

13 April 2018

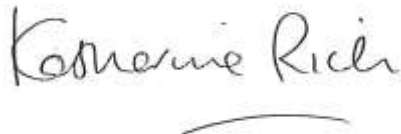
Ms Catherine Gay
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Dear Catherine

Attached are the comments that the New Zealand Food & Grocery Council wishes to present on the ***Fats & Oils Labelling Industry Questionnaire***.

Yours sincerely



Katherine Rich
Chief Executive



Fats & Oils Labelling Industry Questionnaire

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

13 April 2018

NEW ZEALAND FOOD & GROCERY COUNCIL

1. The New Zealand Food & Grocery Council (“NZFGC”) welcomes the opportunity to comment on the ***Fats & Oils Labelling Industry Questionnaire***.
2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 44% of total manufacturing income.

OVERARCHING COMMENTS

3. NZFGC supports the provision of clear and transparent information on food labels for consumers to enable them to make informed choices. This is most recently evidenced by our strong and continuing support for the Health Star Rating system but also by the Healthier New Zealanders initiative which takes a front page position on the NZFGC website.
4. Total and saturated fat values are mandatory on nutrition information panels (NIPs), giving consumers full awareness of the saturated fat content of foods carrying NIPs. Companies making products with reasonable or claimable amounts of unsaturated fats will choose to or, if making an unsaturated fat claim, have to, provide this unsaturated fat value in the nutrition information panel (NIP). This delivers consumer awareness of products that contain unsaturated fat giving the consumer an opportunity to choose products containing unsaturated fats instead of saturated fats. It is important to note that these mandatory provisions are consistent with the recommendations of the Australian Dietary Guidelines and the New Zealand Eating and Activity Guidelines.
5. Reducing saturated fat is a major focus of the Eating and Activity Guidelines for NZ adults and the information captured in the NIP is the most useful information for consumers to understand the levels of saturated fat in food and therefore manage their saturated fat intake. Consumer education on the use of the NIP therefore may be more appropriate. Transparent labelling information additional to mandatory provisions can be and is often provided through extended labelling options (website) and via company consumer services on specific fats and oils for consumers.
6. Current labelling requirements for fats and oils allow flexibility of switching between different vegetable oils without having to change labelling. This flexibility is important because it allows for supply issues that might occur from time to time. Fats and oils are chosen when developing new products, for the right nutrition value, to meet nutrition commitments on saturated and trans fats, and to meet nutrition parameters on total fat content. Fats and oils are then chosen to suit the fat and oil’s purpose in the product, technologically.
7. The current mandatory declarations of saturated fat levels provide a straightforward comparison tool for the consumer as all necessary information for making health choices regarding fats and oils is easily viewed on pack. We would also point out that, compared to the 1997 National Nutrition Survey, by 2008-09 there was a decline in the contribution of saturated fat to total energy intake across New Zealand raising further questions about the need for additional mandatory fats and oils labelling.
8. NZFGC member consumer contacts to date show that beyond the information provided on the label, consumers’ interest in fats and oils is focused on the sourcing of palm oil. It is important that consumers’ interest in ethical sourcing and sustainability issues is not confused with a consumer’s need for dietary information.

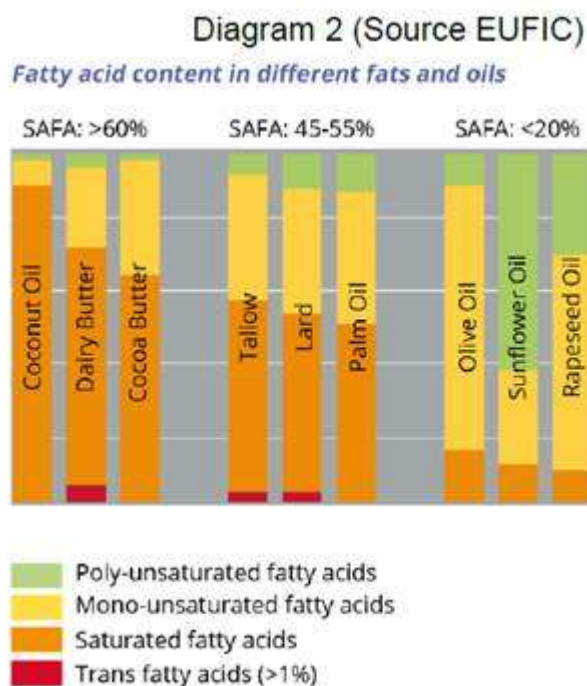
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9. This submission reflects the collective views of several members of NZFGC including companies that operate singly in New Zealand as well as those operating in both New Zealand and Australia.

DETAILED COMMENTS

<p>1) Do the current labelling requirements provide adequate information for consumers to be able to make informed choices in support of dietary guidelines? Please provide information to support your response.</p>

10. NZFGC considers the current labelling requirements already provide a clear, transparent and adequate level of information for consumers concerning product content including fats and oils. Australian Dietary Guidelines and the New Zealand Eating and Activity Guidelines refer to lowering the level of saturated fat in the diet and encourage consumption of unsaturated fats instead of saturated fats.
11. Total and saturated fat values are mandatory on NIPs, giving consumers full awareness of the saturated fat content of foods carrying NIPs. Companies making products containing reasonable or claimable amounts of unsaturated fats may choose to or, if making an unsaturated fat claim, have to, provide this unsaturated fat value in the NIP. This delivers consumer awareness of products that contain unsaturated fat giving the consumer an opportunity to choose products containing unsaturated fats instead of saturated fats.
12. The current mandatory declarations of saturated fat levels provide a straightforward comparison tool for the consumer as all necessary information for making health choices regarding fats and oils is easily viewed on pack.
13. There may have been consumer confusion around which oils and fats are more 'healthy' in the past. For example, coconut oil was at one time presented as a 'healthy oil' when in fact it has a high saturated fat content. The NIP unequivocally reflects the correct and factual data about saturated fat levels and this is an easily accessible quick reference when comparing products.
14. NZFGC considers that given the extensive number of different fats and oils, naming them all on pack is not going to benefit the consumer when making product choices for health reasons nor will it reduce any residual confusion. In fact it may have the reverse effect by highlighting fat and oil names and drawing attention away from the NIP, nutrient content and the contribution that might be made to healthful choices.
15. In our view, many consumers who have health concerns which are impacted by saturated fat content already know either from their own research or public health professional's advice that the clearest indication of this content can be found on the NIP.
16. Dietary guidelines recommend limiting saturated fat intake and therefore recommend, for example, reduced or low fat options for dairy. Current labelling displays both total fat and saturated fat, allowing consumers to make choices in line with these dietary guidelines. In addition to these mandatory declarations of fat, any claims in relation to specific types of fat require declaration of the 'sub-type' in the NIP, providing more specific information in those situations where it may be relevant to the consumers purchasing decision. In the specific case of dairy, fats from dairy are allergens and therefore cannot be 'hidden' since they must be linked to milk and described by their common name.

17. As noted above, the Eating and Activity Guidelines for New Zealand Adults refer to the need for the population to reduce intakes of saturated fats. The Guidelines also provide examples of the types of foods and fats and oils used within those foods, which can be sources of saturated fats. They advise to “Choose and prepare foods and drinks with unsaturated fats (canola, olive, rice bran or vegetable oil or margarine) instead of saturated fats (butter, cream, lard, dripping, coconut oil)”.
18. Reducing saturated fat is therefore a major focus of the Eating and Activity Guidelines for NZ adults. Current requirements for saturated fat to be included in the NIP on a label informs the consumer of the total fat and saturated fat level of all adult foods and therefore enables comparison to be made with respect to the nutritional value of foods by using the ‘per 100g/100mL’ column and per serve.
19. By comparison, including more information in the ingredients list or by grouping fats and oils together does not provide consumers with meaningful information to make an informed choice with respect to their saturated fat intake. The fatty acid composition of fats and oils has wide variability as shown in the diagram below. Variability also occurs in fats and oils due to geographical differences e.g. weather and soil.



20. Many companies have not undertaken consumer research on whether the totality of labelling requirements currently provide adequate information to make informed choices in support of dietary guidelines. However, specifically in relation to current labelling requirements on fats and oils, the small number of consumer queries on fats and oils that are received show that the majority of consumers (see response to Question 6) ask whether the vegetable oils used in member products are palm oil, and whether the palm oil is from a sustainable source.
21. Companies do not generally get inquiries from consumers asking for nutritional information regarding fats and oils indicating that the current labelling information on total and saturated fats is providing the nutritional information consumers require to make informed choices in support of dietary guidelines.
22. As stated, reducing saturated fat is a major focus of the Eating and Activity Guidelines for NZ adults and the information captured in the NIP is the most useful information for

consumers to understand the levels of saturated fat in food and therefore manage their saturated fat intake. Consumer education on the use of the NIP therefore may be more appropriate and a better use of resources.

2) If your business or your members export food, must they produce separate food labels due to specific labelling requirements for fats and oils in other countries that are not required in Australia or New Zealand (other than language translations)? If yes, does your business or members have issues with complying with the labelling requirements of the markets they export to? If so what are the issues?.

23. For the countries members export to, changing the information currently required on a label varies:

- often the only amendments required are for translation purposes
- it is important to note that differences in labelling requirements are not solely related to fats and oils – there may be other elements on labels that need to be changed to suit the needs of other countries (other than language translation)
- only some export markets require labelling for fats and oils. Some require separate labels as their regulations require additional information or information presented in a different format, using different reference values for Front of Pack Labelling, and for nutrients such as energy, vitamins and minerals etc. This does not impact labelling for products sold in ANZ as SKUs are separated – often as a result of broader labelling requirements
- some markets accept the Australian and New Zealand labels
- companies address the label needs of other countries by various means either packing product with a specific label for those countries (in situations where export volumes are sufficient to justify this), or by over-labelling in the receiving country (when production volumes are lower).

24. Some companies have variously committed to providing other voluntary information for domestic and export consumers such as portion control, front of pack labelling information such as HSR and other front-of-pack information, sustainability messaging, and other messages that consumers have indicated are important to them. More regulation of label elements will mean that some of these voluntary elements may need to be removed.

25. Having different labelling requirements reduces the efficiency of manufacturing facilities, and means that products cost more to produce. Over-labelling poses challenges for placement to ensure that critical health and safety messaging is not inadvertently covered. As well, where countries require specific labelling such as for fats and oils, this can become a space consideration on some products, particularly smaller labels such as confectionery, and particularly where a blend of oils is used. The space on these labels is already limited. In relation to over-sticking labels, some companies aim to avoid this by applying these labels by hand but this is a costly exercise reducing the competitiveness of export product.

26. It is the reverse situation when Australia and New Zealand import products.

3) If your business or your members import food, must they relabel products specifically to meet labelling requirements for fats and oils in Australia or New Zealand that are not required in the countries they import from? If so, what re-labelling is required?

27. Any imported foods must either be re-labelled or manufactured specifically for the company and packaged in Australia/New Zealand compliant packaging. The unique elements and the mandated form of the NIP in Australia and New Zealand mean that NIP labelling is always going to be different resulting in the need to almost always re-label imported foods.

28. When food is imported to Australia or New Zealand, it is generally not necessary to re-label specifically to meet labelling requirements for fats and oils. The declaration of fats in other country nutrition information panels generally stays the same, declaring Total Fat and Saturated Fat (unless claims are made).

29. Relabelling is therefore not specifically due to fats and oil labelling requirements, as there are a number of reasons re-labelling is required such as allergen statements, contact details, country of origin (for Australia), NIP layout etc.

<p>4) Does your business or your members voluntarily provide information about fats and oils on food labels or in accompanying websites that is additional to the current requirements? If so, please describe any additional labelling provided and why it is provided.</p>

30. Some companies provide additional labelling information to consumers on fats and oils both on-pack and off label.

31. Some companies provide information on fats and oils selectively while others do not provide it. One company stated that for a number of its products which contain a large quantity of oil, the company often voluntarily states the type of oil. In some instances, for example its frozen fries and wedges, information around the source of oil on labels is voluntarily included and this information is also included on the company website. Another company regularly and voluntarily declares the type of vegetable oil used (e.g. Canola, Sunflower) as consumers have indicated to it that they want to know this. This is limited to products where the type of oil used in the product does not change as it is integral to the recipe. Another example is potato chip products where “sunflower oil” is specified by one company to show that a healthier option is available.

32. Many companies provide information online that is additional to current requirements. For example, providing information that relates to sustainable sourcing of palm oil. This includes:

- general information about sustainable sourcing of palm oil – including a company’s goals and progress.
- in some instances, specific information about the sourcing of palm oil for a product or range.

33. An example is provided by Unilever, a founding member of the Roundtable on Sustainable Palm Oil (RSPO) and the provision of its policy on palm oil sourcing: https://www.unilever.com/Images/unilever-palm-oil-policy-2016_tcm244-479933_en.pdf.

34. Providing such information on a company website ensures it is available to people searching that website for information. It also enables companies to provide links to it as part of responding to people who make contact by email or social media looking for information on palm oil sustainability. Company global websites often provide more information on palm oil sourcing.

35. Some companies such as Nestlé, also provide general information on their commitment to reduce saturated fat in their products. Nestlé also makes reference to meeting its 2016 commitment of removing trans-fat from partially hydrogenated vegetable oils in its New Zealand Healthy Kids Industry Pledge.

5) Are current labelling requirements for fats and oils labelling important to your business or your members when developing new products? If so why?

36. Different companies have differing views about the significance of fats and oils in relation to product development. Some companies consider fats and oils to definitely be important in the development of new products and they remain important for the product's content to be accurately represented to consumers. For other companies, fats and oils are not a key driver for product development and positioning so consideration for their labelling is not considered when developing new products. Importantly, current requirements allow for flexibility in product development should the type of oil change for reasons such as seasonal availability or supply issues.
37. All companies listen to customer feedback and suggestions. They look to provide different product options that meet consumer expectations in terms of fats and oils where possible. Having said that, the current labelling requirements are clearly set out and are followed closely, allowing the ability to voluntarily highlight positive oils but also allowing for the interchangeable use of vegetable oils. The current fats and oils labelling requirements ensure that the facts around composition of the foods are accurate, with no emphasis of one nutrient over another.
38. Due to the complexity of manufacturing of particular foods there is a requirement for different oils to be used interchangeably. In these situations there is a need to have the flexibility for 'vegetable oils' to be included in the ingredients list. It is key to note that although the type of oil may change, overall functionality and the flavour profile of the oil must remain the same, which in turn means the fatty acid composition will be very similar, thereby providing that in essence the overall amount of saturated fat will be comparable. If the type of oil becomes a requirement to be listed, this would have a very significant impact on production and labelling with a commercial decision to be made on one of the below scenarios to comply:
- a) when the source and specification of ingredients and the formulation for producing the product is kept consistent. The price of ingredients may change due to supply and demand reflecting seasonality or other factors. The labels would remain unchanged but the costs of the ingredients are likely to vary during the year
 - or
 - b) when there is flexibility in ingredient sourcing to provide the best available price depending on the supply and demand in the market. Changing the source of fat and vegetable oil ingredients would require changes to the label.
39. Both scenarios present significant costs and resources for manufacturers, involving segregation in the supply chain, additional storage to address continuity of supply when substitution is not available as well as labelling – and all for no direct benefit for the consumer.
40. Vegetable oils are also often used as compound ingredients such as in a marinade or spice and are included for their functional role. In these situations oils are used in quantities which are unlikely to have a significant impact on overall fat/saturated fat contribution, therefore highlighting in the ingredient list has the ability to mislead/confuse consumers.
41. Current labelling requirements for fats and oils allow flexibility of switching between different vegetable oils without having to change labelling. This flexibility is important because it allows for supply issues that might occur from time to time. Fats and oils are chosen when developing new products, for the right nutrition value, to meet nutrition commitments on saturated and trans fats, and to meet nutrition parameters on total fat

content. Fats and oils are then chosen to suit the fat and oil's purpose in the product, technologically. Transparent labelling information can be provided through extended labelling options (website) and via company consumer services on specific fats and oils for consumers.

6) Does your business or your members receive queries from customers or consumers who are interested in some aspect that relates to fats and oils? If so, please explain what customers'/consumers interests are and how frequently requests for information are sought.

42. All companies receive consumer feedback. By way of example, Nestlé received approximately 75,000 contacts from consumers in Australia and New Zealand in 2016-2017 relating to queries on products (excluding complaints). Of these, 246 contacts (or 0.3%) related to the type of vegetable fat used. Of those 246 contacts, only four related to dietary reasons – approximately 0.005% of total inquiries.

43. The majority of the 246 consumer contacts (>96%) were asking about the origin of Nestlé's oils, and in particular, about sustainable palm oil, out of concern for deforestation. The majority of these queries came via Facebook and related to the Nestlé Kit Kat and Maggi products. Patterns are observed in the nature and timing of these comments, as comment volumes are often associated with external events about deforestation/palm oil, or follow on from another consumer's Facebook post.

44. When oils are in the media more queries are expected to come through.

45. Another company reported they would receive between 5 to 10 queries per month asking about oils with around 95% of those enquiries asking them for environmental reasons, not health. The most common questions were:

- Do you use palm oil?
- Why do you use palm oil and not other oils
- Is it from a sustainable source
- Will you change your palm oil
- Why don't you state palm oil on your packaging.

46. For a trans Tasman company, the vast majority of consumer queries related to palm oil with a very small number of total queries related to coconut oil. Palm oil queries that were not asking for clarification of what oil the product contained were predominately around the environmental/ sustainability aspect of palm oil. For Australia, about half of the canola oil queries were related to the misinformation about its safety. The statistics were:

	NZ	AUS
Approx. total number of queries on fats/oils over the past 3 years	50	60
Approx. % of total queries asking to clarify what type of fat/oil used in the product	50%	70%
Approx. % of total queries related to palm oil	80%	75%
Approx. % of total queries related to canola oil	15%	23%

47. In relation to trans fats, one company advised they had received one request in the last 6 months.

48. For another company, of the entire product range, questions were primarily in relation to spreads. These were largely covering two areas:

'saturated fat' or 'trans fat'), and does not consider the different types of fatty acids within these groups nor their effect on health.

54. Many companies in the food industry rely heavily on publicly available information such as the New Zealand Food Composition Table and NUTTAB 2010. Without this there is a need to send products away for analysis which is both costly and time consuming. There are currently gaps in this information with respect to some fats and oils.
55. FSANZ's objectives in developing standards must include the protection of public health and safety. If consumers are being advised to follow dietary guidelines to reduce saturated fats in their diet, they have the information already on labels showing how much saturated fat is in every packaged product.
56. There appears to be minimal consumer education around understanding NIPs. We suggest consumer education and resources could be utilised better to help consumers understand the levels of saturated fat to avoid if they are trying to choose a product lower in saturated fat.
57. NZFGC particularly questions whether listing types of fat and vegetable oils on labels will be effective in helping consumers make decisions on lower saturated fat if it is found that consumers are already ignoring the information that is mandatory on levels of saturated fat on labels and not acting to use this information to drive nutrition choices. With many companies now implementing the Health Star Rating on Front of Pack, the saturated fat levels of products is also more visible than it was before and is now put into the context of the whole product to help the consumer make a decision.
58. NZFGC member consumer contacts to date show that beyond the information provided on the label, consumers' interest in fats and oils is focused on the sourcing of palm oil. It is important that consumers' interest in ethical sourcing and sustainability issues is not confused with a consumer's need for dietary information.

8) Do you have any other comments you wish to make on labelling fats and oils that have not already been covered in your comments to the questions above?

59. NZFGC is concerned for there to be a valid, evidence-based reason for changing current labelling regulations in relation to fats and oils. The evidence demonstrated by consumer feedback suggests that in the vast majority of cases, consumers are not confused or feeling misled by fats and oils labelling but are more interested in the environmental impact of oil production and are making their decisions concerning fats and oils for sustainability reasons.
60. Labelling for specific names of fats and oils will affect a number of issues connected with food manufacture:
- the ability to switch between types of vegetable oils to adjust for availability in supply, without changing labels will of course be affected
 - international requirements and harmonisation leading to increased regulatory burden
 - difficulty of obtaining information on very small quantities of fats and oils that might be present in processing aids, and within additives, and other compound ingredients at very small levels that do not currently require labelling
 - space considerations on small labels.
61. For companies the cost of changing labels is very significant and, for oil and fat labelling, potentially costing \$300,000 plus for a product range for very little consumer benefit.

Changing type and source of oils depending on seasonality, availability and cost also means there are ongoing costs to consider.

62. Consumer attitudes are constantly changing. Positive evidence for dairy saturated fat and health is changing the landscape in which consumers operate. Ingredient source is an important consideration when evaluating the impact of fats/oils on health. For example, trans fatty acids have attracted attention due to their potential effects on human health, however there are differences in health impacts when comparing ruminant to industrial trans fat. Therefore, it is important to consider consumer attitudes⁸ as part of any discussion.

⁸ New Nutrition Business. 10 Key Trends in Food, Nutrition & Health 2018. Nov/Dec 2017. Vol. 23 No.2/3.