade globally.

Increased trade, rationalisation and consolidation of businesses, increased concentration of ownership among both manufacturers and retailers, intensified competition and dynamic, increasingly complex and demanding consumers are features of the industry across the globe. Moreover, the growing global middle class of consumers is more sophisticated and discerning, driving innovation and differentiation of products and services.

The AFGC is working with governments in taking a proactive, even tactical, approach to public policy to enable businesses to tackle the threats and grasp the dual opportunities of globalisation and changing consumer demands.

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RECOMMENDATIONS

- The AFGC recommends that the Bethwaite Review be completed as quickly as possible to allow its findings to be considered by the COAG Business Regulation and Competition Working Group. 7
- The AFGC recommends the importance of high quality policy and regulatory impact statements as key measures of the observance of the Ministerial Council to COAG principles. 7
- AFGC recommends governments continue to acknowledge and support self- and co-regulatory actions as a way of minimising the need for legislative or regulatory controls. 7
- The AFGC recommends development of a national, comprehensive whole of government sustainability strategy encompassing a whole of chain approach including environmental, economic and social policy perspectives to minimise overlap and duplication and costs to industry and the community. 7
- The AFGC recommends that votes are allocated to the Australia New Zealand Ministerial Council as follows: one vote to the Commonwealth, one vote to New Zealand and one vote collectively to the States and Territories. 23
- The AFGC recommends that Industry portfolios take over primary responsibility for food policy and regulation with policy input from other departments such as Health. 23
- The AFGC recommends immediate adoption of the Model Food Bill by all Australian jurisdictions and review and amendment of local food regulations to remove unnecessary variances. 23
- The AFGC recommends centralisation of enforcement of labelling and compositional standards by a new national enforcement regulator. 24
- The AFGC recommends amendment of the Australia New Zealand Food Regulation Ministerial Council *Principles and Protocols for the Development of Food Regulation Policy Guidelines* detailing: 24
- features of effective food policy;
 - required coverage of food policies to all food regulatory areas;
 - disclosure requirements – full publication of policy assessments (i.e. policy impact statements); and
 - publication of a work plan for the development of food policies.
- The AFGC recommends introduction of minimum hurdles in market failure and regulatory impact statements which must be met before regulation is introduced to ensure a substantial need for a regulatory measure exists. 24

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| The AFGC recommends the scope of the Australia New Zealand Food Standards Code needs to be reaffirmed through amendment of the FSANZ Act and supporting policy statements. | 25 |
| The AFGC recommends that regulatory agencies make ruling statements to indicate which legislation takes priority in areas of ambiguity and that agencies agree on the provision of “safe harbours” when necessary and on an issue by issue basis. | 25 |
| The AFGC recommends amendment of the FSANZ Act to more appropriately reflect that for some regulatory issues greater benefits will flow to the consumer if the interests of business are given greater prominence. | 25 |
| The AFGC recommends that food policy provides guidance on the use of industry codes of practice to complement full regulation within the Australia New Zealand Food Standards Code. | 26 |

1 EXECUTIVE SUMMARY

The Australian Food and Grocery Council (AFGC) welcomes the opportunity to make a second submission to the Productivity Commission in response to the draft Research Report *Annual Review of Regulatory Burdens on Business – Manufacturing and Distributive Trades*.

The AFGC reiterates points made in its first submission to the review and adds further information to support its positions.

The AFGC welcomes the findings of the draft report which has confirmed the AFGC views regarding the current difficulties faced by the food industry with the food policy and regulatory system. Specifically the:

- inconsistency between jurisdictions in food regulations and requirements;
- delays and difficulties in implementing and amending food standards;
- need to improve the operations of the Australia New Zealand Food Regulation Ministerial Council; and
- problems in the standard setting process.

The AFGC supports the draft Responses relevant to food regulation presented in the draft Research Report considering that they highlight the need for substantial improvement of the system – both in terms of ensuring good governance arrangements with a focus on good regulatory policy, and the need for transparent, accountable, efficient and effective standard setting processes.

Since its previous submission further examples of the need for regulatory reform have come to hand. The AFGC is particularly concerned with the Food Standards Australia New Zealand recommended amendment to the Australia New Zealand Food Standards Code (FSC) draft *Standard 1.2.7 Nutrition, Health and Related Claims* which is now under review. The draft Standard is complex, prescriptive and restrictive and thus ill suited to industry's needs and unlikely to lead to better labelling assisting consumers to choose foods better able to protect and promote good health. The AFGC also notes difficulties being experienced by industry and regulators in implementing *Standard 2.1.1 Cereal and Cereal Products, clause 4(2)(a)* of the FSC which mandates the addition of folic acid to wheat flour for making bread.

The AFGC also notes regulation can impact the food industry in the areas of the supply chain and again consistent, national regulatory frameworks blending regulation with appropriate self and co-regulation are key to ensuring unnecessary costs are removed from the supply chain leading to heightened industry efficiency.

In the area of sustainability the AFGC along with many other industry organisations are partners in the National Packaging Covenant which is a self-regulatory measure leading to substantial increases in the levels of recycling packaging waste. This takes the responsibility, and costs, from Government but is still consistent with communities needs

to lessen the impact of industry activity on the environment, thereby contributing to sustainability.

1.1 RECOMMENDATIONS

The AFGC makes the following recommendations in addition to those in its previous submission.

Recommendation

The AFGC recommends that the Bethwaite Review be completed as quickly as possible to allow its findings to be considered by the COAG Business Regulation and Competition Working Group.

Recommendation

The AFGC recommends the importance of high quality policy and regulatory impact statements as key measures of the observance of the Ministerial Council to COAG principles.

Recommendation

AFGC recommends governments continue to acknowledge and support self- and co-regulatory actions as a way of minimising the need for legislative or regulatory controls.

Recommendation

The AFGC recommends development of a national, comprehensive whole of government sustainability strategy encompassing a whole of chain approach including environmental, economic and social policy perspectives to minimise overlap and duplication and costs to industry and the community.

INTRODUCTION

The Australian Food and Grocery Council (AFGC) welcomes the opportunity to make a second submission to the Productivity Commission in response to the draft Research Report *Annual Review of Regulatory Burdens on Business – Manufacturing and Distributive Trades* (“the Review”).

This submission provides comment on draft Research Report and its recommendations. In addition it reiterates the points made by the AFGC in its first submission to the Review and adds further information to support its positions.

2 AFGC RESPONSE TO THE DRAFT RESEARCH REPORT

The AFGC supports strongly the direction and tenor of the draft Research Report (“the Report”) with respect to its assessment of food policy and regulation in Australia. That food regulation has been afforded a whole chapter in the Report and has attracted five substantial recommendations for change (draft responses 3.1 – 3.5) is testament to the poor state of repair of the food regulatory system. The Report has confirmed issues raised by the AFGC *viz*:

- inconsistency between jurisdictions in requirements of regulations and enforcement. The Report notes that the Model Food Bill was to provide,
“ a consistent regulatory approach across Australia through nationally agreed policy, standards and enforcement procedures However, this is yet to be achieved”;
- delays and difficulties in implementing and amending food standards;
- the need to improve the operations of the Australia New Zealand Food Regulation Ministerial Council;
- problems in the standard setting process – the AFGC agrees with the comment in the Report:
“...governments appear to have set aside the agreed regulatory processes... undermin[ing] wider community confidence in these processes and their commitments to reduce regulatory burden”ⁱⁱ;
- food regulation and public health – the draft Report appropriately notes that limitations in using food regulations to address health issues and that:
“... it would be appropriate for the full range of options to be examined in a broad context prior to any consideration by the Australian New Zealand Food Regulation Ministerial Council.”ⁱⁱⁱ; and

ⁱ PC draft Research Report, p30.

ⁱⁱ PC draft Research Report p43.

ⁱⁱⁱ PC draft Research Report p 44.

- food labelling issues and specifically Food Standards Australia New Zealand (FSANZ) proposals *P293 Nutrition, Health and Related Claims* and *P272 Labelling Requirements for Foods for Catering Purposes & Retail Sale*. Whilst the Report identifies some important flaws in draft standards developed by FSANZ under these proposals, the Report fails to mention that both standards have been sent for review (see below) – and in the case of P272 for second time. Such reviews are strong evidence that food standard setting is in disrepair. The AFGC will discuss P293 in greater detail later in this submission.

2.1 DRAFT RESPONSES

Draft Response 3.1 The Australian Government should publicly announce what reforms are to be implemented, and their timing, as a result of the analysis undertaken as part the Bethwaite review. In finalising its report on regulatory burdens for this year, the Commission will consider having regard to any announced reforms the need for a further limited review to improve national consistency of food regulation^{iv}.

The AFGC supports completion and publication of the Bethwaite Review. The AFGC considers the findings of the Bethwaite Review would confirm the fundamental contention that Australia lacks an efficient, nationally consistent, coordinated food regulatory system responsive to community and industry needs.

Completion of the Bethwaite Review, coupled with the findings of the current Productivity Commission *Annual Review of Regulatory Burdens on Business – Manufacturing and Distributive Trades* would provide valuable input into the work of the Business Regulation and Competition Working Group which is to report to the Council of Australian Governments (COAG).

The AFGC recognises that the Bethwaite Review commenced under the previous (Howard) Government. Whilst this should not, of itself, lead to difficulties regarding its completion, it is the case that a substantial amount of work had been completed by November 2007. The AFGC considers therefore that project should be quickly and formally wound up. Given the current work being undertaken by the Productivity Commission on food regulation it may be appropriate for the Bethwaite Review findings to be brought together by the Productivity Commission and published.

Recommendation

The AFGC recommends that the Bethwaite Review be completed as quickly as possible to allow its findings to be considered by the COAG Business Regulation and Competition Working Group.

Draft Response 3.2. The changes made to the Food Standards Australia New Zealand Act 1991 to improve the timeliness and stakeholder consultation in the amendment and development of food standards should be independently reviewed two years after their implementation.

The AFGC presented evidence from FSANZ's own data that applications and proposals to amend the Food Standards Code prior to the recent changes in the Act took too long to process. This represented a substantial regulatory drag on innovation in food companies,

^{iv} PC draft Research Report p 31.

and delayed the benefits associated with new standards from flowing through to consumers.

The AFGC supports strongly the suggestion that the performance of FSANZ should be reviewed to ensure the new simplified processes are working better leading to more efficient and effective standard setting.

Draft Response 3.3 The Ministerial Council should amend the Food Regulation Agreement to reflect the general practices for decision-making by other Ministerial Councils established to oversight, coordinate and integrate policy, such as the Australian Transport Council, the Gene Technology Ministerial Council and the Ministerial Council on Energy. In particular, the Ministerial Council should require a majority vote to initiate a review of a draft amendment of the Food Standards Code prepared by Food Standards Australia New Zealand. The Ministerial Council should incorporate, in managing its business, an explicit process step of ensuring that all requests from members of the Ministerial Council to initiate a review provide a justification in terms of the criteria that are specified in Part III of the Food Standards Agreement. The justification for any review should be published.

The AFGC is sympathetic with the intent of draft Response. In its previous submission the AFGC highlighted the inequities of the current voting systems which, in effect, allows jurisdictions with small populations and little or no food processing industry to impose substantial regulatory burden on jurisdictions with large populations and substantial food industry. The imposition of such cross-jurisdictional regulatory comparative disadvantage could continue under the changes proposed in draft Response 3.3 – and one of the mechanisms jurisdictions have to protect themselves from such impositions (excepting opting out of the implementing FSC amendments) would be removed by this response; namely the request for a review by a single jurisdiction.

The AFGC considers that it should require two jurisdictions at a minimum to request a review. The AFGC considers that if a jurisdiction cannot convince at least one other that a review is justified, then it probably is not justified. The AFGC notes, however, that the recent Victorian Efficiency and Competition Review (VECC) Review: *Simplifying the menu* rejects suggestions that the current arrangement whereby a single jurisdiction could request a review should be changed. And the AFGC is somewhat sympathetic to that view, given the poor history of standard setting by FSANZ in recent years. It is not surprising that a jurisdiction such as Victoria, which has a substantial food industry contributing significantly to its economy, seeks to maximise the means it has to shield its industry from excessive regulatory burden.

The AFGC considers also that jurisdictions requesting a review should be required to pay for it. This would provide a further discipline to calls for review ensuring that jurisdictions might make, and it would remove a source of uncertainty from FSANZ budgeting allowing more efficient use of their funds.

The AFGC strongly supports the suggestion that the justification for a review be publicised. Current practice is for a “summary” of the statement of reasons to be publicised on the Food Regulation Website which is found on the Department of Health and Ageing website^v. The AFGC considers publication of a summary to be unsatisfactory and not consistent with the transparent, accountable and consultative food policy and

^v <http://www.health.gov.au/internet/main/publishing.nsf/Content/foodsecretariat-request-reviews>

regulatory approach to which the Ministerial Council and supporting bureaucracies aspire. The AFGC's concerns have been highlighted recently in the summary communiqué from the Food Regulation Secretariat relating to the Ministerial Council's request for a review of FSANZ draft Standard 1.2.7 *Nutrition, Health and Related Claims*^{vi}. This is effectively a two page document, but the AFGC is aware that a document of approximately 50 pages was sent to FSANZ by the Food Regulation Secretariat stating the reasons and scope of the review to be undertaken. The AFGC has been attempting to obtain a copy of that document but has been unsuccessful, and the precise basis for the refusal has not been provided by the Food Regulation Secretariat at time of preparing this submission.

The AFGC strongly supports the proposal that a *comprehensive* justification for any review should be published.

Draft Response 3.4. The agreed to COAG guidelines for the development of regulation should be incorporated into the Food Regulation Agreement. The Australia New Zealand Food Regulation Ministerial Council should publish a regular report of its regulatory actions against the COAG regulatory guidelines. Compliance could be further improved by having the Chair of the Ministerial Council manage the regulatory business of the Council so as to comply with these guidelines.

The AFGC strongly supports this draft Response. The AFGC concurs with the comments of the draft report that “governments appear to have set aside the agreed regulatory processesⁱⁱ”. It is critical that the food policy and standard setting is consistent with COAG guidelines. All jurisdictions have formally agreed to respect, and work to the guidelines – and for very good reason. They ensure the imposition of minimum effective regulation thereby optimising benefits and limiting costs on the community. They protect the community – consumers, enforcement agencies, and industry alike – from the vagaries of political opportunism and strengthen confidence in the effectiveness of the regulatory systems.

A critical part of adhering to the guidelines is the assessment of policy and regulations through the preparation of comprehensive impact statements. The AFGC considers draft Response 3.4 should reflect this also.

Recommendation

The AFGC recommends the importance of high quality policy and regulatory impact statements as key measures of the observance by the Ministerial Council of COAG principles.

Draft Response 3.5. The Australia and New Zealand Food Regulation Ministerial Council should not consider making decisions on matters of public health through food regulation until such time as the Australian Health Ministers' Conference has considered all policy responses and referred the relevant matters to the Australia and New Zealand Food Regulation Ministerial Council for a food regulation response.

The AFGC supports this draft response. In recent years a public policy debate has been emerging whereby food regulation is viewed in some quarters as not simply a means of protecting public health and safety, but a vehicle for promoting public health. This moves

^{vi} Food ministers request a review of draft standard – 1.2.7 – Nutrition, health and related claims that has resulted from proposal 293 – nutrition health and related claims. 20 June 2008 www.health.gov.au

food regulation from simply mandating that foods are safe to eat (very low risk from microbial, chemical or physical hazards), appropriately labelled (main nutrients and ingredients and manufacturers' details) to seeking changes in the composition of the food supply and influencing food choices by mandating specific product nutrient compositions and label content. The fortification of bread flour with folate is an example of this policy shift.

The AFGC recognises the important role that foods play in health both of individuals and at population level. Furthermore, the AFGC is supportive of public health interventions in the food supply when the desired outcome is clearly identified, and there is strong evidence that such interventions are the most cost-effective measures available. The AFGC is concerned, however, that rather than all policy options being considered, food regulation will be viewed as simplest, and the cheapest, for governments. This is nothing short of resource shifting. It places the contingent liability for a portion of community health onto the food industry – rather than within government where it belongs.

The AFGC supports therefore this recommendation that all policy responses to public health concerns be considered prior to food regulation being put forward as the solution.

3 FURTHER AFGC COMMENTS FOR CONSIDERATION BY THE REVIEW

3.1 FOOD REGULATION

The AFGC made extensive comments regarding the need for substantial reform of the food policy and regulatory system leading to a number of recommendations for regulatory reform ([Appendix 1](#)). To support those recommendations the AFGC provides further examples of how the food standards and enforcement system is failing to deliver appropriate outcomes for the Australian food industry and the consumers it serves.

3.1.1 Health Claims

In its previous submission the AFGC highlighted the protracted progress of FSANZ proposal *P293 Nutrition, Health and Related Claims*. After more than five years in development the *draft Standard 1.2.7 Nutrition, Health and Related Claims* was finally recommended by FSANZ as an amendment to the FSC to the Ministerial Council in April 2008. Following their consideration, however, the Ministerial Council returned the draft Standard to FSANZ for review in June 2008. The AFGC has noted, that reviews of FSANZ's recommendations are not unusual with their frequency indicative of general lack of confidence in FSANZ's standard setting process. On this occasion, however, the AFGC was not surprised that a review was requested; the AFGC was, however, surprised at extent of the dissatisfaction of the Ministerial Council with the draft Standard. Their statement of reasons^{vii} for requesting a review included that the draft Standard:

- is not consistent with ANZMRC policy principles;
- does not protect public health and safety;

^{vii} <http://www.health.gov.au/internet/main/publishing.nsf/Content/foodsecretariat-request-reviews>

- is unreasonably costly for industry and consumers;
- is impractical to enforce; and
- is not consistent with FSANZ legislation objectives.

That such fundamental concerns can be raised about a draft Standard, which has been five years in development and included extensive consultation (including with State and Territory and New Zealand jurisdictions), is powerful evidence in support of the AFGC's contention that the food standard setting arrangements are fundamentally flawed and in need of extensive overhaul.

The AFGC has also been highly critical of the direction FSANZ has taken in the development of *draft Standard 1.2.7 Nutrition, Health and Related Claims*. Specific criticisms of the draft Standard include that it:

- is very long and extremely complex running to almost 50 pages which makes it the longest standard yet developed by FSANZ;
- is highly prescriptive for the process for determining claims which might be made, and subsequently how to make them;
- is highly restrictive limiting the conditions for making claims;
- increases regulatory burden threatening to prohibit claims which are currently made on food labels (see below), without demonstrating that they are currently misleading consumers or threatening public health and safety;
- lacks a scientific basis through the introduction of a Nutrient Profiling Scoring Criteria (NPSC) scheme and substantiation approaches to determine if claims can be on food packages; and
- is likely to result in a *de facto* prohibition on claims for many companies not able to afford the resources required to determine whether food products may be able to make claims. In doing so it is anti-competitive.

An unscientific approach

FSANZ has developed an approach to determine whether food products can “qualify” for general and high level health claims based on their nutrient composition. This is an attempt to identify ‘healthy foods’ based on levels of particular nutrients. Different nutrients and their levels attract a particular number of points – and if the product scores too many points it become ineligible to carry a health claim.

The AFGC is highly critical of this approach as:

- 1) it is contrary to currently accepted nutritional wisdom that there are no healthy and unhealthy foods, only healthy and unhealthy diets; and
- 2) the points assigned to individual nutrients bear no relation to public health outcomes. Specifically,

- a. the value of points allotted to risk-associated nutrients (energy, fats, sugars, salt) are not proportionate to health risks;
- b. the model is linear when health outcomes are not linearly related to the level of nutrients consumed;
- c. the model is additive which discounts possible interaction between nutrients; and
- d. nutrients are treated differently depending on the food category being considered – that is nutrients are determined to have different nutritional values depending upon the type of food in which they are found.

FSANZ's NPSC system simply has no foundation in science and threatens to perpetuate the "good food/bad food" myth. The AFGC is highly concerned that Australia's leading food regulatory agency, which claims to base its decision-making on evidence and sound science, could conceive and promote such a flawed scheme.

Imposition of further regulation

Currently there are three basic types for label claims:

- 1) nutrient content claims – e.g. *this food is a good source of calcium*;
- 2) nutrient function claims – e.g. *calcium is important for teeth and bone development*; and
- 3) health claims – e.g. *adequate intakes of calcium may help to prevent osteoporosis*.

Guidance on the use of nutrient content claims and nutrient function claims is provided by an industry *Code of Practice on Nutrient Claims* and also by the Trade Practice Act, which forbids product claims which may mislead consumers. Health claims are prohibited by the FSC (with the exception of a single claim linking maternal folate intake with neural tube defects in new borne infants). Draft *Standard 1.2.7 Nutrition, Health and Related claims* proposes regulating nutrient content claims and nutrient function claims (defining them as *nutrition claims* and *general level health claims* with claims of type under 3) above, being termed *high level health claims*. Furthermore, foods will need to qualify to carry nutrient function claims (i.e. general level health claims) under the NPSC system.

The consequence is to impose further regulatory burden on industry. In some cases companies will have to change label claims currently on food products as those claims will become illegal.

These changes will be required in the complete absence of any evidence proffered by FSANZ that the current use of claims are either misleading consumers or threaten public health and safety. In fact, FSANZ reports that its own consumer research indicates little if any change in consumer purchasing intent results from such label claims^{viii}. This begs the

^{viii} "When socio-demographic (age, income, gender, education, ethnicity, dependents), cognitive (motivation to process nutritional information, trust in label information) and behavioural factors (diet, main shopper) were included in the modelling the presence of a nutrition content claim remained insignificant in accounting for any increase in perceived nutritional value or purchase intention for the products." http://www.foodstandards.gov.au/_srcfiles/P293%20Health%20Claims%20FAR%20Attach%2010%20FINAL.pdf

question - **if the claims have little impact on purchasing intent what is the rationale for regulating them?**

The AFGC has presented information on the types of claims which will become prohibited should *draft Standard 1.2.7 Nutrition, Health and Related Claims* be gazetted in Appendix 2.

3.1.2 Folic Acid Fortification

In its previous submission the AFGC drew attention to the difficulties arising from the new regulatory requirement to fortify bread flour with folic acid. *Standard 2.1.1 Cereal and Cereal Products, clause 4(2)(a)* of the FSC which mandates the addition of folic acid to wheat flour for making bread was gazetted on 13 September 2007 with a two year transition period. The industry continues to have concerns regarding practical compliance with the Standard. FSANZ has convened a Fortification Technical Advisory Group (FTAG) to determine the most appropriate way for industry to comply, but at time of writing this submission no advice had been provided to industry regarding the requirements of jurisdictions charged with monitoring compliance with the Standard.

During the development of the Standard industry repeatedly warned that implementation and compliance would not be straight forward due to the tight tolerances in the level of addition of folic acid to flour required by the Standard, and the lack precision of analytical techniques which are available for determining folic acid levels in foods.

The AFGC is encouraged that FSANZ and jurisdictions are now working hard to develop a compliance and enforcement strategy which recognises the technical difficulties of fortifying flour with folate at the levels prescribed by the *Standard 2.1.1*. That this work is still incomplete, however, when almost one year of the transition period has past is still of considerable concern.

The folate fortification issue is further evidence that the food regulatory system is not working well – for what ever reason, consultation prior to the standard being gazetted failed to identify all the potential difficulties. This has resulted in both industry and regulators racing against the clock to come up with a workable and practical approach which meets not only the intent of the standard, but also letter of the law imposed by the Standard.

3.1.3 Gluten-Free Claims

Poor food regulation impacts directly on the food industry, by imposing unnecessary costs, which ultimately are past onto consumers. In some cases, however, the cost impact can be considerable, and be imposed unnecessarily on the very consumers the regulations are trying to protect. An example is provided below.

Gluten is a type of protein found in wheat and similar cereals (rye, triticale etc.) Coeliac disease is an autoimmune reaction to dietary gluten similar in effect to a food intolerance. Coeliac disease causes damage to the intestine reducing the ability to absorb nutrients, increasing the potential risks of osteoporosis and other diseases. Symptoms due to mal-absorption of nutrients may appear at any time from early childhood to senior years. Treatment requires a life-long gluten-free diet to allow the bowel to recover and to avoid complications. However, it is also recognised that gluten has substantially no physiological

effect at levels of 20 mg/kg or less in foods, and that it is safe for persons with Coeliac disease to consume such foods.

The internationally recognised *Codex Alimentarius* standard for 'gluten-free' allows a maximum level of 50 mg of nitrogen/kg^{ix} in cereal grains which have been processed in order to remove the gluten^x. There is a new Codex Standard in preparation, and a proposal to set the limiting level of gluten to 200-mg gluten/kg (20-mg/100 g) gluten-free food on dry matter. This is also supported by legislation in the United States which permits similar levels of up to 20 mg/kg of gluten in a 'gluten-free' product which use wheat starch that undergoes a thorough process in which all but a trace amount of the gluten is removed^{xi}. This specially formulated wheat starch can dramatically improve taste and texture for many products, especially breads. If this wheat starch is included, the total gluten content of the food cannot exceed 20 mg/kg (0.002%).

In contrast, the Australia New Zealand Food Standards Code requires that foods described as 'gluten-free' must have no detectable gluten and no oats and no cereals containing gluten or their products. This places a significantly greater burden on Australian and New Zealand food manufacturers since it introduces a requirement that there is no threshold level below which a 'gluten-free' claim can be made, and also prohibits the use of products derived from gluten containing cereals, despite the possibility that these may be processed to remove the gluten.

Gluten-free foods manufactured in Europe and the US, and compliant with their respective legislation, cannot be imported into Australia with a 'gluten-free' claim. The small size of the Australian domestic market limits the opportunity for manufacturers to produce a range of products specifically designed to comply with Australian legislation. The range and variety of gluten-free foods in Australia is therefore relatively small due to the substantially tighter restrictions under the Food Standards Code on the requirements for gluten-free foods compared to Europe and the United States. While this limits choice for the consumer, it also reduces competition within the food industry.

The estimated prevalence of Coeliac disease, both undiagnosed and diagnosed, in populations of Western European descent is close to 1%. There are an estimated 3 to 7 undiagnosed cases for every diagnosed case. Few epidemiological studies of Coeliac disease have been conducted in Australia or New Zealand. In 2006 it was estimated that the incidence of diagnosed cases of Coeliac disease in Australia in 2003-04 was estimated to be between 400 and 2,601.

In 2006 the estimated out-of-pocket cost paid for the purchase of gluten free foods by individuals with Coeliac disease has been estimated to be greater than \$ 2000 p.a. The cost of compliance to a gluten-free diet for an adult with Coeliac disease was based on the estimates of cost differentials in comparing cereal foods containing gluten and comparable alternative gluten-free foods^{xiii}. The survey does not take into account that many of the

^{ix} Equivalent to approximately 300 mg of gluten/kg using a Kjeldahl factor of 5.7 for cereals.

^x http://www.codexalimentarius.net/download/standards/291/CXS_118e.pdf

^{xi} <http://www.cfsan.fda.gov/~lrd/fr070123.html>

^{xiii} Health Economics Group, Program Evaluation Unit School of Population Health, The University of Melbourne. The Economics of Coeliac disease in Australia and New Zealand. December 2006.

gluten free foods are commonly sourced from specialty health-food shops where costs are significantly higher. It should be noted that there has been a significant rise in costs of foods since the period when this survey was undertaken.

The AFGC previously noted that many areas of food standards are not covered by a food policy – and food labelling is a case in point. The issue of ‘gluten-free’ could be avoided if there was a sensible overarching food labelling policy which set out the basis for requiring, and prohibiting, information to be placed on food labels, and some principles governing how the information be presented.

3.2 SUPPLY CHAIN

Within the Overview of the draft report^{xiii} the following is noted:

Attempts to achieve the benefits of greater national consistency in regulations have underpinned the development of intergovernmental agreements or arrangements and nationally uniform codes in such areas as food regulation, building regulation and road transport. These initiatives will assist in the creation of a seamless national market for goods and services...

In road transport, a lack of implementation and inconsistent implementation remain problems raised by participants.)

The AFGC submits that the food and grocery industry has built a highly efficient supply chain in Australia. The ‘just-in-time’ nature of today’s production, transport and distribution creates significant efficiencies by reducing unnecessary inventories of stocks and maximising the freshness and quality of product on retail shelves.

The industry operates a national distribution network. Typically, distribution centres will service areas well beyond state boundaries. In particular, slower moving consumer goods may be distributed through perhaps two centres servicing the entire Australian market.

This emphasises a need for seamless, minimal national regulations impacting on transport and distribution activity.

Industry is generally supportive of initiatives developed on a national basis. A good example is the current effort by State and Territory Governments to enact Chain of Responsibility legislation based on a model national Bill. Similarly, industry has been given more certainty and consistency on revised heavy vehicle charges, including registration, which have been adopted by the Australian Transport Council comprising Federal, State and Territory Governments based on recommendations from the National Transport Commission.

The AFGC continues to support initiatives which will minimise inconsistencies between jurisdictions which impact on the transport, distribution and retail sale of food and grocery products, where such initiatives improve productivity and reduce costs.

The AFGC’s previous submission also referred to self- and co-regulatory approaches to industry operations. In relation to transport policy, industry has undertaken initiatives

^{xiii} PC draft Research Report pp. xxiii – xxiv.

which help to address forthcoming regulatory requirements such as Chain of Responsibility legislation, an example of which is the Retail Logistics Supply Chain Code of Conduct launched in 2006 by the Australian Logistics Council.

Recommendation

AFGC recommends governments continue to acknowledge, and support, self- and co-regulatory actions as a way of minimising the need for legislative or regulatory controls.

3.3 SUSTAINABILITY

The AFGC supports the findings of the report referring to frustration of business with the increasing and duplicative requirements of environmental regulations *viz*:^{xiv}.

Many of the concerns raised by businesses related to jurisdictional differences in the implementation and enforcement of regulations. While governments are pursuing greater uniformity, this process is ongoing but incomplete, leading to a level of frustration by business.

Compliance and enforcement of environmental regulations can be improved to ensure the policy objectives are being achieved and that complying businesses are not disadvantaged.

To remain sustainable the Australian food and beverage industry needs to respond to changing consumer demands through innovative practices and development of new and better products while keeping costs low. Companies understand they need to be lean and flexible in the market place. The regulatory environment, however, in which they operate is a significant factor affecting their cost base.

Delays and additional costs caused by inefficient regulatory processes, particularly in the environmental area, have increased in recent years to the point where competitiveness in domestic and international markets is being compromised. This is particularly crucial at a time when the existing pressures on manufacturing require innovation to value-add to basic commodities to retain export markets. Simplifying and streamlining some of the layers of regulations is urgently required.

The environment is central future prosperity of the food industry. Instead of seeing a growing economy as mutually exclusive to a healthy environment, the industry is aware that the Australian economy, and specifically the agriculture and food sectors, are critically reliant on a sustainable environment. The sector depends on a continued supply of high-quality and competitively priced raw materials.

Issues such as climate change and water security not only threaten the commodities that are produced but also infrastructure and communities which facilitate their production. The ongoing supply of affordable water and energy are critical to the sustainability of the Australian food and beverage industry.

Rational and equitable policy developments in these areas are vital. Manufacturing inherently and inevitably has implications for resource use. The challenge for the food and beverage industry is to ensure that resources are used efficiently and that the impact of

^{xiv} PC draft Research Report p. XVI

operations on the environment is minimised through streamlining of regulations to minimise adverse costs and impacts.

The industry has taken on this challenge of becoming more efficient. While improvements continue to be made, the industry is under no illusion that a continuation of the trend towards greater reporting requirements and increased transparency and accountability is likely.

3.3.1 Resource Efficiency

The AFGC supports national policies and programs that will minimise the negative impact of manufacturing on the environment such as the emissions trading scheme that is currently under development, renewable energy targets, emissions reporting and energy efficiency measures that assist industry reduce the strain placed on the environment. The AFGC considers that there is a real urgency to act and that industry must be more efficient. However, the challenge is to satisfy multiple programs that often have very similar objectives that are being implemented by the various levels of government across Australia. For example, the resource efficiency programs that are currently operating in Australia include:

- The Federal Energy Efficiency Opportunities (EEO) Program;
- The NSW Energy Savings Action Plan Program;
- The NSW Water Savings Action Plan Program;
- The Victorian WaterMAP Program;
- The Victorian Environment and Resource Efficiency Program; and
- The Queensland Water Efficiency Management Plan Program.

The AFGC also understands that new energy efficiency programs are currently under development in both Queensland and Western Australia, as well as some early discussions formulating in Tasmania.

Of serious concern to the AFGC is that these government programs are designed to achieve very similar objectives, i.e. improve the energy, water and/or waste efficiency of Australian businesses. This is a very inefficient use of taxpayer funds as there are now multiple teams within various levels of government duplicating the tasks required to implement these programs such as stakeholder consultation, legislation development, preparing program guideline documents, facilitating public information sessions and reviewing company reports and submissions.

This approach subsequently requires hundreds of businesses across Australia to review extensive and complicated documentation, so as to understand the different regulatory requirements associated with various programs that are all designed to achieve very similar objectives. The unfortunate consequence is that many companies are now spending substantial resources working on the compliance components of these programs, rather than concentrating on the implementation of projects that will actually improve national resource efficiency.

The AFGC supports recent initiatives by the Federal government to “streamline” the Energy Efficiency Opportunities Program and the National Energy and Greenhouse Reporting System (NGERS) and the AFGC is of the opinion that NGERS is a significant policy. The AFGC considers, however, that merely “streamlining” the resource efficiency programs listed above does not go far enough to addressing the relevant inefficiency issues. The AFGC suggests that there is a need for Federal and State governments to work together to identify the most effective components of all of the programs listed above, and roll all of these programs into a single national program that addresses energy, water and waste efficiency. The triggers for participation in this program could include both corporate and facility level triggers, similar to NGERS, and could also include regional floating trigger levels for water usage based on the water shortage experienced in the various regions of Australia.

3.3.2 Waste Management Policy

Waste management has become a high profile issue with the community becoming increasingly concerned about the environmental impact of industry and Government becoming increasingly keen to take action.

The issue of greatest profile in the food industry is food packaging waste which has the greatest visibility for consumers. Most recently, there have been calls for a container deposit legislation which is being promoted in some quarters as a mechanism for encouraging recycling of food packaging – and particularly beverage containers. South Australia has been running a state-based program since the mid-1970s and has recently increased the levy from 5^c to 10^c per container. It should be remembered, however, the South Australian scheme was originally introduced to address the littering issue, not to increase rates of recycling. And, in fact, packaging recycling rates in other States are in some cases higher than in South Australia.

To minimise unnecessary costs and regulatory burden the co-regulatory approach to waste management under the National Packaging Covenant is the preferred approach from an industry perspective. It provides an equitable and appropriate system for managing packaging waste in Australia. It represents the most efficient and effective approach for food and beverage packaging waste as it allows industry the flexibility to manage and improve its performance in relevant areas. The Covenant has an appropriate balance of industry engagement and performance to ensure free riders and underperformers will be minimised.

The key benefit of the co-regulatory approach is particularly important given the diverse nature of the food, beverage and grocery industry. Shared responsibility provides signatories with the capacity and flexibility to innovate and invest where they can make a difference, without the costly impost of generic and inefficient regulation.

Additional regulatory options to address packaging waste will add considerable costs to industry due to the duplicative nature of state-orientated legislation. Additional regulatory options should only be seriously considered if there is clear evidence that the current co-regulatory arrangements are not providing benefit and achieving progress in terms of increased recycling and less waste to landfill.

The AFGC considers, therefore that co-regulatory approaches provide a framework requiring company management systems to regularly review the environmental impacts of their activities; identify and implement possible improvements; and expose their plans and actions to external review.

The Covenant provides a fixed period during which industry can plan and implement investment strategies and this is critical to securing widespread industry commitment to the Covenant. Industry benefits greatly from a stable legal framework if it is to plan ahead, and commit resources that will only result in gains in the long term.

Alternatives to the current Covenant, such as container deposit legislation, have higher marginal costs due to separate competing systems, divert revenues from existing recycling programs and fail to comprehensively address the broader packaging waste management issue.

Given the advanced development of waste management, recycling and litter management programs in Australia, the introduction of legislation to address a small percentage of the waste stream (3%) would create additional costs, require additional infrastructure that would undercut recycling programs by creating competing systems and increase the costs to industry of meeting both approaches.

The AFGC's view is that there are opportunities to improve beverage container recovery rates through collaborative projects in the "away from home" sector (e.g.: pubs and clubs, tourism venues and major events) and education. Industry remains keen to work with government to explore these options in place of simply increasing the container deposit amount (i.e. going from 5¢ to 10¢ per container). More regulatory burden placed industry would seriously threaten the Covenant and undo a significant amount of work undertaken on the productive and cooperative framework supported by all levels of government and industry. It would be counter productive and contrary to the interests of all stakeholders including government.

The AFGC supports the adoption of a streamlined national approach to environmental management which will enable the prioritisation of the crucial environmental impact issues and aggregation of the reporting requirements. This will allow policy makers and industry to identify how to allocate best, limited resources to achieve the most efficient and sustainable environmental outcome.

In summary therefore, the AFGC urgently seeks a national framework incorporating the industry and environmental elements of government that takes into account the broader sustainability issues associated with through-chain production. The approach would incorporate the collection and consideration of key resource data along with a full account of the wider environmental impacts and lodgement within a single data point. Such an approach would result in a more complete and comprehensive policy development process that embraces the complex task of reducing environmental impact while also considering the economic and social issues.

Recommendation

The AFGC recommends development of a national, comprehensive whole of government sustainability strategy encompassing a whole of chain approach including environmental, economic and social policy perspectives to minimise overlap and duplication and costs to industry and the community.

4 CONCLUSION

Consistent with its previous submission and the Productivity Commission’s draft Research Report the AFGC concludes that the track record of food standard setting in Australia and New Zealand since the introduction of the new institutional arrangements following the Blair Review of Food Regulation has been poor. Policy coverage of this area is patchy and inconsistent. The overall conclusion is that a substantial overhaul of the whole system is required.

APPENDIX 1: RECOMMENDATIONS PREVIOUSLY MADE BY THE AFGC IN ITS SUBMISSIONS TO THE PRODUCTIVITY COMMISSION

GOVERNANCE DOES NOT REFLECT AND IS NOT RESPONSIVE TO THE RESPECTIVE INTERESTS OF JURISDICTIONS

The Commonwealth, New Zealand and States and Territories each have a single vote on the Australia New Zealand Food Regulation Ministerial Council (ANZFRMC) when the economic impact of food standards varies greatly from jurisdiction to jurisdiction. Representation, and influence, on the Ministerial Council should reflect that some States (Vic, NSW & Qld) and New Zealand have larger populations and substantial food industries making important contributions to their economies.

Recommendation:

The AFGC recommends that votes are allocated to the Australia New Zealand Ministerial Council as follows: one vote to the Commonwealth, one vote to New Zealand and one vote collectively to the States and Territories.

RESOURCES FOR FOOD POLICY AND REGULATORY DEVELOPMENT IS INADEQUATE

Government departments and regulatory agencies responsible for assessing and determining Australia's food policy and regulatory needs are poorly resourced from both the public health and practical technology perspective which hinders their sensible assessment of the potential impact of regulation. Responsibility for food regulation should be transferred to lead government departments able and committed to devoting appropriate skills and expertise to their development.

Recommendation

The AFGC recommends that Industry portfolios take over primary responsibility for food policy and regulation with policy input from other departments such as Health.

LACK OF NATIONAL CONSISTENCY BETWEEN JURISDICTIONS

Model Food Bill

The Model Food Bill has not been enacted across the whole of Australia, and where it has regulatory differences and enforcement priorities vary greatly between jurisdictions imposing substantial, unnecessary costs on industry. Consistent regulations across Australia through uniform adoption of the Model Food Bill and coordinated enforcement of food regulations between jurisdictions are required.

Recommendation

The AFGC recommends immediate adoption of the Model Food Bill by all Australian jurisdictions and review and amendment of local food regulations to remove unnecessary variances.

Enforcement

Food composition and labelling requirements are applicable nationally – there are no unique regional requirements. Therefore, their provisions and enforcement should be uniform in all regions. Enforcement of food composition and labelling should therefore become a Commonwealth responsibility residing in the Government department with primary responsibility for food standards implementation. The department would require substantial technical capability to be effective.

Recommendation

The AFGC recommends centralisation of enforcement of labelling and compositional standards by a new national enforcement regulator.

POLICY VS. REGULATION

There is no overarching food regulatory policy which guides the development of all food standards in Australia. Many important areas are without policy coverage, and other areas prescriptively addressed in the manner of regulation. Clear and unambiguous policy overlay to all areas of the Australia New Zealand Food Standards Code (FSC) restricted to general higher principles is required. Specificity and prescription should be restricted to regulation only, and then only following appropriate processes demonstrating need.

Recommendation

The AFGC recommends amendment of the Australia New Zealand Food Regulation Ministerial Council *Principles and Protocols for the Development of Food Regulation Policy Guidelines* detailing:

- features of effective food policy;
- required coverage of food policies to all food regulatory areas;
- disclosure requirements – full publication of policy assessments (i.e. policy impact statements); and
- publication of a work plan for the development of food policies.

OPERATING PRINCIPLES

Food standard development is not always based on clear evidence of a market failure and minimum effective regulation. Policy and regulatory interventions need to be based on the principles of demonstrate need, risk assessment, regulatory impact and proportionate response with each of these being appropriately informed by sound science, and evidence.

Recommendation

The AFGC recommends introduction of minimum hurdles in market failure and regulatory impact statements which must be met before regulation is introduced to ensure a substantial need for a regulatory measure exists.

REGULATORY SCOPE

There is pressure for food regulations to address issues not directly related to food composition and production and their impact on foods as consumed. The Food Standards Code should be restricted to matters directly relevant to foods as consumed with other matters of interest to consumers addressed by the market, or if necessary within other regulatory frameworks subject to COAG principles.

Recommendation

The AFGC recommends the scope of the Australia New Zealand Food Standards Code needs to be reaffirmed through amendment of the FSANZ Act and supporting policy statements.

LEGISLATIVE ENVIRONMENT

The FSC and other legislation intersect in some areas – such as food labelling – with occasional conflict in areas due to technical realities in product specific legislation not gelling with generic legislation of the Trades Practices Act. Greater coordination and cooperation between regulatory agencies is required to ensure that consumers and industry are not disadvantaged by ambiguity created by the requirements of different legislation.

Recommendation

The AFGC recommends that regulatory agencies make ruling statements to indicate which legislation takes priority in areas of ambiguity and that agencies agree on the provision of “safe harbours” when necessary and on an issue by issue basis.

BUSINESS ENVIRONMENT

Protection of public health and safety must remain paramount in food standards, but for other issues of less importance to consumers the interests of the industry should receive a greater consideration as ultimately, the whole community will benefit if food industry remains profitable and competitive.

Recommendation

The AFGC recommends amendment of the FSANZ Act to more appropriately reflect that for some regulatory issues greater benefits will flow to the consumer if the interests of business are given greater prominence.

SELF- AND CO- REGULATORY APPROACHES

There is a strong case for combined and complementary regulatory and self- and co-regulatory approaches in food safety, food composition, and food labelling. The industry has several examples of effective codes of practice and would welcome opportunities to explore their greater use, provided they are fully effective at meeting their objectives and high levels of compliance can be secured.

Recommendation

The AFGC recommends that food policy provides guidance on the use of industry codes of practice to complement full regulation within the Australia New Zealand Food Standards Code.

APPENDIX 2: IMPACT OF FSANZ'S PROPOSED NUTRIENT PROFILING SCORING CRITERIA ON ELIGIBLE CLAIMS

| 'Claimable food' as defined in Standard 1.3.2 | Eligible under NPSC | Ineligible under NPSC |
|--|---|---|
| Biscuits & crackers (not more than 200g/kg fat and not more than 50g/kg sugars) | About 20% of crackers | About 80% of crackers All sweet biscuits |
| Breakfast cereals | Lower sugar and salt varieties, rolled oats, | Those with higher salt or sodium content; some high fibre cereals have high sugar and salt levels |
| Pasta | Dried pasta | Some minute noodles or other pasta with salty sauces |
| Modified and skim milks | Skim and low fat milk | Full fat milk with added omega-3 etc |
| Cheeses and cheese products | Most cottage and ricotta cheese Reduced fat varieties which do not have excessive sodium levels if they also have >320 mg calcium | Regular fat hard cheese, some lower fat cheeses with high sodium levels, processed cheese if sodium levels are very high Fruit and nut cheeses |
| Yoghurts | Most (variety of whole, reduced fat, sweetened types) | Some (due to higher saturated fat and/or sugar levels) |
| Dairy desserts (with no less than 3.1% mass per mass milk protein) | Low fat mousse, custard etc Many full fat varieties | Some, depends on saturated fat and sugar levels |
| Ice cream and ice confections (with no less than 3.1% mass per mass milk protein) | 98% fat free Ice confections depending in saturated fat and sugar content | Most full fat varieties (due to saturated fat levels) |
| Cream and cream products (no more than 40% mass per mass milk fat) | | All |
| Butter ² | | All |
| Edible oil spreads and margarines ² (no more than 28% total saturated fatty acids and trans fatty acids) | Most, including those with phytosterols | Some (due to saturated fat levels) Some polyunsaturated margarines with higher sodium levels |
| Edible oils ² (no more than 28% total saturated fatty acids and trans fatty acids) | If saturated fat is less than approximately 21% | Oils with higher saturated fat levels) |
| Extracts (of meat, vegetables or yeast) and foods containing no less than 800g/kg of these extracts | Peanut butter with lower amounts of salt and sugar Cashew and almond spreads | Those with high sodium levels e.g. yeast spreads, meat and fish pastes, olive tapenade. Regular peanut butter Chocolate hazelnut spread |
| Fruit drink (see table to Clause 3 Standard 1.3.2 for specifics) | | All with less than 80% juice content |
| Fruit cordial ³ | Low joule cordial | Sugar sweetened cordial |
| Analogues derived from cereals (beverages containing no less than 0.3% mass per mass protein derived from cereals) | Rice milk with protein content similar to cow milk | Low protein rice milks |
| Primary foods (fruit, vegetable, grain, legume, meat, milk, eggs, nuts, seeds, fish) | Fruit Vegetables Most nuts Fresh eggs Legumes, baked beans Smoked and canned fish with lower salt levels Leaner cuts of meat, chicken Skim, low fat and most whole milk (plain) Flavoured skim and low fat milk | Macadamia nuts are unclear as there are several different composition data Roasted salted nuts Fattier cuts of meat, sausages Smoked and canned fish with higher salt levels Some whole milks; flavoured whole milk |

¹ Most whole, reduced and skim milks are currently eligible under Category 2 of the nutrient profiling scoring criteria. ² Cheese, edible oils, edible oil spreads, margarines and butter fall within category 3 of the nutrient profiling scoring criteria. ³ Nutrient profiling scoring criteria will apply to cordials in their diluted form

Examples of impact on specific products

| Product | Current Claim | Status under P293 |
|---|--|---|
| CONFECTIONERY | | |
| Club Chocolate Range | Rich in Antioxidants. Antioxidants help keep the body healthy | Cannot quantify biological substances. 'rich' will need to downgrade communication to 'contains'. This product doesn't meet NPSC and therefore would not be able to make the functional claim |
| CEREALS - Don't meet NPSC because they are assessed per 100 g dry instead of as consumed. This affects all categories from childrens, family and adult cereal products | | |
| Mixed Grain Cereal | Corn - a carbohydrate rich food which contains B vitamins to help your body release energy from food. Oats - this super grain provides fibre, protein and sustenance for those on the go. Rice - a grain dense in complex carbohydrate, a source of energy. Wheat - a natural source of fibre which is an aid in healthy digestion | Fails NPSC and therefore will have to remove the function claims |
| Nut Based Cereal | Contains a good source of dietary fibre to help you feel fuller for longer and maintain a healthy digestive system. | Fails NPSC and therefore will have to remove the function claims |
| Cereal with "health positioning" | For heart and circulatory system. With beta glucan to help lower cholesterol reabsorption. Folate for normal cell growth and development. Antioxidant vitamins C & E to help balance free radicals and increasing evidence that they help to maintain the circulatory system as part of a balanced diet and lifestyle. | Fails NPSC and therefore will have to remove the function claims |
| Bran and fruit cereal | Rich source of fibre to help you feel fuller for longer and maintain a healthy digestive system. Plus a rich source of iron essential for carrying oxygen to energise active bodies. | Fails NPSC and therefore will have to remove the function claims |
| Muesli Cereal, flake style | Rich source of fibre to help you feel fuller for longer and maintain a healthy digestive system. Low in fat, helpful when trying to maintain a healthy weight | Fails NPSC and therefore will have to remove the function claims. Also talks weight maintenance which is now subject to low calorie criteria etc |
| Cereal with "health positioning" | 97% fat free helpful when trying to maintain a healthy weight. Source of fibre to help you feel fuller for longer and maintain a healthy digestive system. | Fails NPSC and therefore will have to remove the function claims. Talks weight maintenance which is now subject to low calorie criteria |
| NUTRITIONAL SNACKS | | |
| Muesli Bars | Source of Fibre | Fibre levels will have to increase to 2g bar to make same claim. This is not possible from a food technology point of view |

AFGC MEMBERS AS AT 22 JULY 2008

| | | |
|--|-------------------------------------|--------------------------------------|
| AAB Holdings Pty Ltd | Kellogg (Australia) Pty Ltd | Tate & Lyle ANZ |
| Arnott's Biscuits Limited | Day Dawn Pty Ltd | The Smith's Snackfood Co. |
| Snack Foods Limited | Kikkoman | The Wrigley Company |
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| Barilla Australia Pty Ltd | Kraft Foods Asia Pacific | Wyeth Australia Pty Ltd |
| Beak & Johnston Pty Ltd | Lion Nathan Limited | Yakult Australia Pty Ltd |
| BOC Gases Australia Limited | Madura Tea Estates | |
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| Bundaberg Brewed Drinks Pty Ltd | Mars Food | Accenture |
| Bundaberg Sugar Limited | Mars Petcare | Australia Pork Limited |
| Cadbury Schweppes Asia Pacific | Mars Snackfood | ACI Operations Pty Ltd |
| Campbell's Soup Australia | McCain Foods (Aust) Pty Ltd | Amcor Fibre Packaging |
| Cantarella Bros Pty Ltd | McCormick Foods Aust. Pty Ltd | CHEP Asia-Pacific |
| Cerebos (Australia) Limited | Merino Pty Ltd | Concurrent Activities |
| Christie Tea Pty Ltd | Merisant Manuf. Aust. Pty Ltd | Dairy Australia |
| Clorox Australia Pty Ltd | National Foods Limited | Exel (Aust) Logistics Pty Ltd |
| Coca-Cola Amatil (Aust) Limited | Nerada Tea Pty Ltd | Focus Information Logistics Pty Ltd |
| SPC Ardmona Operations Limited | Nestlé Australia Limited | Food Liaison Pty Ltd |
| Colgate-Palmolive Pty Ltd | Nestlé Foods & Beverages | Food Legal |
| Coopers Brewery Limited | Nestlé Confectionery | Food Science Australia |
| Dairy Farmers Group | Nestlé Ice Cream | Foodbank Australia Limited |
| Danisco Australia Pty Ltd | Nestlé Chilled Dairy | IBM Business Cons Svcs |
| Devro Pty Ltd | Nestlé Nutrition | innovations & solutions |
| Dole Australia | Foodservice & Industrial Division | KPMG |
| DSM Food Specialties Australia Pty Ltd | Novartis Consumer Health | Lawson Software |
| DSM Nutritional Products | Australasia | Legal Finesse |
| Earlee Products | Nutricia Australia Pty Ltd | Linfox Australia Pty Ltd |
| Ferrero Australia | Ocean Spray International, Inc | Meat and Livestock Australia Limited |
| Fibrisol Services Australia Pty Ltd | Parmalat Australia Limited | Monsanto Australia Limited |
| Fonterra Brands (Australia) Pty Ltd | Patties Foods Pty Ltd | PricewaterhouseCoopers |
| Foster's Group Limited | Peanut Company of Aust Limited | Promax Applications Group Pty Ltd |
| Frucor Beverages (Australia) | Procter & Gamble Australia Pty Ltd | Sue Akeroyd & Associates |
| General Mills Australia Pty Ltd | Gillette Australia | Swire Cold Storage |
| George Weston Foods Limited | PZ Cussons Australia Pty Ltd | Swisslog Australia Pty Ltd |
| AB Food and Beverages Australia | Quality Ingredients Limited | The Nielsen Company |
| AB Mauri | Prima Herbs and Spices | Touchstone Cons. Aust Pty Ltd |
| Cereform/Serrol | Queen Fine Foods Pty Ltd | Visy Pak |
| Don | Reckitt Benckiser (Aust) Pty Ltd | Wiley & Co Pty Ltd |
| GWF Baking Division | Ridley Corporation Ltd | |
| George Weston Technologies | Cheetham Salt Limited | |
| Jasol | Sanitarium Health Food Company | |
| Weston Cereal Industries | Sara Lee Australia | |
| GlaxoSmithKline Consumer Healthcare | Sara Lee Foodservice | |
| Golden Circle Limited | Sara Lee Food and Beverage | |
| Goodman Fielder Limited | SCA Hygiene Australasia | PSF Membership |
| Meadow Lea Australia | Schwarzkopf and Henkel | Amcor Fibre Packaging |
| Quality Bakers Aust Pty Ltd | Sensient Technologies | J Boag and Son Brewing Limited |
| H J Heinz Company Australia Limited | Simplot Australia Pty Ltd | Bundaberg Brewed Drinks Pty Ltd |
| Hans Continental Smallgoods Pty Ltd | Specialty Cereals Pty Ltd | Cadbury Schweppes Asia Pacific |
| Harvest FreshCuts Pty Ltd | Spicemasters of Australia Pty Ltd | Coca-Cola Amatil (Aust) Limited |
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| J Boag and Son Brewing Limited | SunRice | Lion Nathan Limited |
| Johnson & Johnson Pacific Pty Ltd | Swift Australia Pty Ltd | Owens Illinois |
| Pfizer Consumer Health | Symrise Pty Ltd | Visy Pak |

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