

7 December 2018

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Dear Ms Mathews

Attached are the comments that the New Zealand Food & Grocery Council wishes to present on the ***Five year review of the Health Star Rating system – consultation paper: options for system enhancement.***

Yours sincerely

Katherine Rich
Chief Executive

cc: *mpconsulting*



Five year review of the Health Star Rating system – consultation paper: options for system enhancement

Submission by the New Zealand Food & Grocery Council

7 December 2018

NEW ZEALAND FOOD & GROCERY COUNCIL

1. The New Zealand Food & Grocery Council (“NZFGC”) welcomes the opportunity to comment on the *Five year review of the Health Star Rating system – consultation paper: options for system enhancement*.
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. NZFGC has been a strong supporter and advocate of the HSR system. We have undertaken a range of initiatives to encourage uptake and these are continuing. NZFGC recognises the power of HSR to deliver changes to the food supply that address factors contributing to obesity with very little behaviour change required from consumers other than the exercise of choice. The opportunity for the food supply to deliver foods that reflect healthier parameters is significant but its effectiveness can be doubled or trebled with consumer education campaigns to increase understanding and use.
4. NZFGC has been impressed with the conduct of the review, the open and transparent nature of the consultations and that New Zealand has received good coverage in the process. We also commend the organisations involved in providing resources for the Technical Advisory Group’s (TAG) work. It has been a very valuable area of activity and the TAG papers have been very helpful in understanding the background to a number of the options.
5. NZFGC strongly recommends that if outcomes from options in any area could be improved for the sake of delay to finalisation of the Report, it is better to get the system right than create an impact of such unintended consequences as to disincentivise current and future participants. It is better to take the time now rather than generate a strongly negative impact.
6. NZFGC is concerned that many of the cross impacts have not been modelled and that the cumulative effect of changes may result in perverse or unexpected and negative outcomes. NZFGC is strongly supportive of the additional modelling the beverage agencies in both Australia and New Zealand are undertaking on category 1 products, non-dairy beverages, and the modelling being undertaken by the AFGC on an alternative approach that focuses on category 2 products. This latter modelling could identify options that address several of the issues being explored through one or two mechanisms rather than through a piecemeal, issue by issue approach.
7. In terms of the issues raised the following summarises the NZFGC position. Further commentary, explanation and justification is provided in the detailed comments:
Scope of the HSR System
Fruits and vegetables
 - NZFGC is generally supportive of Option B, allocation of a 5 star rating for all fresh and minimally processed fruits and vegetables including herbs and spices.

Non-dairy beverages

- NZFGC primarily supports Option E but there are elements of Options A and D that we support such as the optional use of stars or energy icon (Option A Status quo). Modelling is required to confirm this or indeed any other position proposed.

Risk Nutrients

Sugar

- NZFGC supports the option of status quo but is attracted to Option C of increasing the baseline points for total sugars to reduce the HSR for products relatively high in total sugars. We do not believe that any of the other options presented meet the principles nor are supported by modelling. We are particularly concerned at the prospect of some arbitrary overlay for 'added sugar' simply for political expediency. We find the TAG modelling compelling in identifying a perverse outcome by moving away from total sugars.

Sodium

- NZFGC is generally supportive of the proposed changes above the 900mg/100g level and a maximum baseline points of 30 for sodium content above 2,700mg/100g.

Positive Nutrients

Protein

- NZFGC strongly supports Option A status quo. There are too many potential and actual unintended consequences for doing otherwise. In our view there is no evidence that there is a problem with the current treatment of protein. This is a communication issue not a problem in fact.

Fibre and wholegrain

- NZFGC supports Option B, which enables foods to receive more modifying F points where more wholegrains are present in the food. This properly recognises the role of whole grains in a healthy diet as referenced in both the Australian and New Zealand dietary guidelines. NZFGC recognises that the Australian Grains Legumes Nutrition Council (GLNC) has very extensive data and expertise in this area and we support the position and submission from GLNC in relation to whole grains.

Product specific issues

Oils and oil-based products

- NZFGC supports Option B rescaling category 3 products upwards to increase the HSRs of healthy oils and spreads.

Salty snacks

- NZFGC supports Option A Status quo.

Dairy Desserts

- NZFGC supports Option B, a redefining of category 2D products so that it captures dairy desserts.

Ice confections and jellies

- NZFGC supports Option A status quo on the basis that they are consumed in significantly smaller portions than non-dairy beverages. The decisions around category 1 have not been finalised and it is difficult to support Option B (re-categorising them to category 1) in an environment of uncertainty.

Dairy

- NZFGC notes that, compared to other food groups, the dairy food group has the greatest proportion of products scoring 3 stars or below under the current HSR system. We therefore support further modelling work by TAG for category 2D and 3D foods. NZFGC is keen to ensure alignment to dietary guidelines is maintained but that the calcium contribution to the diet of these core foods is also recognised.

Transition

- NZFGC supports a transition period of 2 years.

Targets for uptake

- NZFGC is supportive of targets for uptake but there needs to be common sense and pragmatism applied in the process. We are supportive of ambitious targets but not to the extent that they are unachievable. We suggest that a doubling of the current levels in the next 5 years is a significant stretch target to aim for.
8. NZFGC recognises there are some anomalies in the application of the current algorithm and generally these can be addressed by the options supported above.
 9. The key concern is that some issues are not issues of fact or that unnecessary weight is being given to 'arbitrarily labelled' discretionary foods. In too many cases the issues are perception and application of outdated expectations eg that fruit juice should always score high.
 10. NZFGC considers that common sense, practicality and evidence are key factors in meeting expectations and that the foundation and boundaries of HSR should not be subject to such significant change that the proportion of products subject to change exceeds 5-7%.
 11. NZFGC is strongly of the view that uncertainties around several areas, especially the treatment of sugar and non-dairy beverages, warrants further development, modelling and consultation.

DETAILED COMMENTS

Introduction

12. NZFGC has been a strong supporter and advocate of the HSR system. We have undertaken a range of initiatives to encourage uptake and these are continuing.
13. In terms of time for operation there has been only four years operation of the HSR system for industry at this time. Even though Ministers had decided on 27 June 2014 "that the HSR system should be implemented voluntarily over the next five years"¹, the guidelines were not published until the end of 2014 and the calculator to be used by industry was still being refined at that time. As a result, manufacturers were not able to start planning for uptake until later in 2015, 'the first year of operation'.
14. In our view, the end of 2019 is more reflective of the 5 years of operation and should there need to be more work undertaken on particular aspects of the system then the end of 2019 still only represents five years of operation. We note that monitoring data that the reviewers are drawing on, represents an even shorter period and more properly reflects around 3 years operation.
15. NZFGC strongly recommends that if outcomes from options in any area could be improved for the sake of delay, it is better to get the system right than create an impact of such unintended consequences as to disincentivise current and future participants. It is better to take the time now rather than generate a strongly negative impact.
16. Aside from that, NZFGC recognises the power of HSR to deliver changes to the food supply that address factors contributing to obesity with very little behaviour change required from consumers other than the exercise of choice. The opportunity for the food supply to deliver foods that reflect healthier parameters is significant but its effectiveness can be doubled or trebled with consumer education campaigns to increase understanding and use.

¹ Legislative and Governance Forum on Food Regulation *Final Communique*, 27 June 2014

17. NZFGC has been impressed with the conduct of the review and the open and transparent nature of the consultations. It has been particularly valuable to have a sequence of consultations on aspects subject to review and for these to have been workshopped in New Zealand as well as Australia. We would also commend the organisations involved in providing resources for the Technical Advisory Group's (TAG) work. It has been a very valuable area of activity and the TAG papers have been very helpful in understanding the background to a number of the options.

Impact and modelling

18. We are concerned with three aspects relating to modelling and which influence and predicate our comments.

19. The first is the importance of exploring some of the options on a broader database. We note that in some areas for the product specific issues, the substances are so widely used that the impact could be across more than 50% of eligible foods. Related to this is the definition of eligible food and the ability of those conducting broader reviews in both Australia and New Zealand to adequately filter out ineligible foods such as imported food. We also believe that the extent of change wrought by the decisions concerning 'as prepared' has not been appreciated. For some manufacturers this is 30-50% of all products in their range carrying HSR. To then add algorithm changes that might have equally or more impact is a strong disincentive.

20. The second concern is the need for further modelling and further assessment when this modelling is presented.

21. The third is cross impacts and cumulative impacts. Cross impacts are when two or more changes operating in tandem generate an unexpected outcome. Cumulative impacts occur when multiple products in a manufacturer's product range are all impacted and require change. The value of the time taken to date would be discounted and late adopters would leverage the experience of the early adopters but avoid any of the costs.

22. NZFGC is strongly supportive of the additional modelling the AFGC is conducting on an alternative approach that focuses on category 2 products and which would scale foods as cereals, protein foods, fruit and vegetables and 'others' such that they could address several of the issues being explored through one mechanism rather than through a piecemeal, issue by issue approach.

23. The balance of this submission is predicated on the outcomes of the additional modelling.

Principles for approaching the issues

24. NZFGC is strongly supportive of the principles for approaching the issues. We believe *retaining the integrity of the system* can only be done by minimising the impact of change. The alternative would provide those highly critical of the system to claim it has not worked. The system has delivered, and continues to deliver, significant positive nutritional changes for packaged products sold in New Zealand. *Alignment with dietary guidelines* is only valuable if the dietary guidelines are promoted and used. NZFGC strongly supports greater education and awareness around the application of the dietary guidelines to build familiarity with their key messages. We are particularly supportive of the need *to enable maximum discernment between like foods with different nutritional profiles* in order to provide the consumer with clear differentiation across products. While we agree there is a need *to continue to incentivise food manufacturers to decrease risk-associated nutrients*, incentivising manufacturers to remain or join the system is vital.

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25. NZFGC would also point to a selection of the principles New Zealand (government, industry and consumers) developed for front of pack labelling generally and applicable to the HSR system in particular as the following demonstrates:
- Purpose and scope of HSR to be explicit with placement on front of pack only
 - The system should be interpretive and support national nutrition policy
 - Comparative in allowing direct comparison across similar food products
 - Linkages with labelling requirements of the Food Standards Code must be clear, unambiguous and explicit
 - Flexible as far as possible to accommodate product specific differences
 - Enhance and inform food innovation and trade in food
 - Increase trust in the food system
 - Success of HSR to be measurable
 - Consumer education to be an integral component of HSR along with promotion of the uptake of HSR
 - Compliance to be addressed as a core aspect of HSR.
26. We are particularly concerned at the weight placed on 'discretionary foods' when these have no place in the New Zealand dietary guidelines. It is not helpful for this term and group of foods to be given primacy over other factors that might apply more generally across both Australia and New Zealand.
27. Maintaining alignment with the Nutrient Profile Scoring System (NPSC) is of far greater relevance and import to the trans-Tasman system than alignment with any other system since the two systems should be seen as symbiotic.

Scope of the HSR System

Fruits and vegetables

28. NZFGC is generally supportive of Option B, allocation of a 5 star rating for all fresh and minimally processed fruits and vegetables including herbs and spices.
29. It is clear from the research in New Zealand that no population group eats enough fruit and vegetables. While it is not the role of the HSR system to promote this aspect of the dietary guidelines, HSR is a public health intervention intended to address obesity and eating more fruit and vegetables as a replacement for less healthy foods would enhance the effectiveness of the tool.
30. We recognise that the vast majority of fresh and minimally processed fruits and vegetables score 4-5 points in any case and that the allocation of 5 stars is not arbitrary to this extent. We believe the approach is common sense and will recognise that fruits and vegetables cannot be reformulated to get a higher score.
31. Alignment with dietary guidelines is particularly enhanced by the inclusion of minimally processed fruit and vegetables such as frozen and canned fruit and vegetables. We would want to ensure that definition of 'minimally processed' is simple and the discussions around 'no change to the nutritional profile' is therefore attractive from this perspective. In our view, this would allow the addition of food additives that are important for safety, taste and shelf life without detracting from the nutritional value of the product.

Non-dairy beverages

32. NZFGC primarily supports Option E but there are elements of Options A and D that we support including the optional use of stars or energy icon (Status quo). However, as noted at the outset, we would want this confirmed by the modelling being undertaken by the beverage industry agencies in both countries.

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33. In relation to Option A, NZFGC strongly supports the element of choice of symbol for application on non-dairy beverages. This has been a key feature in uptake of HSR, that manufacturers have choice in size, colour and element of the system to apply to their products. To introduce a mandatory aspect to the system denigrates one of its key strengths. It also raises inconsistency of approach when menu is based on energy value but other aspects of the food supply should not be. Having said that, NZFGC nonetheless supports the use of stars to the extent possible and would encourage non-dairy beverage manufacturers to use these in future.
34. In relation to Option D, NZFGC is, at this time, attracted to the exclusion of FVNL and other algorithm aspects of the HSR system for non-dairy beverages and can see the merit of an overlaid categorisation for non-dairy beverages based on energy as reflected by Option E. This provides a strong correlation with consumer expectations whilst not abandoning the system or excluding these products from HSR as has been alternatively suggested. Such an approach aligns with the allocation of a star rating but NZFGC believes non-dairy beverages should retain the option of displaying stars or the energy tab. We would also support Option E in its entirety depending on modelling currently underway that might better differentiate products as discussed in the following paragraphs.
35. In relation to Option E, NZFGC is attracted to the application of a categorisation system that aligns stars with energy content but that this covers the range from 0.5 to 3.5 stars.
36. Plain packaged water and plain carbonated water already receive 5 stars as a result of a policy decision. We suggest this policy decision extend to 4.5 stars and cover flavoured waters, diluted fruit juices and beverages such as diet soft drinks and to 4 stars for fruit juices. This might be described as follows and reference the specific aspects of the Food Standards Code that is aligned:
- a. *water (still or carbonated) with no additives would automatically receive a HSR of 5*
 - b. *flavoured water (still or carbonated) (as referenced in schedule 15, 14.1.1.2 carbonated, mineralised and soda waters) with no added sugar that are close to the nutritional profile of water would automatically receive a HSR of 4.5*
 - c. *water (still or carbonated) in any combination with fruit and vegetable juices and with no added sugar would automatically receive an HSR of 4.5*
 - d. *fruit and vegetables juices (as defined in Standard 2.6.1 of the Australia New Zealand Food Standards Code) with no added sugar would also automatically receive an HSR of 4.0.*
37. We do not agree with the principle that fruit and vegetable juices should automatically receive a HSR of 4.5 but rather that they receive 4 stars. Therefore, this policy decision should read as described above. As well, to ensure clarity and reduce confusion these beverages should not be referred to as '100% fruit and vegetable juices'. Many juices contain additives that are permitted under the Australia New Zealand Food Standards Code and therefore are not 100% juices. Also note that 'no added sugar' is defined as per the conditions of a 'no added sugar' claim in Standard 1.2.7 of the Food Standards Code.
38. Below 4 stars, beverages with energy levels of 35kJ or more would receive stars from 3.5 stars and below. Whether this is by way of an energy/star rating or a calculation of HSR based on an amended algorithm, we should be guided by the modelling being undertaken by the beverage agencies. That modelling is intended to address the lack of distinction between 2.5 and 4 stars since the current application would result in almost all products receiving an HSR of 2 or less. An alternative approach is required to remove the bimodal distribution, to allow consumers to clearly distinguish between these beverages and to assist consumers make an informed choice on healthier options. It is also necessary to

provide manufacturers with incentives to achieve positive reformulation, particularly with regard to sugar reduction within this category.

39. Without an alternative approach, since there may otherwise be no beverages that score 2.5 to 4 stars reducing product differentiation. If all other non-dairy beverages have a HSR of 2 or less, including low kilojoule (<80kJ/100ml) and low sugar (≤ 2.5 g sugar per 100ml) products, consumers will not be able to clearly distinguish between these beverages nor will they be able to easily seek out healthier options. NZFGC considers the alternative approach of allocating stars based on energy levels to deliver the differentiation required.
40. Diluted and non-sugar sweetened non-dairy beverages should receive more stars than their full strength or sugar sweetened counterparts and if this requires a policy decision to achieve it then it would be sensible to make such a decision.
41. We should point out that the dietary guidelines in New Zealand no longer support fruit juice as an alternate to fresh fruit and vegetables.
42. NZFGC is conscious that every departure from the algorithm weakens the system and a decision to do so for non-dairy beverages generally (rather than just for water) would be the third area to attract such an approach (joining water and fruit and vegetables). We believe that this concern is greatly outweighed by the delivery of an HSR score that recognises healthier choices and by a decision that would be welcomed by consumers as clearly differentiating healthier choices from less healthy choices.

Risk Nutrients

Sugar

43. NZFGC supports the option of status quo but is attracted to Option C of increasing the baseline points for total sugars to reduce the HSR for products relatively high in total sugars. We do not believe that any of the other options presented meet the principles. We are hopeful that other options might emerge from the additional modelling currently being undertaken that could prove attractive. We are particularly concerned at the prospect of some arbitrary overlay for 'added sugar' for the sake of being able to say 'we have included/addressed added sugar' or for political expediency. We find the TAG modelling compelling in identifying a perverse outcome by moving away from total sugars.
44. We are particularly concerned at the potential overall impacts of the preferred option for sugar and protein in both breakfast cereal and muesli bar ranges. For one manufacturer 64% of its cereals products would need a label change to decrease the HSR and all but one product in its muesli bar range would need a label change to decrease HSR. Each SKU in these ranges have individual recipes and, in taking account of different SKUs for one recipe, the cost almost doubles.
45. None of the options presented adequately addresses the issue of perception and this should not be surprising. The view that added sugars on their own are the bogey is a misnomer. NZFGC is attracted to Option C to increase the baseline points awarded for total sugars to reduce the HSRs for products relatively high in total sugars (i.e. increase in points scale from 22 to 25). We understand some companies have modelled this option in relation to total sugars but the impact may vary significantly across the overall product range. We are therefore very concerned that there has been no modelling on the impact of a Total Sugars table capped at 25 points.
46. We are uncertain that an Added Sugars table capped at 22 points is necessary especially since it has not been modelled by TAG. We are advised that adding an 'added sugars' table capped at 22 points to a total sugars that would result in a 'squashing up' of the sugar

tables (as is being proposed for sodium) would affect packaged foods very widely. The single, most significant factor in not supporting the options is the need for change and the extent of impact that might otherwise be wrought.

47. What is reasonable and feasible should be the driver. It is neither reasonable nor feasible to expect the bulk of products to change their HSR rating. There was a suggestion that if there was a change in the HSR and products could be reformulated to retain the same star rating the products receive now, then the change should proceed. We reject this position on the basis of evidence from a number of companies that reformulation is never a quick or easy activity and that many products have been reformulated to edge of consumer acceptability and technical feasibility. This is already known because companies that have reformulated have already tried to achieve a highest possible star rating and have already explored the limits of consumer acceptability and technical feasibility.
48. We are also very concerned at the reliance placed on an option purporting to address sugar relying on protein. We are strongly opposed to changes to the algorithm concerning protein (see below) and are therefore opposed to any reliance on it to address issues around sugar.
49. We would point out, and suggest that the report emphasise, that sugar is already subject to double the negative points allocated – the negative points attributed to sugar and the negative points attributed to energy.
50. We are not convinced that definitional issues around ‘added sugar’ have received adequate consultation simply by stating a range of definitions from other countries/agencies. A definition is a fundamental aspect of proceeding and this could well be explored within the policy work currently being undertaken by FRSC.
51. Not manufacturing a recommendation on this nutrient should not be considered as an invitation to Ministers to make a random or arbitrary decision on no evidence but would recognise they have already put weight behind a policy process that is being conducted in parallel. We believe the current policy process being conducted by the Food Regulation Standing Committee is the appropriate environment to address the issues.
52. NZFGC is hoping that some of the modelling being undertaken will assist this area in a timely manner but this is one area where an outcome should not be chosen because of pressure over integrity, evidence, simplicity, and differentiation of nutritional profiles delivered by the current algorithm.

Sodium

53. NZFGC is generally supportive of Option B, proposed changes above the 900mg/100g level and a maximum baseline points of 30 for sodium content above 2,700mg/100g.
54. We note the TAG modelling identified this option as affecting 58 products. The overall outcome of this approach would suggest that alignment with NPSC is retained, there is a limited impact and there is an increase in the differentiation of products with sodium levels of 900mg/100g to 2,700mg/100g. Changing the sodium approach is an area where the additional modelling being undertaken by the George Institute or Auckland University may reflect a more significant impact which would be of great concern to us.
55. We also understand that there are issues of alignment of the preferred option with the NPSC and we believe this concern needs to be addressed.

56. We are aware that the modelling being undertaken by the AFGC has the potential to obviate the need for this option to be pursued and fully support an alternative that would not require the option proposed.

Positive Nutrients

Protein

57. NZFGC strongly supports Option A status quo. There are too many potential and actual unintended consequences for doing otherwise. In our view there is no evidence that there is a problem with the current treatment of protein. We do not believe that queries about the amount of protein in the diet justify a change to HSR but rather highlight that this is a communication issue not a problem in fact.

58. Protein is key part of NPSC and a change as proposed will generate misalignment with the NPSC. Alignment with the UK should not override alignment with other regulatory elements in the Australia New Zealand Food Standards Code. In any case, while it is always useful to be aware of international developments, the factors contributing to a change in protein within the UK system may well have little or no relevance in the Australia-New Zealand context.

59. Protein is a surrogate for iron and calcium and there is no evidence to suggest the current tipping point (13 points) is not working for the purpose for which protein was included. The more significant issue is the relationship between protein and fibre.

60. As products have been reformulated to achieve the best possible HSR rating (reformulation being a key attribute of the HSR system – to push change in the food supply without requiring a change in consumer behaviour) some manufacturers have focussed on changes in the fibre content of their products. We understand that cereals and breads are widely affected by proposed changes to protein because of the extensive use of high fibre cereals, especially wheat, that have featured in reformulations designed to increase fibre but which bring with them higher protein levels. Penalising high fibre reformulations goes to the integrity of the system and cereal and bread manufacturers should not be penalised for increasing fibre by using more whole grains which bring with them higher protein levels.

61. In this context, we would point out that the TAG database represents over 80% of the cereals on the market which is reflective of the early and widespread uptake of HSR by cereal manufacturers and is therefore the best indicator of the impact of changes to protein. It is also a fact that for many cereal products, their current composition is at the limits of reformulation and that further change would render them ‘tasteless mush’ because of the interplay of the current ingredients to achieve HSR. The cereals group of products is also a good indicator of how reformulation in a highly competitive sector has achieved some of the best examples of reformulation wrought by HSR.

62. We understand the protein profile of wheat in Australia (which is widely used across Australia and New Zealand) is high contributing to the higher protein levels in cereal products and that Australian manufacturers have no alternatives but to use Australian wheat and cereals because Australia does not currently import wheat/flour from overseas for biosecurity reasons. New Zealand sources almost all its needs in grains from Australia beyond the small amount it produces locally.

Fibre and wholegrain

63. NZFGC supports Option B, which enables foods to receive more modifying F points where more wholegrains are present in the food. This properly recognises the role of whole grains in a healthy diet as referenced in both the Australian and New Zealand dietary guidelines.

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64. Increasing the fibre content of the diet is a key objective of the dietary guidelines in both countries and providing a mechanism for greater sensitivity for products using wholegrains would support this objective. NZFGC understands that 600 products were identified for the TAG database for wholegrain products which could well represent the bulk of products that might be affected.
65. We understand that the inclusion of whole grain in the algorithm, coupled with fibre points, is not providing enough of an improvement to HSR when all preferred options are modelled. For one manufacturer, only single digit products in their entire breakfast cereal range and no products in their muesli bar range receive a half a star increase when all preferred options are applied (sugar, protein and whole grain), despite almost all products in one manufacturer's breakfast cereal range containing more than 65% whole grain, and almost all of products in their muesli bar range containing more than 40% whole grains. A product that has a source of whole grains comprising over 50% whole grains (8g per serve) receives no additional points, even if it is 4 or 4.5 star product.
66. NZFGC recognises that the Australian Grains Legumes Nutrition Council (GLNC) has very extensive data and expertise in this area and we support the position and submission from GLNC in relation to whole grains. This highlights the fact that whole grains may not be properly recognised while it is closely tied to the fibre points via a loading. In our view, whole grains could be safely considered as a component of FVNL to properly reflect significant levels in cereal products but more modelling is needed to definitively demonstrate the impact.
67. *mpconsulting* was not convinced the 600 products identified in the TAG database as containing wholegrain ingredients was reflective of the products containing wholegrains on the market because there was uncertainty about how wholegrains might be described on products. *mpconsulting* has indicated it has not been provided with a list of the descriptors used in ingredients lists that might indicate 'wholegrains'. We suggest TAG should be able to provide such a list from the TAG database of 600 products that manufacturers self-identified as containing wholegrains. This would be more accurate and remove duplication by asking manufacturers or other database administrators for their views when it has already been provided to TAG.

Product specific issues

Oils and oil-based products

68. NZFGC supports Option B rescaling category 3 products upwards to increase the HSRs of healthy oils and spreads. Under this approach, vegetable oils would scale depending on their saturated fat content such that canola oil would score better than olive oil and significantly better than palm oil. NZFGC could also support a single value for oils on the basis that the dietary guidelines do not differentiate oils in its recommendations.
69. Ideally, there should be differentiation across the oils to account for saturated fat levels they contain. However, there is also strong rationale for more closely aligning with dietary guidelines that do not distinguish across oils.
70. NZFGC is conscious that a single HSR score would represent yet another departure from the algorithm when perhaps this is not warranted.

Salty snacks

71. NZFGC supports Option A Status quo.
72. New Zealand dietary guidelines do not have reference to discretionary foods. We consider that the HSR algorithm as proposed for amendment in relation to sodium should be

permitted to apply to these products without overlaying any further requirements or limitations. The application for FVNL should remain. Any incentivisation for reformulation should be supported and the differentiation attributable to FVNL has the ability to do this.

73. We do not believe that the treatment of protein in the algorithm needs to change for differentiation in these products to be achieved.

Dairy Desserts

74. NZFGC supports Option B, a redefining of category 2D products so that it captures dairy desserts. However, we are concerned that moving dairy desserts into category 2D creates misalignment of dairy ice cream and analogue “ice creams” where dairy ice creams rate 0.5 stars under the proposed algorithm changes but analogue “ice creams” remain unaffected with on average 3 stars. NZFGC supports all non-core foods to be rated in a similar way and support further TAG modelling. Our support of the move of dairy desserts into Category 2D is on the proviso that these dairy categories are preserved for dairy only, and further modelling is conducted to support dairy category specific concerns.

75. In our view it is anomalous for some dairy desserts that sit next to yoghurts in the supermarket to receive higher HSRs than yoghurts with lesser total sugar content. Products presenting consumers with greater nutritional benefits should score higher HSRs.

76. The Tag database suggests around 7% of products will be affected. If this percentage, with broader modelling, showed significantly more products were affected, NZFGC would want the issue reconsidered.

Ice confections and jellies

77. NZFGC supports Option A status quo on the basis that they are consumed in significantly smaller portions than non-dairy beverages. There is also the potential complication that some of them are dairy based. In addition, the decisions around category 1 have not been finalised and that it is difficult to support Option B (re-categorising them to category 1) in an environment of considerable uncertainty.

78. TAG modelling suggests that these products are receiving higher star ratings, especially in the frozen form, when their liquid counterparts in Category 1 do not receive comparable star ratings. This could be attributable to serve size. Ice confections and jellies do not generally sit in the supermarket either together or with beverages.

79. While the allocation of HSR on the basis of form of product should not give a product a significant advantage, unless some other option were to address form, the consumption of these products is not going to skew the diet of the broader population.

80. NZFGC is concerned that a change such as proposed by Option B will result in very significant decreases in HSR and that this may result in some manufacturers exiting the system.

Dairy

81. NZFGC supports the statement regarding cheese and yoghurt outliers. We note however, that, compared to other food groups, the dairy food group has the greatest proportion of products scoring 3 stars or below under the current HSR system.

82. Under the proposed algorithm changes, there may be some improvements in yoghurt and some soft cheeses but core dairy products are still under represented in HSR above 3.5 stars. We therefore support further modelling work by TAG for category 2D and 3D foods. In particular, some insights could be taken from the Nutri-Score system where protein

points could be scored in more instances, through a higher baseline point cut-off and/or a different protein point allocation for dairy categories. NZFGC is keen to ensure alignment to dietary guidelines is maintained but that the calcium contribution to the diet of these core foods is also recognised through protein points.

Transition

83. NZFGC is supports a transition period of 2 years.
84. Two years is a commonly provided period for other changes made under the Australia New Zealand Food Standards Code and for other regulatory amendments to New Zealand legislation. Manufacturers can choose to change labelling earlier which they might do if the HSR increases as a result of changes. Those manufacturers who were early adopters still have a reasonable period to change. While a longer transition would allow more time for reformulation in order to retain a particular star rating, late adopters would not necessarily be in better position.

Targets for uptake

85. NZFGC is supportive of targets for uptake but there needs to be common sense and pragmatism applied in the process. We are supportive of ambitious targets but not to the extent that they are unachievable. To set unachievable targets could have a negative impact on those who have worked hard to get HSR out in the market place. We are also concerned that there is currently no data on the number of eligible SKUs and therefore of the percentage of SKUs that currently carry HSR. The percentage coverage varies from around 20 to 30%.
86. There are many factors influencing uptake and, in the New Zealand market, a key factor is that no other export market outside Australia and New Zealand uses the HSR system. As a result, a potentially small domestic market would require a separate run of calculations, artwork and labels compared to domestic production. New Zealand exports significantly more food that it produces than it imports and a high target level could unfairly penalise New Zealand manufacturers.
87. We suggest that, since both countries monitor and capture data on the extend of uptake to date, and that a significant proportion of trans-Tasman operators and supermarket home brands already carry HSR, a doubling of the current levels in the next 5 years is a significant stretch target to aim for.

Conclusion

88. NZFGC recognises there are some anomalies in the application of the current algorithm and generally these can be addressed by the options supported above.
89. The key concern is that some issues are not issues of fact or that unnecessary weight is being given to 'arbitrarily labelled' discretionary foods that no longer reflect reformulations and moves to healthier options. In too many cases the issues are perception and application of outdated expectations eg that fruit juice should always score high.
90. NZFGC considers that common sense, practicality and evidence are key factors in meeting expectations and that the foundation and boundaries of HSR should not be subject to such significant change that the proportion of products subject to change exceeds 5-7%.
91. NZFGC is strongly of the view that uncertainties around several areas, especially the treatment of sugar and non-dairy beverages, warrants further development, modelling and consultation.

92. NZFGC has been a strong advocate of the HSR system and continues to be very supportive of those businesses steadily entering the system. This is not the time