



AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL



AFGC SUBMISSION
**Response to FSANZ Webinar on HSR
and NIP labelling questions**

16 October 2024

PREFACE

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, beverage and grocery manufacturing sector.

With an annual turnover in the 2022-23 financial year of \$162 billion, Australia's food and grocery manufacturing sector makes a substantial contribution to the Australian economy and is vital to the nation's future prosperity. Each business in the sector has contributed towards an industry-wide \$4.2 billion capital investment in 2022-23.

Food, beverage and grocery manufacturing together forms Australia's largest manufacturing sector, representing over 32 per cent of total manufacturing turnover in Australia. The industry makes a large contribution to rural and regional Australia economies, with almost 40 per cent of its 281,000 employees being in rural and regional Australia.

It is essential to the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government's economic, industrial and trade policies.

The industry has a clear view, outlined in *Sustaining Australia: Food and Grocery Manufacturing 2030*, of its role in the expansion of domestic manufacturing, jobs growth, higher exports and enhancing the sovereign capability of the entire sector.

This submission has been prepared by the AFGC and reflects the collective views of the membership.

QUESTIONS

The AFGC welcomes the opportunity to provide input to the BFID FSANZ questions in the form of this response.

Q1 In what way do you think the relationship between the FOP (HSR) and back (NIP) could be enhanced to better support consumers in making healthy food choices?

The AFGC supports a principle-based approach in addressing the relationship between the front of pack (HSR) and back of pack (NIP) to support consumers in making healthy food choices. Such an approach helps identify what is the problem statement, what is the evidence of a problem, and what is the benefit/barrier of any proposed change(s) to either the HSR and/or NIP.

The AFGC notes that the independent review of food labelling, *Labelling Logic: Review of Food Labelling Law and Policy (2011) (Labelling Logic)*¹ acknowledged the issue that

“some consumers regularly use the mandated nutrition information on food labels, many consumers either ignore the information or find it difficult to interpret”.

In responding to this, the Government's Recommendation 50 proposed an interpretative front of pack system:

“That an interpretative front-of-pack labelling system be developed that is reflective of a comprehensive Nutrition Policy and agreed public health priorities.”

Such a system was deemed to prompt or quickly sign post the nutrient attributes of the product rather than looking at the back of pack (NIP) information:

“The review panel considered that an effective front-of-pack labelling (FoPL) system can prompt consumers to reconsider their purchase decisions more regularly than the mandated back-of-pack information. It may also allow products with healthier attributes to efficiently convey this information to consumers, providing a marketing advantage. In turn, this may drive favourable product reformulation by motivating industry to improve the healthiness of products in the marketplace” P51

Subsequently, the Health Star Rating System was developed by the government leading a collaboration of key stakeholders from public health, consumer groups and industry.

The AFGC notes that FSANZ's recent *Consumer insider tracker report 2023*² provides helpful insights on the importance, trust and use of the NIP and HSR, and their interrelationship:

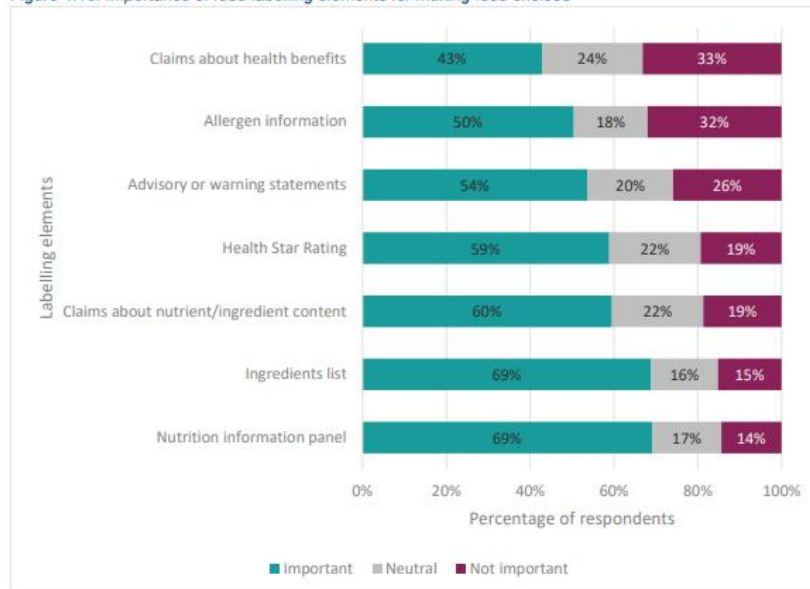
Importance of food labelling elements for making food choices - NIP is rated more important than the HSR

¹ [Labelling review | Food Standards Australia New Zealand](#)

² [Consumer Insights Tracker 2023 Technical Report.pdf \(foodstandards.gov.au\)](#)

The most important labelling elements for consumers identified in the Consumer tracker were the 'Nutrition Information Panel' (NIP) and 'ingredients list' both rated as generally important (i.e., above the midpoint) by 69% of respondents. However, the front of pack HSR system was rated less at 59%. See Consumer Tracker Figure 4.10. P39 ².

Figure 4.10. Importance of food labelling elements for making food choices



Q: Think about when you are making the decision to buy a packaged food or drink for the first time. How important is the following labelling information when deciding what to buy? (1 = "Not important at all" and 7 = "Extremely important")

Base: All respondents (n = 1,237 Australia, n = 810 New Zealand)

The level of health consciousness, and lifestyle were found to be strongest predictors of the level of importance given to the NIP in making food choices². These findings are like those found in *Added sugars focus groups research*³ regarding the spectrum of interest in food labelling and how it is influenced by the health and needs of the person and their family. P57.

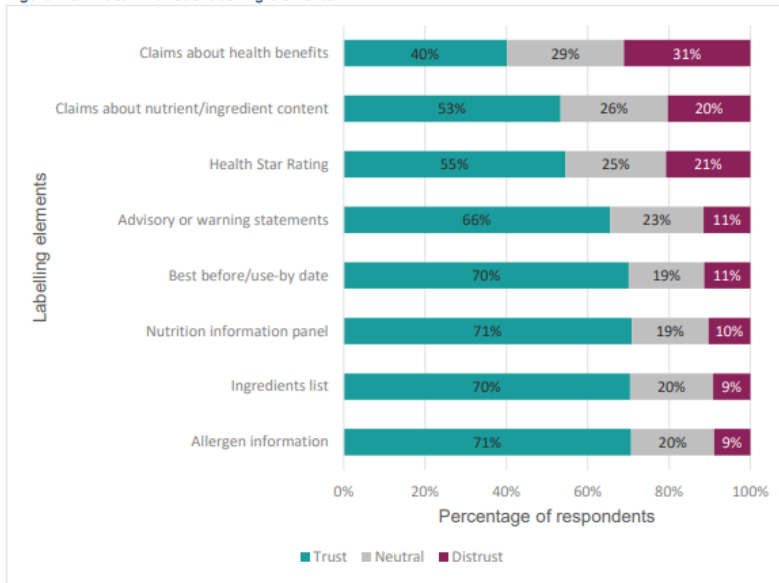
This suggests that targeted engagement of consumers by their 'interest' areas is required to be impactful to increase relevance of the NIP to them.

Trust - information on the back of pack is trusted more than the front of pack

There is a disconnect between the level of importance consumers give nutrition/ingredient content claims and the HSR, and their level of trust in them. See Consumer tracker figure 4.9. P35.

³ [Added Sugar Focus Groups Report FINAL 240618.pdf \(foodstandards.gov.au\)](https://www.foodstandards.gov.au/sites/default/files/2024-08/Added%20Sugar%20Focus%20Groups%20Report%20FINAL%20240618.pdf)
<https://www.foodstandards.gov.au/sites/default/files/2024-08/Added%20Sugar%20Focus%20Groups%20Report%20FINAL%20240618.pdf>

Figure 4.9. Trust in various labelling elements.



Q: How much do you feel you can trust the following information on packaged foods and drink? (1 = "Cannot trust at all" and 7 = "Can trust completely")
 Base: All respondents (n = 1237 Australia, n = 810 New Zealand)

Consumer tracker results indicated that based on different labelling elements, consumers perceived a conceptual difference in these labelling elements. Labelling elements on the back of pack (which included the NIP) were seen to represent “a neutral, scientific analysis” of the contents of the package. Whereas labelling elements often on the front of pack (which included the HSR) were seen to be more “interpretative and positively valenced”².

As stated in the report, trust is based on belief:

“The relatively low level of trust in nutrient/ingredient content claims and the HSR may reflect a belief that these labelling elements are not sufficiently regulated by government while their relative level of importance may relate to consumers’ desire for accessible, easy to understand nutrition information.”
 P76.

This suggests that increasing trust in the HSR is a key factor for consumer engagement.

Consumers lack confidence in ability to use food labelling – as they do not understand it.

Not understanding the information on food labels was the main reason for lack of confidence in consumers’ ability to use food labelling, followed by illegibility, and trust, according to the Consumer racker See Consumer tracker table 4.6 p 34.

This suggests that education on the elements of a label is a key factor for consumer engagement.

Table 4.6. Reasons for lack of **confidence** in ability to use food labelling information to make informed choices

	N	%
Reasons		
I often don't understand what the information on food labels means	224	37.84
The information on food labels is too small/illegible to easily read	219	36.99
I'm not sure if I can trust the information on food labels	216	36.49
I don't have enough time to read food labels when I'm shopping	181	30.57
I don't find the information on food labels useful or relevant to me	82	13.85
I can't find the information I need to make food choices that reflect my values	45	7.60
Other (e.g. feeling of deception, not caring)	2	0.34
Can't say/Don't know	56	9.46

* As respondents could select multiple responses, percentages may not add up to 100.

Regarding consumer education, the AFGC is aware of the recently launched New Zealand Food Safety's (NZFS) public education campaign to increase awareness and understanding of the Health Star Rating.

Of note, the NZFSC Consumer Food Safety Insights Survey revealed: ⁴:

- 80% of people say they completely or somewhat trust the HSR system.
- 44% of shoppers will consider the HSR always or most of the time when buying a product for the first time
- The HSR is a known and trusted label device, which is a tool to help consumers make easy choices.

The AFGC strongly supports FSANZ conducting further consumer research specifically on the HSR and the NIP and their interrelationship prior to any suggestion of amending either.

Q2 What do you believe are the key challenges for consumers in using and understanding the NIP when making food choices, and what could improve their use and understanding?

The AFGC supports a principle-based approach in addressing the use and understanding of the NIP by consumers. It helps identify what is the problem statement, what is the evidence of a problem, and what is the benefit/barrier of any proposed change(s) to the NIP.

The AFGC acknowledges the growing consumer interest in the manufacture, composition, and labelling of packaged foods, and the diversity and range in evidence and expertise that underpins much of the information that is influencing consumer health and dietary beliefs.

⁴ MPI. Health Star Ratings campaign toolkit for stakeholders. October 1, 2024.

Label literacy

Label literacy i.e. increasing consumer interest and understanding of how to read and use the information in the NIP is an important factor in making a food choice.

It was raised in *Proposal P167- Review of Nutrition Labelling 1999*⁵, with the objective

“to provide sufficient information to allow consumers to make informed choices to deliver public health and safety benefits”.

This proposal subsequently resulted in a mandated nutrition information panel for packaged foods.

A decade later, the independent review of food labelling, *Labelling Logic: Review of Food Labelling Law and Policy (2011) (Labelling Logic)*⁶ tackled the issue of amending the NIP such that the declaration of nutrients per serving no longer be mandatory unless a daily intake claim is made (Recommendation 17).

In their response to the recommendation, ministers responsible for food regulation recognised the need to simplify the NIP and reduce regulatory burden upon the industry

“food labels were a finite space for providing information to consumers, and noted that the aim of the recommendation was to simplify the requirements for the NIP and reduce the regulatory burden on industry” See the full response from ministers⁷.

Ministers accepted the advice of FSANZ that no further work be undertaken on the recommendation. The advice was based on broad stakeholder opposition (including from industry) to the proposed removal of the mandatory requirement for per serving information in the NIP, the lack of evidence of a problem with per serving information, and the lack of a benefit from the recommendation.

The AFGC considers that these reasons - for making no changes to the NIP - remain relevant to this current consultation:

- *lack of a defined problem [with per serving requirements]*
- *lack of apparent benefit for any stakeholder group*
- *possible increased consumer confusion with variability in the content and format of NIPs [given inclusion of per serving information would be voluntary]*
- *increased difficulty for consumers in calculating per serving amounts*
- *little, if any, reduction in regulatory burden for industry*
- *increased complexity of a valued nutrition education tool from variability in content and format of the NIP*
- *increased difficulty with compliance and enforcement activities.*

⁵ June 2015 Evaluation of Labelling Review Recommendation 17: Per serving declarations in the nutrition information panel <https://www.foodstandards.gov.au/sites/default/files/consumer/labelling/review/Documents/FINAL%20LR17%20Report%20of%20Website.pdf>

⁶ [Labelling review | Food Standards Australia New Zealand](#)

⁷ [18 Feb 2017 - Food Labelling - Review of Food Labelling Law and Policy - Trove \(nla.gov.au\)](#)

The AFGC notes that FSANZ recent research on added sugar in NIP⁸ (P18) identified the challenges that consumers faced is using and interpreting the information in the NIP.

- *knowledge gaps – gaps in understanding of specific macronutrients shown in the NIP, such as not knowing what else comprises carbohydrates, apart from sugars*
- *confusion – about the meaning of the information based on the layout, including which nutrients are sub-categories and which are added to make totals*
- *uncertainty – a lack of clarity about how many grams of a nutrient (e.g. sugar or salt) per serve/100g is considered high or low, or how it relates to the recommended dietary intake*
- *relevance – suggested serving sizes being of limited relevance and/or leading to confusion, since these were not always perceived to align with how people typically consume the product*
- *legibility – the font size being difficult to read or even impossible without reading glasses for some (particularly older) consumers, presenting a practical issue of needing to take glasses shopping and repeatedly take them on and off to navigate through a store.*

The AFGC argues that many of these challenges would be overcome through consumer education to improve label literacy. This is no small feat, as found from the added sugar research findings, and will not be straightforward.

“...education could reinforce confusion and undermine consumer perceptions of the value of any additional sugars information.” P58⁶

Regardless, if amendments to HSR and/or the NIP were to proceed, consumer education will be required.

Q3 What is one key think you would like FSANZ to consider while undertaking preparatory work to inform future decision making regarding mandating the HSR System?

The AFGC and its member companies strongly support providing complete transparency to consumers about the products they manufacture and offer to consumers both in Australia and overseas.

Consumer education is key

The AFGC contends that responsibility falls with the DoHA and FSANZ to work collaboratively to develop and promote consumer education materials on the HSR.

This information should be based on findings from new consumer research that investigates how to

- increase awareness and build trust in the label [especially HSR],
- identify the information for different food categories and different audiences with respect to HSR, and
- determine the best format to reach these audiences.
- ultimately turn label information into knowledge,

To maintain/build trust in the HSR system, consideration should also be given to the scope of intended products. In some categories, the HSR may be presented to the consumer that is not intuitive/

⁸ [Added Sugar Focus Groups Report FINAL 240618.pdf \(foodstandards.gov.au\)](#)

representative of their understanding of what they are consuming. Any decision making regarding the HSR should consider that further changes to the HSR may further reduce consumer trust rather than build trust.

Beyond the label

The next step in ensuring consumers' ability to make best use of the label is turning knowledge into behaviours. Processing and acting upon nutrition information in food choices, like any behaviours, are driven by an individual's motivation, opportunity, and ability. Incorporating digital solutions onto the food label can meet consumers' appetite for more information, overcoming the space constraints of physical labels whilst reducing the generation of packaging waste.

The AFGC considers this is beyond the remit of this scope of work on labels.

The role of labelling as part of a broader public health strategy is stated in the introduction to *Response to the Recommendations of Labelling Logic: Review of Food Labelling Law and Policy (2011)*⁵ P7

“In addition, there is a growing acceptance of the key role that governments play in positively influencing consumers' dietary choices using a range of preventative health approaches, including food labels where appropriate. However, it is recognised that food labelling should not be used in isolation to provide consumers with information to promote healthy eating choices. Where the use of food labelling is appropriate, it should be part of a broader public health strategy for healthy weight and improved nutrition across the population. Similarly, encouraging industry to play a greater role in promoting healthy eating by supporting public health goals to maximise consumer health status and reducing the risk of chronic illness is strongly advocated in Labelling Logic.”

And

“Food labelling would not be the sole strategy for a preventative health initiative and, if food labelling is considered an appropriate strategy to address a preventative health issue, it should be one facet of a wider suite of initiatives”. P18

State of Industry 2022-23

**TOTAL
TURNOVER**
\$162.7bn
(+ 11.6%)



AFG TURNOVER
32.2%
(As % of
manufacturing)



EMPLOYMENT¹
281,269
(+4.1%)



**REGIONAL
EMPLOYMENT**
36.5%



EXPORTS
\$42.6bn
(+ 8.1%)



IMPORTS
\$48.6bn
(+ 4.7%)



**OPERATING
PROFIT
BEFORE TAX³**
\$7.2bn
(-7.2%)



**CAPITAL
INVESTMENT²**
\$4.2bn
(+ 24.5%)



The figures on this page exclude the fresh food sector and are based on 2022-23 ABS data.
1. This is total number of employees, head count basis and does not include seasonal employees.
2. Gross fixed capital formation for food, beverage and tobacco manufacturing subsector is taken as indicator of capital investment.
3. For food, beverage and tobacco product manufacturing subsector