



7 August 2022

Chair
Food Regulation Standing Committee
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Dear Food Regulation Standing Committee Chair

Attached are the comments that the New Zealand Food & Grocery Council wishes to present on the *Horizon Scan to support the System Strategic Direction for 2023-2026 Consultation Paper*.

Yours sincerely

Katherine Rich
Chief Executive



**Horizon Scan to support the System
Strategic Direction for 2023-2026
Consultation Paper**

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

7 August 2022

NEW ZEALAND FOOD & GROCERY COUNCIL

1. The New Zealand Food & Grocery Council (“**NZFGC**”) welcomes the opportunity to comment on the *Horizon Scan to support the System Strategic Direction for 2023-2026 Consultation Paper*.
2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. This sector generates over \$40 billion in the New Zealand domestic retail food, beverage and grocery products market, and over \$34 billion in export revenue from exports to 195 countries – representing 65% of total good and services exports. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 45% of total manufacturing income. Our members directly or indirectly employ more than 493,000 people – one in five of the workforce.

OVERARCHING COMMENTS

3. We found the Horizon Scan Consultation Paper to be distinctly biased, not evidence based and likely to engender unfounded concerns amongst stakeholder rather than be helpful to engagement. It contained a level of negativity and a pattern of glib statements, particularly concerning ‘unhealthy food’, that is not reflective of evidence in countries like Australia and New Zealand. Both countries are major food exporters in the global trading environment. Both countries trade on their reputation as food producers delivering a safe and positive experience to consumers in developed and developing countries alike. The Consultation Paper is so domestically focussed as to be ignorant of the real global world. Food regulation cannot be a solution for the socio-economic problems we face such as sustainability, food insecurity, and the vulnerability of an ageing population.
4. That aside, for New Zealand industry, we strongly recommend current Priority 3 “Maintaining a strong, robust and agile Food Regulation System” be retained. We are strongly supportive of FSANZ Act amendments and modernisation generally. Priority 3 identifies the challenge of the future and can deliver beyond the modernisation programme.
5. We strongly recommend four further factors would assist in delivery of a world class food regulatory system and which are necessary for ‘a new strategic planning process’:
 - Prioritisation of the current and future demands on the system (risk-basing decisions and activities)
 - Transparency
 - System responsiveness
 - Greater role of science in decision-making.
6. Taken together, with these factors integrated in the food regulation system, the system could be turbo charged, with all parties working to deliver the very best for consumers and supporting a vibrant, innovative and thriving (profitable) food industry.

DETAILED COMMENTS

NEW STRATEGIC PLANNING PROCESS FOR THE FOOD REGULATORY SYSTEM

7. Three themes have served well for the strategic planning process to date. We would be especially keen to see Priority 3 continue as it has not yet delivered to the extent that the modernisation programme appears to envisage. It is especially important for the trans-Tasman system.

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8. Across all three themes is the need for a vibrant, innovative and thriving (profitable) food industry. Australia and New Zealand are not necessarily the food bowl for the world but we are significant contributors delivering targeted, clean and technologically innovative products such as into developing markets (eg biofortified foods) and developed markets (eg dairy, grains, seafood and wine).
 9. Four further factors that would assist in delivery for the food regulatory system and necessary for 'a new strategic planning process' are:
 - Prioritisation of the current and future demands on the system
 - Transparency
 - System responsiveness
 - Greater role of science in decision-making.

Prioritisation

10. As is noted under a number of the issues, the pressure on all parts of the regulatory system are significant and without a recognition of, and willingness to deploy risk-based prioritisation, the current and future demands on the system will become insurmountable eg "reviewing current regulation" (prioritise review).

Transparency

11. The system is difficult to penetrate outside FSANZ. A regular update along the lines of the FRSC Roundtable was highly valued by non-Government participants.

System responsiveness

12. The regulatory system must be adequately resourced to deliver public health and safety in areas relevant to food in a speedy, intelligent, streamlined and effective way so as to deliver outcomes that work for all involved – regulators, consumers and industry. We have the opportunity to be more efficient and the signals are covered in the horizon scan: "innovative regulatory practices", "interdependent food supply chains".

Greater role of science in decision-making

13. Many decisions are more influenced by factors other than science. This is not peculiar to the Australian and New Zealand system as is clear from the Americas, China and Europe. However, being smaller, we should be more alert to other influences as we are in the Codex environment where other factors are called out when they emerge.

PART 1 CHANGING WORLD AROUND US

Global megatrends

14. Identifying global megatrends is a useful approach and one with which we agree. We understand these overlap/mesh well with CSIRO research in the area and we are therefore comfortable the trends are comprehensive. It is important to recognise, however, that the food regulatory system is not the only system contributing to addressing the issues identified – there are production, agricultural, chemical, medical, environmental, transport and infrastructure regulatory systems ranging across all these areas as well.
15. NZFGC is concerned that while the mega trend issues identified are generally pressing, they are not necessarily relevant for the food regulatory system, for example stressed health systems and lower access to healthy food for indigenous and socioeconomically deprived groups are outside the scope of the food regulatory system.
16. NZFGC is also concerned at the over-emphasis on 'unhealthy food' when issues are more likely attributable to dietary patterns, lifestyles and other multifactorial factors. There is no such thing as a bad food but there is a bad diet. It also ignores industry efforts in

reformulation, education and community involvement all of which were clearly set out in the Food Industry Taskforce report in 2018¹. For example:

- “[U]nhealthy food consumption is the predominant factor linked to this morbidity globally”. We do not agree – more predominant are sedentary lifestyles, stress and hypertension, urbanisation, tobacco use and family history which all predominate to a greater extent.
- “rise of the unhealthy food supply”. Packaged foods provided food security during the Covid epidemic and the push for longer shelf products is driving innovation and technology. In 2020/21 many fast food chains experienced decreasing shares.
- “packaged foods and drinks with many being highly processed and unhealthy”. Packaged food and drinks provided food security during the Covid epidemic – ‘packaged’ does not equal ‘unhealthy’. Frozen vegetables exploded during COVID. We do not consider frozen vegetables to be unhealthy.
- “[T]he effects of greater consumption of ready to eat, unhealthy foods also need consideration”. Ready to eat foods are a feature of consumer demand for speed in an urban lifestyle.
- “[G]rowth in exposure to industry marketing is shaping an unhealthy dietary pattern at population level”. We do not believe this is substantiated.
- “...are inundated with extremely effective marketing techniques that are used to promote the sale and desire of unhealthy products”. Claims on packaged food are highly regulated across all mediums in the food regulatory system environment. In any case it is primarily retailers who decide on promotional strategies, not manufacturers.
- “lower access to healthy food for certain populations [including indigenous communities and socioeconomically deprived groups]”. This is a socio-economic issue across many nations and not a factor for the trans-Tasman food regulatory system.

PART 2 CHALLENGES AND OPPORTUNITIES

17. The Horizon Scan Consultation Paper identifies fifteen challenge and opportunity topics, many with which we agree but which are not core to the shared food regulatory system eg increased age-related consumers, increasing antimicrobial resistance, persistent inequity and food insecurity.

18. The three areas most inaccurately described are:

- “Rise of unhealthy food supply” (Challenge h)
- “Expectation of truth in labelling & protection against food fraud” (Challenge m)
- “Foods that cut across the regulatory interface” (Challenge n).

h. Rise of unhealthy food supply

19. New Zealand **produces enough food to feed 40 million people**² and is therefore a major food and beverage exporter, with the industry accounting for 46% of all goods and services exports³. It has the second highest agriculture area, coastline and water per person globally⁴ and food production has steadily increased from 2.5mT to almost 9mT in the last

¹ Food Industry Taskforce on Addressing Factors Contributing to Obesity Report, Dec 2018.

² [Who's eating New Zealand? | Stuff.co.nz](https://www.stuff.co.nz/food-and-drink/123456789)

³ [Growing the food and beverage sector | Ministry of Business, Innovation & Employment \(mbie.govt.nz\)](https://www.mbie.govt.nz/growing-the-food-and-beverage-sector)

⁴ Coriolis. *Investor's guide to the New Zealand Food & Beverage Industry: final report*. Late 2019 [Investor's Guide to the New Zealand Food & Beverage Industry \(mbie.govt.nz\)](https://www.mbie.govt.nz/investor-guide-to-the-new-zealand-food-and-beverage-industry)

60 years. Export revenue from New Zealand's food and fibre sector is expected to reach a record \$52.2 billion in the year to 30 June 2022⁵ which will be over 60 percent of total export revenue (goods and services) and over 80 percent of our goods exports.

20. Similarly, Australia's food and beverage processing sector has been "a standout performer"⁶ with the gross value of agricultural, fisheries and forestry production increasing by 7% in the past 20 years in real terms⁷. Australia **currently feeds approximately 60-70 million people**, based on the top-down logic that says that Australian agriculture currently feeds the domestic population, and it exports about two thirds of its production⁸.
21. In countries where food is so vital to economic and social well-being, we can point to a rise in home cooking, a rise in frozen foods and a rise in time-saving meals as well a rise in consumer demands for sustainable, ethical, and healthy food. Indeed, some product labels are a sea of certifications. There are also many staple foods that are minimally processed such as meat, chicken, milk, water etc.
22. There has been a small growth in the last 5 years in New Zealand's Fast Food and Takeaway Food Services Market Size (1.4%) but in 2022 there has been a decline of 5.7%⁹. In Australia, there has been hardly any growth in the past 5 years (0.2%) and a decrease in 2022 (-1.4%)¹⁰. The industries in both countries have been strenuously working to reformulate food to reduce salt, sugar and saturated fat with current efforts assisted by the Health Star Rating system.
23. 'Unhealthy foods' are not rising and do not predominate in either country.

m. Expectation of truth in labelling & protection against food fraud

24. The food regulatory system regulates labelling and claims to a high degree. Nutrition and health claims are voluntary but must meet strict parameters. So strict are the requirements that in the last decade there has been no application for a high level health claim made to FSANZ for inclusion in the Food Standard Code.
25. Truth in labelling is regulating in both food acts and fair-trading acts in both countries. They are subject to scrutiny by multiple government agencies. The food regulatory system does not regulate where products come from – it is vastly more important to ensure their safety irrespective of their origin. It is incorrect to suggest that labels are not trustworthy – domestic production in both countries and imported food is tightly regulated now. Legislation does not stop those determined to operate outside the law.
26. Food fraud is not an emerging issue as claimed. Food fraud has a long, long history just as theft and substitution has. In her article "A history of food fraud" Alyssa Gonzalez states that:
"What is certain is that [food fraud is not a recent invention](#). The practices grouped under "food fraud" go back centuries, arguably as long as humans have been both eating and

⁵ Government Press Release, 9 Jun 2022. [New Zealand food and fibre exports on track for a record \\$52.2 billion | Beehive.govt.nz](#)

⁶ [The two-speed food processing industry in Australia | Deloitte Australia | Consumer & Industrial Products, Agribusiness](#) Bulletin, July 2022

⁷ [Snapshot of Australian Agriculture 2022 - DAFF](#)

⁸ Agribusiness bulletin [Food bowl rhetoric or reality part 1 | Deloitte Australia | Consumer business, Agribusiness](#)

⁹ [Fast Food and Takeaway Food Services in New Zealand - Market Size | IBISWorld](#)

¹⁰ <https://www.ibisworld.com/au/market-size/fast-food-takeaway-food-services/>

trading. Some of the earliest records of intentional food fraud are from the medieval period.”¹¹

27. We understand that Henry Heinz sought the introduction of the Good Food Act in the US as a response to snake oil products / techniques in the late 1800's. It is also why Henry favoured glass packaging for complete transparency¹².

n. Foods that cut across regulatory interface

28. As the foregoing makes clear, regulatory systems do not stop bad behaviour. Gaming the system in any industry sector is possible. There are generally overlaps in the regulatory systems which challenge definitions, descriptions and responsibilities. However, for the very vast majority of food, the issues and the products are clear cut, compliant and safe. Deliberate circumvention cannot be legislated away and as long as there has been food traded there has been a criminal element operating. NZFGC finds the tenor of this section as simply anti-industry, unconstructive and scaremongering.

29. In the other areas, the theme of all producers are charlatans and fraudsters is constant:

a. Pressures on food quantity and quality – natural toxins are well recognised in the food manufacturing sector and tackling food waste is matter generally managed outside the food regulatory system. The area that could make a contribution is the food regulatory system facilitating innovation and R&D. NZFGC does recognise that there are already frameworks within the Food Standards Code that permit the regulation of new and innovative foods. It is important that P1024, the review of regulation for nutritive substances and novel foods, be progressed to better enable the regulation to be science-based, risk proportionate, efficient and considers trade.

b. Regulatory system pressures – regulators AND industry are under pressure. Greater efficiencies than collaboration or IT would be to imbed the risk-based approach to remove effort placed on low risk areas – whether dealt with by data or IT systems or not.

c. Increasing role of food systems in sustainability – this goes beyond the trans-Tasman regulatory system. We find it particularly offensive to read that “food is currently threatening both people and [the] planet”. We suggest that if food is threatening to people, that is a phobia. Sustainability is a feature of the vast majority of large and small food businesses and is used to leverage products throughout the food system. As covered in the FSANZ Act Reform work, the term “sustainability” is extremely broad and incorporates many aspects which are within the scope of other government organisations, therefore relevance for the specific role(s) of the food regulatory system needs to be carefully considered. Further, as industries innovate and develop new methods for food production to support sustainability, it is vital that collaboration considers the end-to-end supply chain. For example, targets have been set in Australia for the use of recycled polymers in food packaging and it is possible New Zealand will also consider similar measures. NZFGC does not believe there has been sufficient consultation with food regulators on the food safety implications of recycled polymers.

d. Highly interdependent supply chains – The lessons from Covid-19 and the Ukraine conflict are that national security and food security rely in equal measure on an adaptive and innovative food industry and flexibility in food regulation systems, an area for greater consideration. Ingredient sourcing issues will have a flow on effect for list of ingredients and other labelling requirements (e.g. provision of nutrition information, country of origin).

¹¹ Gonzalez A. (2019) A history of food fraud. ThermoFisher Scientific, 2019. [A History of Food Fraud \(thermofisher.com\)](https://www.thermofisher.com)

¹² [How Henry Heinz used ketchup to improve food safety | barfblog](https://barfblog.com)

Permissions for greater compliance flexibility are needed to reduce unnecessary costs and packaging write offs for changes that are not related to food safety issues (e.g. allergens).

e. Growing global food demand – We are pleased to see innovation feature alongside best practice regulation in this area. This fits well with Priority 3.

f. Increased age-related consumer vulnerability – We agree vulnerability increases with age but there is also an age-related caution and care that also applies to minimise exposure. Age-related data for gastroenteritis might be revealing.

g. Increasing anti-microbial resistance – The food supply's contribution to anti-microbial resistance is considerably less than the impact of prescription. All have a role to play but this is not a trans-Tasman food regulatory system issue.

i. Persistent inequity and food security – This is not a food regulatory system issue. In any case food insecurity is more commonly considered on an individual basis and not the opposite of food security which is generally considered as a national level concern.

j. E-commerce of food – A change in mode of food delivery has been operating across national borders for many years. The growth in domestic e-commerce simply highlights the foresight of the food regulatory system to apply labelling requirements to all platforms.

k. Changes to our information landscape – Consumer demand is a powerful driver for innovation and change and it is not all negative as the description suggests. Better understanding of the demands of Gen X, Y and Z provide opportunities for change.

l. Demand for healthy, ethical & sustainable – We agree these trends are growing exponentially and the food industry is responding in kind.

o. Advance in food production technology – We disagree that allergenicity is the key issue here. Food production technology has a long history of providing safe, quality, nutritious food with extended shelf life which reduces food wastage and contributes to food security, for example UHT milk. We also note that current regulations fail to recognise the introduction of non-traditional sources of existing foods and ingredients. For example, fermentation derived dairy proteins will result in 'dairy proteins' that are not derived from 'milk, a mammary secretion' however are required to be identified as 'milk' by regulation. This is both misleading and confusing for consumers. Australia and New Zealand have an opportunity to lead the way on non-traditional food sources and how these are communicated to consumers. Food recalls are not due to food production technology advances. This is one area of innovation that can positively impact food safety, food delivery, sustainability and food waste.

PART 3 CONCLUSION

30. We found the paper to be distinctly biased, not evidence based and likely to engender unfounded concerns amongst stakeholders rather than be helpful to engagement. It contained a level of negativity and a pattern of glib statements concerning 'unhealthy food' that is not reflective of countries like Australia and New Zealand that are major food exporters in the global trading environment who trade on their reputation as food producers delivering a positive experience to developed and developing countries alike. It is so domestically focussed as to be ignorant of the real global world.

31. We did not identify a lot of tangible opportunities. The food regulatory system is not in place for regulators but rather, to support the delivery of a successful, safe and nutritious food

supply by food manufacturers to consumers. Without the survival and success of food manufacturers there is no need for a food regulatory system.

32. With this in mind, for New Zealand industry, we consider current Priority 3 “Maintaining a strong, robust and agile Food Regulation System” as identifying the challenge of the future and one that needs to remain in place to continue beyond the modernisation programme and support a successful food industry.
33. In response to the question “To what extent are there activities underway in your organisation to manage these issues and risks and to leverage opportunities” NZFGC suggests that all its activities manage issues and risks to the manufacturing sector. We engage actively wherever possible across the industry, non-government agencies and government for this purpose.
34. In response to the question “What opportunities do you consider exist for future work or partnerships for mutual benefit”, we believe there are many already in place where there is trust and respect for delivery, collaboration and cooperation. The factors identified at the outset will all contribute to realisation of shared outcomes: prioritisation of the current and future demands on the system (risk-basing decisions and activities), transparency of activities and directions, system responsiveness and a greater role of science in decision-making.
35. Finally, we were concerned at the mis-referencing in a paper that purports to be the first step in a new strategic planning process. Of greater concern is the inclusion of a reference to an unpublished confidential document titled “Sports supplements and WADA prohibited substances in Australia” (Australian Government Department of Health, 2016), reference no. 30. This is unhelpful in the extreme and is a fundamental flaw. Since the information is not retrievable, the resource should not be cited in references.