



25 March 2019

Chair
Food Regulation Standing Committee
C/- MDP115
GPO Box 9848
Canberra ACT 2601
AUSTRALIA

Email: Australian Department of Health [Consultation Hub](#)

cc: Roger Cook, NZ MPI
Maria Gracie, NZ MPI

Dear Sir/Madam

Attached are the comments that the New Zealand Food & Grocery Council wishes to present on the ***Draft Report Health Star Rating System Five Year Review Report, February 2019*** by mpconsulting.

Yours sincerely

Carole Inkster
Policy and Regulatory Director



**Draft Report Health Star Rating System
Five Year Review Report, February 2019
by mpconsulting**

**Submission by the New Zealand Food & Grocery
Council**

25 March 2019

NEW ZEALAND FOOD & GROCERY COUNCIL

1. The New Zealand Food & Grocery Council (“NZFGC”) welcomes the opportunity to comment on the ***Draft Report Health Star Rating System Five Year Review Report, February 2019*** (the Report) by mpconsulting.
2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. This sector generates over \$34 billion in the New Zealand domestic retail food, beverage and grocery products market, and over \$31 billion in export revenue from exports to 195 countries – some 72% of total merchandise exports. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 44% of total manufacturing income. Our members directly or indirectly employ more than 400,000 people – one in five of the workforce.

OVERARCHING COMMENTS

3. The following summarises the FGC position on the Review Report Recommendations. The rationale for these positions is contained in the subsequent Detailed Comments.
4. In summary, NZFGC is generally very supportive of the conclusions reached by mpconsulting in its Review and the recommendations presented. We suggest some refinement of some. We most strongly oppose the rationale and presentation of Recommendations 2 (exclusion of the energy icon), Parts of 4 (4C (only in relation to the ‘alternative option’), Exclusion of whole grains, 4F (Jellies and ice-water confections)), Recommendation 5 (in relation to fruit drinks) and 9 (in relation to uptake targets and timing).

Report Recommendation 1: The HSR System be continued

5. NZFGC strongly supports this recommendation. We have been an early, consistent and active supporter of the system, undertaking many initiatives to encourage uptake and promote awareness.

Report Recommendation 2: Option 5, the energy icon be removed from the HSR graphic options.

6. NZFGC does not support this recommendation on the basis of evidence and logic. We note that the ‘impact of changes’ section of the Report (pp62-63) did not take into account changes to beverages and confectionery currently displaying the energy icon changing to stars. If this was added in the percentage of products affected could well be around 25-30%.

Report Recommendation 3: Governments, industry, public health and consumer bodies continue to promote the HSR System.

7. NZFGC strongly supports the continued promotion of the HSR system especially in New Zealand where Government promotion has lapsed since July 2018. We support the suggested focus of these promotions.

Report Recommendation 4A: Fruits and vegetables that are fresh, frozen or canned (with no additions of sugar, salt or fat) should automatically receive an HSR of 5.

8. NZFGC supports the allocation of 5 stars to fruit and vegetables both fresh and packaged with similar nutrient profiles.

Report Recommendation 4B: Total sugars should be more strongly penalised, lowering the HSRs of 5% of products (including breakfast cereals, snack bars, sweetened milks, ice creams and sugar-based confectionery).

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9. While NZFGC does not agree with the rationale presented for this recommendation, we recognise there is a need to respond to the perceived consumer concern and the media hype associated with this nutrient.

Report Recommendation 4C: Sodium sensitivity should be improved for products high in sodium, reducing the HSR of 1% of products (all with sodium in excess of 900mg/100g)

10. NZFGC supports the recommendation as presented and the reduction of around 1% of products with sodium in excess of 900mg/100g.
11. NZFGC strongly opposes the change to sodium thresholds presented as an 'additional option' on p57 of the Report. The 'additional option' would have a very wide impact (potentially in excess of 50% of packaged foods) and would present a strong negative impact on incentivising reformulation.

Not Including Whole Grain in the HSR Algorithm

12. NZFGC does not support and strongly opposes the exclusion of whole grain from the HSR algorithm believing it is in the consumer's best interests to reward all products with higher levels of whole grain.

Report Recommendation 4D: Dairy categories should be redefined

13. NZFGC supports this recommendation.

Report Recommendation 4E: The HSRs for healthier oils and oil-based spreads should be increased and the range narrowed.

14. NZFGC supports the algorithm change that would result in healthier oils receiving more stars.

Report Recommendation 4F: Jellies and water-based ice confections should be recategorised to decrease their HSRs.

15. NZFGC considers this change is unnecessary. Jellies and water-based ices are a small category in the diet. Their stars accurately reflect the small serve sizes and provide appropriate comparisons within the category.

Report Recommendation 5: Changes be made to the way the HSR is calculated for non-dairy beverages ... to better discern water (and drinks similar in nutritional profile to water) from high energy drinks.

16. NZFGC strongly supports the allocation of an automatic HSR of 4.5 to flavoured waters but with a stronger definition of flavoured waters for clarity.

Fruit Drinks

17. NZFGC believes it is entirely anomalous that fruit drinks with no added sugar and diluted juices that are very clearly addressing obesity receive significantly less stars (2 stars) than fruit juices (2.5-4 stars) despite containing less sugar and energy.

18. We strongly recommend:

- a. reduction of the minimum juice content to receive modifying points be reduced from >40% to ≥25% to align with local regulations (Food Standards Code) and
- b. that modifying points for FVNL content be received at intervals from 25% to 96%, where at 96% FVNL content the product receives the highest number of modifying points. ≥96% juice content defines a product as a 'juice' (as opposed to a fruit drink) as per FSANZ.

Report Recommendation 6: HSR System implementation continue to be jointly funded by Australian, State and Territory and New Zealand governments for a further four years.

19. NZFGC strongly supports continued government funding of the HSR system in all areas that it has to date.

Report Recommendation 7: Minor changes be made to the governance of the HSR System to support greater consumer confidence etc

20. NZFGC supports the transfer of the HSR calculator and TAG database to FSANZ but is concerned at costs and sourcing of data and potential cost to industry for this purpose.

21. NZFGC supports clarifying the role of the committees, increasing system transparency, and improving responsiveness of the system through improved monitoring.

22. The critical nature of the next phase of HSR warrants NZFGC's direct involvement in HSRAC and we recommend that one of the positions on the HSRAC be allocated to NZFGC to represent New Zealand industry.

Report Recommendation 8: Enhance the critical infrastructure ... through regular updates to Dietary Guidelines and national health and nutrition surveys and the establishment of a comprehensive, dataset of branded food products.

23. NZFGC strongly supports regular updates to Dietary Guidelines and national health and nutrition surveys. The latter aligns perfectly with recommendations made by the New Zealand Food Industry Taskforce on Addressing Factors that Contribute to Obesity, December 2018.

Report Recommendation 9: The HSR System remain voluntary, but with clear uptake targets set by governments (the HSR must be displayed on 70% of target products by end 2023) and all stakeholders working together to drive uptake.

24. NZFGC does not support a target of 70% uptake on SKUs. And we strongly oppose the target of 2023.

25. **Transition:** While many in industry will be able to meet the recommended changes (other than sodium) the beverages sector would not be able to change the beverage labels currently carrying the energy icon to stars, if that decision proceeds, in a 2 year transition period.

Report Recommendation 10: The existing Guide for Industry to the HSR Calculator and the HSR System Style Guide be combined, revised and strengthened....

26. NZFGC strongly supports a revision of the HSR Style Guide and calculator to reflect decisions flowing from the Review.

DETAILED COMMENTS

Report Recommendation 1: The HSR System be continued

27. NZFGC strongly supports this recommendation. We have been an early, consistent and active supporter of the system, undertaking many initiatives to encourage uptake and promote awareness.

28. It is vital that its integrity is maintained, enhanced and strengthened by the Review outcomes. In just a few areas, we feel this is jeopardised as the following sets out. The end result and implementation must engender confidence and advance the system's objectives to deliver a means for consumers to make healthy choices and change behaviour.

Report Recommendation 2: Option 5, the energy icon be removed from the HSR graphic options.

29. NZFGC does not support this recommendation on the basis of evidence and logic.
30. The proposal to remove the opportunity to use the energy icon on beverages and confectionery is based primarily on a lack of awareness as set out in the Table on p31 of the Report. The key factor for a lack of awareness is attributable to lack of promotion and education. The energy icon did not feature in any promotional campaigns in either country as identified on p34. The stars featured in every promotional campaign. In such circumstances it is no wonder the awareness of the energy icon trails the stars.
31. The Review suggests it is not viable to promote both stars and the energy icon. This ignores the fact that other icons are supported and were promoted and reflects a selective and uneven justification.
32. The Report states that the energy icon is easily confused with the DIG. This has no basis in evidence and few consumers would recall the DIG which has not been actively supported in New Zealand and has been unsupported in Australia for over 5 years even though it remains as a legacy on some products.
33. Placing stars on confectionery in particular, which are well recognised by consumers as treat food, has the potential to devalue the stars and reduce the integrity of the system. There is no apparent incentive for confectionery manufacturers to apply the stars. We would also point out that there is little value in having a wall of shelves displaying a half to one star. The exceptions would be jelly confectionery that would score over that because they have less saturated fat than chocolate confectionary, potentially resulting in considerable consumer cynicism and disrepute to the system.
34. The energy icon is particularly applicable to serving size in relation to 'per pack' descriptions. This is not the case with stars which would be applicable irrespective of serve size.
35. In spite of the foregoing and a total absence of promotion, it is gratifying that the energy icon achieved the level of recognition it has. In part, this may be a result of energy ratings used on menu boards in many Australian regions and the education campaigns that accompanied those.
36. The 'impact of changes' section of the Report (pp62-63) estimated that 14-18% of foods would be affected by the recommended changes. This does not take into account changes to beverages and confectionery currently displaying the energy icon changing to stars, especially changes to the energy icon's removal. If this was added in the percentage of products affected could well be around 25-30%.
37. Removal of the energy icon used on its own will have wide spread impact, is not equitable nor evidence based and should not proceed.

Report Recommendation 3: Governments, industry, public health and consumer bodies continue to promote the HSR System. Government promotion over the next two years should:

- **communicate the reason for the changes to the HSR System**
- **target specific areas of consumer misunderstanding or gaps in awareness**
- **highlight government endorsement of the HSR System**
- **position the HSR System in the context of broader healthy eating messages.**

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38. NZFGC strongly supports the continued promotion of the HSR system especially in New Zealand where Government promotion has lapsed since July 2018. We support the suggested focus of these promotions.
39. This will be particularly important following the decisions from the Review Report and during implementation. There would be a resounding positive impact for any announcements concerning decisions from the Review to be accompanied by commitments of ongoing support and promotion from Governments.
40. All those (consumers, public health, government and industry) on governance and advisory committees have a responsibility to be accepting of decisions and move forward on outcomes of the Review cohesively and positively.

Report Recommendation 4A: Fruits and vegetables that are fresh, frozen or canned (with no additions of sugar, salt or fat) should automatically receive an HSR of 5.

41. NZFGC supports the allocation of 5 stars to fruit and vegetables both fresh and packaged with similar nutrient profiles. While an automatic allocation of 5 stars would achieve this, a more consistent approach could be achieved by appropriately adjusting the calculator.

Report Recommendation 4B: Total sugars should be more strongly penalised, lowering the HSRs of 5% of products (including breakfast cereals, snack bars, sweetened milks, ice creams and sugar-based confectionery).

42. While NZFGC does not agree with the rationale presented for this recommendation, we recognise there is a need to respond to the perceived consumer concern and the media hype associated with this nutrient. Trying to separately address added sugars has been clearly shown to present greater complexities and unexpected consequences, and this response is a balance between the unwarranted and the unwanted.
43. We note that the intention is to revise the sugars table for Categories 1, 1D, 2 and 2D to a maximum of 25 points for > 99g/100g.

Report Recommendation 4C: Sodium sensitivity should be improved for products high in sodium, reducing the HSR of 1% of products (all with sodium in excess of 900mg/100g)

44. NZFGC supports the recommendation as presented and the reduction of around 1% of products with sodium in excess of 900mg/100g. This recommendation has been previously consulted on and is included in the calculation of 'impact of changes'.
45. NZFGC strongly opposes the change to sodium thresholds presented as an 'additional option' on p57 of the Report.
46. We are most concerned that the 'additional option' concerning sodium is significantly harsher than has been discussed over the past year and will have a very significant and large impact on all food groups. The extent of impact cannot be overemphasised. The 'additional option' would impact the vast majority of all packaged foods. This is contrary to the objective of avoiding broad or large-scale changes that would fundamentally disrupt the existing system.
47. Sodium is the nutrient that has had greatest focus over time, has already delivered widespread reformulation over the past 10 to 15 years in New Zealand and Australia, and has resulted in hundreds of tonnes of sodium being removed from the food supply. The

proposed 'additional option' takes no account of the extensive work to date that has been carefully programmed over time to effect change on a nutrient that the consumer is very sensitive to.

48. Introducing the 'additional option' to sodium thresholds also creates a major misalignment with the Nutrient Profiling Scoring Criterion (NPSC) used in the Food Standards Code. The NPSC is used to determine whether a food is suitable to make a health claim, based on its nutrient profile. The HSR currently uses the same sodium thresholds as the NPSC. Changes to the HSR sodium baseline points as reflected in the 'additional option' would result in considerable inconsistencies between these models.
49. The 'additional option' ignores other ongoing initiatives to address obesity that are addressing this and other nutrients such as the Australian Healthy Food Partnership Reformulation targets, the New Zealand Heart Foundation criteria for sodium targets and the New Zealand Food Industry Taskforce recommendations to bring those two together and add more. If 'additional option' targets for the HSR were to be used, products formulated towards these other targets would be misaligned and would be penalised, even though reformulated, by not achieving an increase in HSR even though the set and agreed targets were achieved.
50. The 'additional option' delivers several unintended dietary consequences. Products falling within four of the five food groups (Grain and cereal foods, yoghurts and cheese, processed vegetables, meat and fish) recommended to be consumed widely within the Australian Dietary Guidelines and New Zealand Eating and Activity Guidelines would be affected by a change to sodium baseline points. Although these food groups are shown to contribute towards sodium intakes in diets, there could be unintended consequences to fibre intakes due to potentially lower HSR affecting consumer choice.
51. In the Australian context, Australian Dietary Guidelines recommend adults eat 25-30g of dietary fibre every day and the average daily intakes amongst Australian adults is 22.9g, with the majority coming from cereal and cereal products (cereals, bread, pasta, barley, quinoa, etc. (29.3%), fruit (17.7%) and vegetables (14.4%)). Given that average fibre intakes are currently between 2g and 7g less than recommended in the Australian Dietary Guidelines, and the majority of fibre intakes come from cereals and cereal products, the ABS Australian Health survey shows that only 30% of Australians met the recommended guidelines for grain (cereal) foods. This is likely to also be the case in New Zealand.
52. Should these food categories be affected by the change to the baseline points for sodium as indicated in the 'additional option', a number of core foods may potentially see a reduced HSR and therefore may result in a change in consumer behaviour away from these foods and a reduction in fibre intakes.
53. The 'additional option' removes any gains delivered by changes to address the low HSR on many dairy products. Calcium is under consumed across both Australia and New Zealand in terms of dietary guidelines and proposals to increase the HSR of dairy especially cheese, would largely be negated by the proposed change to sodium.
54. The 'additional option' would have a strong negative impact on incentivising reformulation.

Not Including Whole Grain in the HSR Algorithm

55. NZFGC does not support and strongly opposes the exclusion of whole grain from the HSR algorithm.

56. We do not consider the reasons for its exclusion to be justified especially for New Zealand where discretionary foods are not recognised. We know that the populations across both countries significantly under consume dietary fibre (as noted above) and that less than a third of the populations in either country consume anywhere near the targets set out in Guidelines. We therefore find the reason given for not including it, that rewarding wholegrain content resulted in limited increases to core foods such as brown rice products but resulted in more significant increases to the HSRs of many discretionary products such as muesli bars, salty snacks and crackers, is neither logical nor compelling.

57. NZFGC understands that the statements that other countries do not prioritise whole grain in their FoPL schemes is incorrect and we are advised that the Singapore Healthier Choice Symbol, Danish Key Hole and American and Canadian Guiding Stars systems all include whole grains.

58. We believe it is in the consumer's best interests to reward all products with higher levels of whole grain, as this is aligned with the dietary guideline advice to eat grains foods, especially whole grain.

Report Recommendation 4D: Dairy categories should be redefined to increase the HSRs of [core/FFG] dairy foods (such as cheeses and yoghurts) and decrease the HSRs of some dairy desserts and other chilled dairy products, improving comparability between dairy products.

59. NZFGC supports this recommendation.

60. We recommend that the definitions be further considered together with the scaling in the algorithm to achieve the best outcome, particularly in relation to the recognition of the value of cheeses in the diet. We suggest there be further consideration of the cheeses that should be included in Category 3D.

Report Recommendation 4E: The HSRs for healthier oils and oil-based spreads should be increased and the range narrowed to enable better discernment from products higher in saturated fats.

61. NZFGC supports the algorithm change that would result in healthier oils receiving more stars. We suggest that a simpler way of giving effect to the recommendation would be through adjustment of the algorithm applying the alternate approach promoted by the AFGC.

Report Recommendation 4F: Jellies and water-based ice confections should be recategorised to decrease their HSRs.

62. NZFGC considers this change is unnecessary. Jellies and water-based ices are a small category in the diet. Their stars accurately reflect the small serve sizes and provide appropriate comparisons within the category. Moving to non-dairy beverage category with new algorithm means products like water-based ice blocks will lose up to 2.5 stars.

63. Algorithm adjustment for sugar results in no change for some ice creams, and a reduction of 0.5 stars in some ice cream. Some products that have been specifically formulated to be 3.5 stars will lose 0.5 stars.

64. Continuing to include jellies and ice-confections in Category 2 ensures that consumers have the best opportunity to compare similar products within a category that reflects the way that products are bought and consumed. There is discrimination between products

that are consumed in similar ways and that provides consumers with relevant information about their choice.

65. Unintended consequences are likely if foods sold in smaller portion sizes and that are less energy dense have significantly lower stars than those foods with much higher kilojoules. This would bring the HSR system into disrepute and fuel criticism.
66. If this recommendation proceeds then the definitions for manufacturers of when to score in the non-dairy beverage category and when to score as a non-core food needs to be very clear in the guidance to industry eg water-based ice confection can also have other ingredients like candy, chocolate, eggs or milk fat added.

Report Recommendation 5: Changes be made to the way the HSR is calculated for non-dairy beverages, based on adjusted sugars, energy and FVNL points, to better discern water (and drinks similar in nutritional profile to water) from high energy drinks.

67. NZFGC strongly supports the allocation of an automatic HSR of 4.5 to flavoured waters. We note this could be best achieved by amending the algorithm under the alternate approach promoted by the AFGC.
68. It is clear from the definitions proposed which products are considered flavoured waters and therefore are eligible for an HSR of 4.5. However, we suggest the definition could be improved to prevent products pretending to be flavoured waters to simply score a HSR of 4.5. This can be done by making two additions:
- a. adding the phrase 'A product sold as a flavoured water must be a flavoured water as appropriate' at the start of the definition
 - b. adding the phrase 'and nothing else' at the end of the definition.
69. The phrase 'A product sold as a flavoured water must be a flavoured water as appropriate' is commonly used in the Food Standards Code (including in Part 2.6 Non-alcoholic beverages) to help prevent manufacturers developing 'mixed beverages' or beverages that could meet multiple classifications for claim benefits or to take advantage of additional ingredient/additive permissions. In other words, this phrase helps to minimise products pretending to be other products for an advantage. It also helps prevent other beverages such as formulated beverages, sports drinks and diet soft drinks etc from trying also to be flavoured waters or being marketed as flavoured waters.
70. Adding the phrase 'and nothing else' at the end of the definition in relation to flavoured waters containing only additions of substances at Good Manufacturing Practice (GMP) as per Schedule 16 means that other substances such as whey protein or chia seeds etc that would add energy could not be added since they would otherwise change the product from being a flavoured water.
71. The suggested definition would then read:

'Products sold as a flavoured waters must be flavoured waters as appropriate and can be uncarbonated, carbonated, mineralised or soda waters that contain only additions of substances at Good Manufacturing Practice (GMP) as per Schedule 16 Types of substances that may be used as food additives of the Code and nothing else including no added sugars.'

72. While the definition of products that are included as 'flavoured waters' is clear, mpc consulting also describes this subcategory as 'unsweetened flavoured waters' in a

number of places throughout the Report. We appreciate mpconsulting was using the term 'unsweetened' to mean 'no added sugar'. We therefore suggest the Report be amended to replace the term 'unsweetened flavoured water' with the term 'flavoured water with no added sugar' in order to reflect the definition consistently throughout the Report..

Fruit Drinks

73. NZFGC believes it is entirely anomalous that fruit drinks with no added sugar and diluted juices that are very clearly addressing obesity receive significantly less stars (2 stars) than fruit juices (2.5-4 stars) despite containing less sugar and energy.

74. We strongly recommend:

- a. reduction of the minimum juice content to receive modifying points be reduced from >40% to $\geq 25\%$ to align with local regulations (Food Standards Code) and
- b. that modifying points for FVNL content be received at intervals from 25% to 96%, where at 96% FVNL content the product receives the highest number of modifying points. $\geq 96\%$ juice content defines a product as a 'juice' (as opposed to a fruit drink) as per FSANZ.

75. Diluted fruit and vegetable juices are an increasing trend from an innovation and reformulation perspective within the non-dairy beverage category. Other than blending juices with difference sugar contents, adding water to juice (diluting it) is another way manufacturers can 'reformulate' these products to reduce energy and sugar content.

76. The fact that some diluted juices (with no added sugar) cannot gain more than 2-2.5 stars does not provide incentives for manufacturers to reformulate or innovate so as to reduce their energy and/or total sugars content. These products also score less stars than 100% juices which in some cases can have more than double their sugar content.

77. By way of example, '[Brand A] 50% less sugar Apple' (fruit drink) contains 3.9g sugar /100ml and receives 2 stars while '[Brand A] Cloudy Apple' (juice) contains 10.5g sugar and receives 3 stars.

78. Some diluted juices contain less sugar and energy than regular fruit juices and could be argued to be a better option than 100% juice yet will appear to consumers to be less healthy.

79. One of the reasons diluted juices with no added sugar are not getting a higher HSR is that beverages containing less than 41% juice do not receive modifying points despite their juice content and in some cases lower sugar content.

80. We know policy decisions are not favoured by the system so to provide some incentives and thus more stars when diluting juices we propose the minimum FVNL content that can attract modifying points be reduced from >40% to $\geq 25\%$. This would provide diluted juices with lower FVNL content the possibility of gaining an extra half to one star and compare more appropriately with 100% juice.

81. While it is understood that the >40% FVNL content helps to ensure that manufacturers cannot add small amounts of FVNL ingredients (or juice) to disproportionately increase a products HSR, it is unclear where the >40% threshold has come from. We believe this has been borrowed from the fruit and vegetable content cut offs in the French Nutri-Score system. Given European legislation defines fruit drinks, or nectars as they term them, by their juice content which is around 40% depending on the type and acidity of the juice it makes sense that the Nutri-Score system would chose a >40% threshold for fruit and

vegetable content. However, the >40% threshold appears to be inconsistent with Australian and New Zealand legislation.

82. The Food Standards Code defines fruit drinks, in Standard 2.6.2, as beverages with not less than 5% fruit content (or not less than 3.5% for passionfruit juice drink). The Food Standards Code also only permits fruit drinks with $\geq 25\%$ fruit content to make nutrient content claims related to vitamins and minerals (Schedule 17—4). As well, provisions to make many comparison related nutrition content claims under Schedule 4 of the Food Standards Code like ‘reduced sugar’, or ‘increased fibre’ also require at least a 25% difference to the reference food.
83. We therefore recommend that the minimum FVNL content that beverages can receive modifying points for, be reduced from >40% to $\geq 25\%$, in line with local regulatory permissions.
84. Non-dairy beverages can receive the maximum number of modifying points for FVNL content at >99% juice, since Standard 2.6.1 of the Food Standards Code defines a product as a juice at 96% or more juice content, it seems appropriate to allow all ‘juices’ to receive the maximum number of modifying points. This would also mean the upper and lower FVNL content for non-dairy beverages would be grounded in current food regulations.
85. We propose the below fruit and vegetable content cut offs (in yellow) with corresponding modifying points (in grey). For reference, the current Fruit and Vegetable cut offs are in green:

Energy (kJ)	Total sugars (g/100g)	Fruit & Vegetable (%)	Points	Proposed Fruit & Vegetable (%)
0	0	0	0	
1	0.1		1	
31	1.6	40.01	2	25
61	3.1		3	32
91	4.6	60.01	4	39
121	6.1		5	46
151	7.6		6	53
181	9.1		7	60
211	10.6		8	67
241	12.1		9	74
271	13.6	80.01	10	81
				88
		99.01	12	96

86. The table proposes that consistent increasing intervals of juice content be used to determine modifying points rather than just the four thresholds that is currently being suggested. This greater granularity is to further encourage manufacturers to reformulate and innovate with fruit drinks as smaller increases of juice content can possibly receive a slightly higher HSR. We understand some of our members have modelled their products on the current and proposed arrangement to demonstrate the granulation in HSR that can then be achieved.
87. We also note that the Report uses the terms ‘fruit drink’ and ‘diluted fruit juices’ without identifying if there is a difference between the terms and that the term ‘fruit nectars’ is used (on page 66) which is not a term used commercially or in the Food Standards Code in Australia or New Zealand and which is not defined.

Report Recommendation 6: HSR System implementation continue to be jointly funded by Australian, State and Territory and New Zealand governments for a further four years.

88. NZFGC strongly supports continued government funding of the HSR system in all areas that it has to date.

Report Recommendation 7: Minor changes be made to the governance of the HSR System to:

- support greater consumer confidence in the System by transferring management of the HSR Calculator and TAG database to FSANZ
- clarify the role of the committees
- increase transparency of the system
- improve monitoring, enabling the System to be more responsive.

89. NZFGC supports the transfer of the HSR calculator and TAG database to FSANZ but is concerned at costs and sourcing of data and potential cost to industry for this purpose.

90. NZFGC supports clarifying the role of the committees, increasing system transparency, and improving responsiveness of the system through improved monitoring. On this last point, again cost is of concern.

91. As noted in the Report (p68) “[T]he next few years will be critical to the HSR system”. NZFGC agrees the change process will need to be managed carefully, to ensure understanding, support, application and promotion.

92. To date NZFGC has not been directly involved in governance. We participate in the New Zealand HSR Advisory Group which feeds into the governance. The critical nature of the next phase of HSR warrants our involvement and we recommend that one of the positions on the HSRAC be allocated to NZFGC to represent New Zealand industry. NZFGC would establish communication lines with other relevant industry bodies including the New Zealand Beverage Council and RetailNZ.

Report Recommendation 8: Enhance the critical infrastructure to support implementation and evaluation of food and nutrition-related public health initiatives, including the HSR System, through regular updates to Dietary Guidelines and national health and nutrition surveys and the establishment of a comprehensive, dataset of branded food products.

93. NZFGC strongly supports regular updates to Dietary Guidelines and national health and nutrition surveys. The latter aligns perfectly with recommendations made by the New Zealand Food Industry Taskforce on Addressing Factors that Contribute to Obesity, December 2018.

94. We commend the concept of establishing a comprehensive, dataset of branded food products but this will need considerably more work to identify source of information to avoid unnecessary duplication and cost to industry and governments.

Report Recommendation 9: The HSR System remain voluntary, but with clear uptake targets set by governments (the HSR must be displayed on 70% of target products by end 2023) and all stakeholders working together to drive uptake.

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95. NZFGC does not support a target of 70% uptake on SKUs. And we strongly oppose the target of 2023.
96. We believe a target of 70% is beyond reason and achievability given it has taken 3 years to reach what may be around 20-30% uptake to date. We say 'may be' in relation to uptake to date, since there is no clarity on the baseline in either country, whether these are consistent across the two countries nor what is the definition of 'eligibility'. Many of the major companies in the packaged food area have already made significant efforts to apply HSR and we suggest the bulk of most frequently purchased packaged foods (depending on the definition of 'eligibility') have in large part been achieved.
97. If a target must be set, we suggest this be on products contributing to the diet on the basis of sales volume in order to target those products that contribute most to the diet. This would provide alignment with the approach of the HSR system taking the whole nutrition of a product into account in terms of impact.
98. We are also concerned that the experience with pregnancy labelling on alcohol showed a high voluntary uptake on the vast majority of products but that even so, a mandatory route is being pursued. This is of real concern in terms of trusting the numbers/targets.
99. We strongly oppose setting the end date of a target. The experience with the implementation of the HSR System is that Ministers made a decision in June 2014 and the five years for review started to count down totally ignoring the fact that industry could not move until the following year when Guidance was finally published.
100. An end date of 2023 is unrealistic since decisions on the review recommendations will not be taken until very late in 2019, guidance on critical elements will not be available until the end of 2020 and less than 3 years will remain to exceed the current uptake by a factor to 200%. This recommendation should be recast to set an uptake target "5 years of publication of revised guidance reflecting the required changes".
101. **.Transition:** While many in industry will be able to meet the recommended changes (other than sodium) the beverages sector would not be able to change the beverage labels currently carrying the energy icon to stars, if that decision proceeds, in a 2 year transition period.
102. The change from using the energy icon to the stars will result in a significant cost of label changes for the beverage industry which has relabelled most recently for country of origin in Australia. This could translate as difficult to maintain HSR on products in this category.

Report Recommendation 10: The existing Guide for Industry to the Health Star Rating Calculator and the Health Star Rating System Style Guide be combined, revised and strengthened, providing greater certainty for stakeholders.

103. NZFGC strongly supports a revision of the HSR Style Guide and calculator to reflect decisions flowing from the Review.