AUSTRALIAN BEVERAGES COUNCIL

Submission to the Consultation Regulation Impact Statement:
Labelling of sugars on packaged foods and drinks

September 2018

Executive Summary

Given the complexity of this consultation, the Australian Beverages Council Limited (ABCL) has summarised its position on the seven Options detailed in the paper below:

Option	Comments	ABCL Position
1. Status quo	*The current Health Star Rating System adequately assesses food and beverages, and rates the overall nutritional profile of packaged food. It provides a quick, easy, standardised way to compare similar packaged foods and is familiar to consumers. The more stars, the healthier the choice.*	*The ABCL **does not** support this Option.*
2. Education on how to read and interpret labelling information about sugars	*Greater nutritional education and understanding of labelling are always supported by the ABCL and this Option should be implemented either independently or alongside any other Option recommended as a result of this consultation.*	*The ABCL strongly supports this Option.*
3. Change the statement of ingredients	*This Option is being implemented in Canada, but it is the view of the ABCL that this option would not provide any helpful contextual information to consumers in support of dietary guidelines. If recommended, this Option could confuse consumers.*	*The ABCL **does not** support this Option.*
4. Added sugars quantified in the NIP	*This is being introduced in the United States and is practical if implemented and overseen within the current HSR framework – see Health Star Rating System and 'Nutrition Labelling Oversight Committee' later. This Option is supported by the ABCL.*	*The ABCL supports this Option, if introduced with care.*
5. Advisory labels for foods high in added sugar	*It is inappropriate to consider advisory labels on products as the complete nutritional profiles of foods are considered in the HSR. If recommended, this Option could confuse consumers.*	*The ABCL **does not** support this Option.*
6. Pictorial approaches to convey the amount or types of sugars in a serving of food	*This is unsuitable for food products, particularly because of the limited existing space available to accommodate images or graphics on packaging and labels. It is illfounded and misleading to associate products high in fat, sugar or salt with a tobacco-style warning system.*	*The ABCL **does not** support this Option.*
7. Digital linking to off label the web-based information about added sugar content	*This may be useful, but should be considered as part of a long-term digital strategy with more information available on sugars on product/brand/manufacturer the ABCLbsites.*	*The ABCL offers conditional support for the Option.*

Executive Summary (continued)

This submission, prepared by the ABCL on behalf of the non-alcoholic beverage industry, presents a clear position in relation to the seven Options tabled as part of this consultation.

It is the position of the ABCL that:

- The Health Star Rating [HSR] System provides adequate information to consumers about the complete nutritional profile of food products in an easy-to-read and intuitive manner;
- There isn't a compelling case for additional labelling requirements beyond the existing labelling framework, such as the Nutrition Information Panel [NIP] and HSR, to be considered as part of this consultation;
- Educating consumers to help them make informed choices based on existing labelling is required on an ongoing, long-term basis;
- Further consumer education is required on both the Australian Dietary Guidelines [ADG] and the HSR;
- The causes of overweight, obesity and associated chronic disease are highly complex, and the key determinants include, but are not limited to, interactions between genetic, metabolic, cultural, environmental, socioeconomic and behavioural factors;
- The role of the total diet in contributing to overweight, obesity and chronic disease should always be considered with excess energy from all discretionary foods and beverages as one of many considerations;
- This consultation should look at the totality of the diet and complete nutritional profile of foods, rather than one nutrient in isolation;
- A multi-stakeholder approach is required to improve the Australian diet and encourage healthy lifestyles;
- The *Overarching Strategic Statement for the Food Regulatory System* is appropriate, particularly in reference to the second and third objectives;

Executive Summary (continued)

- The ABCL recognises its responsibility to improve the health of Australians together with other stakeholders, and the ABCL has introduced a range of voluntary initiatives to help improve the Australian diet, including:
    - Ensuring clear front-of-pack labelling [FoPL] of nutrition information via the HSR 'intergated approach' energy information display;
    - Offering low and no kilojoule beverages through sweeping product reformulation and portfolio innovation;
    - Reducing portion and pack sizes across the non-alcoholic beverage industry;
    - Improving nutritional education, understanding, interpretation and awareness;
    - Undertaking responsible marketing and advertising practices;
    - Adhering to agreed codes of practice, policies and guidelines, including School Canteen Policies;
    - Commissioning scientific research.
- Consumer trends and initiatives led by the non-alcoholic beverage industry have contributed to a significant decline in the intake of free sugars over the 16-year period from 1995-1996 to 2011-12, with the largest decline recorded in children and teenagers (being a 23 per cent reduction). Almost all (94 per cent) of the decline in free sugars in children and teenagers comes directly from the reduction in non-alcoholic beverages;
- Further reductions in the intake of free sugars can be achieved, and the non-alcoholic beverage industry will further strive to reduce sugar across the industry's portfolio by an average of 10 per cent by 2020 and 20 per cent by 2025, as part of its recently announced Sugar Reduction Pledge.

Executive Summary (continued)

The ABCL recommends:

- The identified statement of the problem requires additional revision, particularly that, in the context of a holistic HSR, "*information about added sugars on food labels in Australia and New Zealand is currently limited*.";
- The identified statement of the problem should focus on how to incorporate added sugars in the existing NIP used in conjunction with the current HSR frameworks;
- Further education about the HSR and the dietary guidelines in the respective jurisdictions be considered as an essential outcome of this consultation process;
- Before reaching a conclusive recommendation as a result of this consultation, a definition of 'added sugar(s)' be reached that is commensurate with guidance provided by FSANZ and in consultation with a broad range of stakeholders;
- Any recommendation should focus on reducing energy intake from all discretionary foods and beverages, and not exclusively from certain non-alcoholic beverages;
- Appropriate further consultation be carried out with international partners in jurisdictions where some of the Options have been implemented and/or considered;
- Any recommendation as a result of this consultation be made with careful consideration given to existing labelling, particularly the HSR, in order to prevent contradictory, competitive, inconsistent, ambiguous or obscure labelling;
- Due consideration be given to the frequency of label changes in recent years and the financial cost to industry (cost-benefit analysis);
- Any recommendation made by the Forum include multiple stakeholders from Government, industry, Public Health and NGOs, as required to deliver system-wide models;
- Implementation and technical matters be considered before any final recommendation is made;
- Due deliberation should occur in relation to vulnerable and hard-to-reach groups which have specific health requirements or other limitations;
- Recognition of the non-alcoholic beverage industry's historic and recent public commitments to form an integrated part of the holistic food supply solution to address obesity and chronic disease in Australia, particularly voluntary initiatives that have been undertaken to reduce intake of sugars.

About the Australian Beverages Council Limited (ABCL)

The Australian Beverage Council is the leading peak body representing the non-alcoholic beverage industry, and the only dedicated industry representation of its kind in Australia.

The ABCL represents approximately 90 per cent of the industry's production volume and our Member companies are some of Australia's largest drinks manufacturers. The ABCL also represents many small and medium-sized companies across the country. Collectively, the ABCL's Members contribute more than $7 billion to the Australian economy and nationally they employ approximately 50,000 people. The industry also pays in excess of $1.2 billion in taxation per annum along its supply chain, and for every one direct employee in the beverages manufacturing industry, there are 4.9 jobs required elsewhere in the Australian economy to produce and retail the beverages.

The ABCL strives to advance the industry as a whole, as well as successfully representing the range of beverages produced by Members. These include carbonated soft drinks, energy drinks, sports and electrolyte drinks, frozen drinks, bottled and packaged waters, juice (no added sugar) and fruit drinks, cordials, iced teas, ready-to-drink coffees, flavoured milk products and flavoured plant milks.

The unified voice of the ABCL offers Members a presence beyond individual representation to promote fairness in the standards, regulations, and policies concerning non-alcoholic beverages. The ABCL plays a role in educating consumers on making informed choices which encourage balance, moderation and common sense.

The ABCL advocates on issues such as portion sizes, environmental sustainability, nutritional labelling, responsible industry marketing and advertising, and canteen guidelines. Our Members listen to consumers and adapt their products accordingly by making positive changes and standing by a commitment to promote greater choice, appropriate portions and more low and no kilojoule products.

The ABCL is an important conduit between the non-alcoholic beverage industry and governments, supporting the Australian Government, State/Territory Government and Local Councils.

The ABCL introduced a dedicated juice division, ***Juice Australia*** (formerly Fruit Juice Australia), in 2009 and a dedicated water division, the ***Australasian Bottled Water Institute*** [ABWI], in 2011. Through these divisions and our various committees, our organisation and Members continue to adapt and flourish.

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Introduction

The ABCL would like to thank the Food Regulation Standing Committee [FRSC] for the opportunity to provide comment on *Labelling of sugars on packaged foods and drinks* for sale in Australia and New Zealand as part of its consideration of regulatory and non-regulatory options.

The ABCL provides consumers with information to enable them to make informed choices in support of the ADGs. The ADGs support balanced consumption of food and drinks for health and wellbeing. The ABCL supports advice based on scientific evidence, and the ADGs are supported by a swathe of evidence suggesting an individual's usual diet has a significant influence on health. The ABCL, therefore, fully supports the ADGs as a valuable resource to consumers. The ABCL recognises them as a crucial vehicle in the promotion of balanced diets and a powerful tool in combating obesity and other chronic disease.

The ABCL notes that the statement of the problem cited in the consultation paper in relation to sugar labelling in Australia and New Zealand is:

Information about sugar provided on food labels in Australia and New Zealand does not provide adequate contextual information to enable consumers to make informed choices in support of dietary guidelines.

Throughout the paper it is stated that sugar has been identified and is being assessed because it affects "*dental caries, unhealthy weight gain and associated non-communicable disease*". In the context of these causal links, the ultimate goal of any changes suggested as a result of this consultation is directly related to how it could affect the health of the population in Australia and New Zealand, and the ongoing monitoring and measurement of these populations should be considered as part of the long-term assessment of any changes resulting from this consultation.

The ADGs were designed to provide information on the types and amounts of foods, food groups and dietary patterns that aim to:

- *Promote health and wellbeing;*
- *Reduce the risk of diet-related conditions; and*
- *Reduce the risk of chronic disease.*

The ABCL would like to highlight the complexity of diet-related conditions and chronic disease in Australia and comparable countries. The ABCL believes food labelling is one lever that can be used to encourage healthier consumer behaviour. Amending food labelling guidelines and requirements in isolation, however, would be insufficient to make measurable changes to overweight, obesity and chronic disease.

Numerous models of obesity have been proposed to conceptualise, in greater detail, the many factors that contribute to poor nutritional understanding and, ultimately, energy imbalance.[1,2,3,4.]

The most comprehensive model conceptualising obesity is considered to be the 'obesity systems map', published by the Foresight Programme of the Government Office for Science in the United Kingdom (Appendix 1)[2]. This model describes 108 distinct variables that can affect energy balance, including poor nutritional understanding, and, by extension, increase the risk of obesity and chronic disease.

These variables extend across the following ten categories:

1. **Media** (e.g. media consumption, tv watching, exposure to food advertising);
2. **Social** (e.g. perceived lack of time, parental modelling of activity, sociocultural valuation of food);
3. **Psychological** (e.g. stress, self-esteem, conscious control of accumulation);
4. **Economic** (e.g. cost of physical exercise, dominance of sedentary employment, societal pressure to consumer);

[1] Kumanyika S. (2001). Minisymposium on obesity: overview and some strategic considerations. Annu Rev Public Health; 22:293–308.
[2] Vandenbroeck IP GJ Clemens M. (2018). Foresight tackling obesities: future choices – building the obesity map. Government Office for Science, UK Government's Foresight Programme, accessed 23 August 2018: http://www.foresight.gov.uk/Obesity/12.pdf.
[3] National Preventative Health Taskforce. (2009). Australia: The healthiest country by 2020. National Preventive Health Strategy, Barton.
[4] VicHealth. (2015). Influencing children's health: critical windows for intervention. Research highlights. Carlton South.

5. **Food** (e.g. nutritional quality of food and drink, portion size, rate of eating, convenience of food offerings);
6. **Activity** (e.g. access to opportunities for physical exercise, level of occupational activity, opportunity for team-based activity);
7. **Infrastructure** (e.g. perceived safety of unmotorised transport, walkability of living environment, dominance of motorised transport);
8. **Developmental** (e.g. appropriateness of maternal body composition, quality and quantity of breastfeeding, appropriateness of embryonic and foetal growth);
9. **Biological** (e.g. resting metabolic rate, genetic and/or epigenetic predisposition to obesity, level of adipocyte metabolism); and
10. **Medical** (e.g. level of infections, reliance on surgical infections, reliance on pharma remedies).

A broader nutrition policy that consists of multiple instruments and te effective use of nutrition information is required[5].

The ABCL would encourage a more holistic approach to improving the health of the Australian population in support of the ADGs. This consultation looks at a very narrow part of what may contribute to overweight, obesity and chronic disease – sugars – and only this nutrient on food labelling. While sugars comprise a part of the broader issue of overweight, obesity and chronic disease, monitoring the intake of sugars is an important part of maintaining a balanced diet, and the ABCL notes that greater consumer understanding of the appropriate intake of sugars has the potential to make small changes:

1. Increase the likelihood that consumers choose foods and beverages that are lower in sugar, or do not contain any sugar at all;
2. Encourage food manufacturers to reformulate to lower sugar products;
3. Encourage food and beverage manufacturers to increase sales of low and no kilojoule products; and
4. Reduce pack sizes further, where this has not already occurred, to provide portion sizes that are commensurate with the ADGs.

[5] Grunert KG Wills JM Frenandez-Celemin L. (2010). Nutrition knowledge and use and understanding of nutrition information on food labels among consumers in the UK. Appetite; 55(22): 177-89

It should be noted that the affect of any labelling changes on human health outcomes as stated above is currently unknown. The ABCL notes that research has shown that consumers are less interested in indulgent-type products[5]. The ABCL also notes that lower socio-economic status (low SES) groups are associated with an increased risk of being overweight and obese, and, therefore, more likely to suffer from chronic disease. Research corroborates that low socio-economic groups are also less likely to use nutrition labels[6]. In addition to this, a study conducted this year stated that, although there has been much research on consumer understanding of labels, further research should be carried out on how their knowledge is used and how this understanding and knowledge influences food and beverage choices[7].

Most mandatory Front-of-Pack nutrition labelling has only been implemented in the last five years. Therefore, thorough and credible scientific evidence on its effects on consumer behaviour has only started to emerge recently[8]. Recent papers have stated that knowledge and providing nutrition information can help consumers compare products based on their healthiness within the context of the ADGs. It should also be noted that simply providing this information does not mean that it will result in use. In the following sections, specific case studies showing successful, multi-factorial projects have been highlighted to illustrate judicious public health policy in lieu of single solutions to complex problems, such as the targeted of one nutrient, sugar, in isolation.

Case Study – Amsterdam Healthy Weight Programme

The ABCL wishes to highlight and reference the Amsterdam Healthy Weight Programme[9] in which a long-term approach is being undertaken to influence every aspect of a child's life within the context of a healthy body mass index.

The strategy of this programme was "*Healthier behaviour in a healthier environment. Removing unhealthy factors from children's living environment*." It was recognised that addressing the problem of obesity is a shared responsibility in which everyone involved in the child's life plays a role.

[6] Mackenback JP. (2005). Genetics and health inequalities: hypotheses and controversies. J Epidemiol Community Health;59:268–273.

[7] Mhurchu CN Eyles H Jiang Y Blakely T. (2018). Do nutrition labels influence healthier food choices? Analysis of label viewing behaviour and subsequent food purchases in a labelling intervention trial. Appetite;121: 360-65

[8] Kanter R Vanderlee L Vandevijvere. (2018). Front-of-package nutrition labelling policy: global progress and future directions. Public Health Nutrition; 21(8): 1399-1408

[9] Council and Health Department of Amsterdam. (2018). Amsterdam healthy the weight programme, accessed 23 August 2018: https://www.amsterdam.nl/bestuur-organisatie/organisatie/sociaal/onderwijs-jeugd-zorg/zo-blijven-wij/amsterdam-healthy/

These include "*personal (neighbours, teachers) or from an impersonal distance (legislators, food industry)*", and the programme looked for all involved to present the same message: "*healthy food and drink, exercise and sleep*"[9]. It was reported in 2017 that childhood overweight and obesity has decreased by 12 per cent. This included families of low or very low socio-economic status. This is a great example of how a holistic approach can have a significant impact on overweight and obesity.

Case Study – The US Healthy Weight Commitment and the 2025 Beverages Calorie Initiative

The Healthy Weight Commitment, founded in 2009, is a U.S. initiative supported by 230 retailers, food and beverage manufacturers, restaurants, sporting goods and insurance companies, trade associations, non-governmental organisations and professional sports organisations. It aims to reduce obesity, especially childhood obesity, through providing education, a support system for families to make behavioural change, and bringing about changes to the food supply. Its companies initially pledged to remove 1.5 trillion calories from the marketplace by 2015, by introducing more low-calorie options, reducing the calorie content of current products, and reducing portion sizes of single-serve products.

By 2012, 6.4 trillion calories had been removed from the food supply, exceeding the 2015 pledge by more than 400 per cent and three years ahead of schedule. The 6.4 trillion calorie decline translates to a reduction of 78 calories per person in the United States per day. The Healthy Weight Commitment Foundation have claimed that obesity rates among U.S. children aged 2-5 years have since plateaued and receded[10], and the McKinsey Global Institute ranked this public-private partnership as one of the most effective programmes in the global fight against obesity[11].

The 2025 Beverages Calorie Initiative[12], in partnership with the Alliance for a Healthier Generation, the American Beverage Association, The Coca-Cola Company, Dr Pepper and PepsiCo, plans to extend this reduction by reducing the calorie contribution of beverages by a further 20 per cent from 2014 to 2025. This is to be achieved by a range of initiatives,

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[10] Healthy Weight Commitment Foundation. (2009). Impact: galvanizing diverse stakeholders to focus on collective impact since 2009, accessed 23 August 2018: http://www.healthyweightcommit.org/impact/

[11] McKinsey Global Institute. (2014). Overcoming obesity: an initial economic analysis- discussion paper, accessed 23 August 2018: https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/Economic%20Studies%20TEMP/Our%20Insights/How%20the%20world%20could%20better%20fight%20obesity/MGI_Overcoming_obesity_Full_report.ashx

[12] American Beverage Association. (2018). Cutting sugar in the American diet, accessed 23 August 2018: https://www.balanceus.org/en/industry-efforts/cutting-sugar-american-diet/

including increasing access to smaller portion sizes, water and no and lower calorie beverages, providing calorie counts, promoting calorie awareness. The initiative focusses on lower socio-economic areas, which also has application in the Australian context based on research which suggests low SES households are more likely to be associated with an increased risk of being overweight and obese, and, therefore, more likely to suffer from chronic disease.

These initiatives highlight the role that collaborative public-private partnerships can have in improving diet and preventing obesity.

Sugar has the ability to perform several functions in food: improving palatability[13] through sweetness, creating functional characteristics such as viscosity, texture, body and browning capacity, and possible preservation through the reduction of water activity[14]. It is important to note that these functions will need to be considered and managed through other means if sugar is reduced or removed, or if labelling changes or other initiatives encourage sugar to be reduced or removed.

The non-alcoholic beverage industry in Australia has actively worked for a number of years to help consumers reduce sugar in their diet from beverages by providing a wider range of low and no kilojoule products. The ABCL notes that this has resulted in a long-term decline in the population's intake of SSBs, and this decline in SSBs has been particularly pronounced in children and teenagers.

ABS data from the most recent *Australian Health Survey* has shown a significant total consumption of SSBs decline from 1995 to 2012-13[15]:

- Adults 19 years plus: The proportion consuming SSBs declined from 35.0 per cent in 1995 to 30.6 per cent in 2011-12 (13 per cent reduction).
- Children 2-3 years: The proportion consuming SSBs declined from 64.4 per cent in 1995 to 29.6 per cent in 2011-12 (54 per cent reduction).

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[13] U.S. Food & Drug Administration. (2018). Industry resources on the changes to the nutrition facts label, accessed 23 August 2018: https://www.fda.gov/Food/GuidanceRegulation/GuidanceDocumentsRegulatoryInformation/LabelingNutrition/ucm513734.htm#AddedSugars

[14] Cummings JH Stephen AM. (2007). Carbohydrate terminology and classification. European Journal of Clinical Nutrition. 61 (Suppl 1), S5–S18.

[15] Australian Bureau of Statistics. (2016). Australian Health Survey: Consumption of added sugars, 2011-12 - 4364.0.55.011. Canberra.

- Children 4-8 years: The proportion consuming SSBs declined from 69.8 per cent in 1995 to 43.5 per cent in 2011-12 (38 per cent reduction).
- Children 9-13 years: The proportion consuming SSBs declined from 68.2 per cent in 1995 to 48.8 per cent in 2011-12 (28 per cent reduction).
- Children 14-18 years: The proportion consuming SSBs declined from 67.7 per cent in 1995 to 54.9 per cent in 2011-12 (19 per cent reduction).

While the intake of SSBs and their contribution to total sugars has decreased substantially, the ABCL recognises that the average Australian intake of sugar from discretionary foods remains too high. As such, the non-alcoholic beverage industry recently announced its Sugar Reduction Pledge[16], and committed to reducing sugar by 10 per cent by 2020 and 20 per cent by 2025.

See Appendix 2 for a factsheet on the ABCL Pledge.

All drinks represented by the ABCL are included in the Pledge: all carbonated drinks, energy drinks, sports and electrolyte drinks, frozen drinks, bottled and packaged waters, juice and fruit drinks, cordials, iced teas, ready-to-drink coffees, flavoured milk products and flavoured plant milks.

This significant and important initiative, the first in Australian history, demonstrates the continued commitment of the non-alcoholic beverage industry to improve the diets of Australians. It will be monitored and audited by an independent assessor with public reports on its progress made available where required.

The pledge will be achieved by a range of instruments, including:

- ✓ Increasing the volume sales of low and no sugar varieties;
- ✓ Introducing additional low and no sugar varieties into the market by 2020 and 2025;
- ✓ Encouraging sales through the promotion and marketing of low or no sugar varieties;
- ✓ Introducing smaller pack sizes or reducing average container sizes;
- ✓ Investing in improved nutritional literacy;
- ✓ Promoting the consumption of bottled water by young Australians and only milk and water for the very young;
- ✓ A cap in sugar content on all existing drinks brands;

[16] Australian Beverages Council. (2018c). Sugar reduction pledge, accessed 23 August 2018: http://www.australianbeverages.org/industry-sugar-pledge

- ✓ A cap in sugar on new recipes launched in Australia;
- ✓ Reformulating existing products;
- ✓ Where practical, transition vending machines to include more, low or no sugar varieties.

Before providing feedback regarding the Options detailed for consideration and response in this consultation, the ABCL wishes to comment on some aspects related to these Options that the ABCL consider important to all of the Options discussed later in this submission.

Type of Sugar Being Labelled

Existing definition

As the consultation is in relation to the labelling of sugars, the ABCL wishes to highlight and question the focus on added sugars in the paper. The ABCL understands that limitations have been placed on the statement of the problem referencing "*support of dietary guidelines*". Both the ADGs and the New Zealand Eating and Activity Guidelines reference "*added sugars*" and do not comment on total sugars. The ABCL would favour a focus on total sugars as opposed to added sugars, from both a scientific and practical perspective.

Physiology and sugars

Physiologically, the human body does not process intrinsic or added sugars differently. Therefore, considering added sugars distinctly to total sugars is illogical. The scientific basis for establishing a daily intake for added sugars is weak[17]. This appears to be based on a premise that specific 'risk-associated' nutrients have 'safe 'or 'unsafe' level in foods and, therefore, can be addressed by a regulatory approach. This is not the case, as acknowledged in the Blewett Report (para 4.63): "…*there is little evidence that label messages are effective in isolation and it is unfair to burden industry along with tasks relating to problems that are society wide*…"[18].

[17] FSANZ. (2017). International sugar labelling approaches. Canberra
[18] Blewett N Goddard N Pettigrew S Rayolds C Yeatman H. (2011). Labelling logic- review of food labelling law and policy. Commonwealth of Australia.

The need for education

The ABCL would like to suggest that labels, as they currently appear, and in particular as part of the HSR, provide consumers with sufficient contextual information. One of the key issues in encouraging a healthier Australian diet is greater education, particularly reinforcing understanding of the ADGs.

It is the view of the ABCL that consumers are increasingly confused by competing nutritional and other information, including on foods labels, which can detract from the key nutrition value and confuse their understanding of healthy foods.

To communicate a message to consumers that is accurate and focussed on health outcomes, it is important that consumers consider total sugar intake as a key measure of nutrient intake, commensurate with the ADGs. Although added sugar is an important consideration in the context of the total sugar intake, it is also important that individuals are encouraged to ensure physical activity utilises this energy.

It is also clear from research that consumers do not understand the term "added sugars"[19]. This is unsurprising given existing disparities within the industry on added sugars. It was found that, with the inclusion of added sugars in the nutrition information panel, consumers do not understand that these were included in the total value[19]. The ABCL will explore this in greater depth later in the submission. The ABCL believes that additional labelling of added sugars and not total sugars could lead to greater confusion among consumers, if not implemented correctly and in conjunction with a comprehensive education program to support consumers.

Testing, calculating and enforcing labelling

The ABCL would like to raise the practical application of calculating and enforcing labelling requirements in the context of the type of sugars being labelled. As stated in the consultation paper, there is a *"lack of methodology to accurately analyse added sugars in processed foods, and the potential burden on industry associated with reporting added sugars content".* Total sugars can be easily tested and, therefore, it is relatively simple to ensure compliance, but added sugars require additional calculation. The additional calculation required to accurately measure the added sugars content would depend on the definition of added sugars.

[19] FSANZ. (2017). Literature review on consumer knowledge, attitudes and behaviours relating to sugars and food labelling. Canberra

This submission raised this earlier and it is explored later, see *The Definition of Added Sugar*. An additional calculation of this nature would require significant additonal technical expertise to determine accurately. In relation to the technical capabilities required for added sugars calculations to be accurate, it is highly likely that these would be challenging for small and medium-sized enterprises, and special financial and scheduling considerations should be made for these companies, as had been the case for those manufacturers adapting to similar changes in the United States[20].

The guidance in that jurisdiction was amended in a final rule to extend the compliance dates for the Nutrition Facts and Supplement Facts label and Serving Size final rules from 26 July 2018 to 1 January 2020, for manufacturers with US$10 million or more in annual food sales. Manufacturers with less than US$10 million in annual food sales would have an additional year to comply – until 1 January 2021.

Product Information Forms [PIFs] and suppliers

The ABCL also notes that the PIFs and other information capturing forms would need to be updated. Collection of this type of material can be financially demanding and administratively onerous, particularly when communicating with overseas ingredient suppliers, which are an integral part of Australia's food manufacturing and supply industry.

The recent changes in Food and Drug Administration [FDA] regulations announced in May 2016 have started to highlight some of the issues associated with added sugars labelling[21].

Several issues were addressed with regard to juice and juice concentrates. The ABCL notes that the determination of whether a product from fruit is considered added sugar relies on whether all the components of the original portion are made from whole fruit or vegetable. The definition offered may be difficult to determine. The ABCL also notes that the calculation regarding juice blends can be challenging and different methods of determining this were stated. The ABCL, therefore, requests greater clarity and consideration to be given to added sugars in the context of juice and juice concentrates.

[20] U.S. Food & Drug Administration. (2016). Changes to the Nutrition Facts Label, accessed 23 August 2018: https://www.fda.gov/Food/GuidanceRegulation/GuidanceDocumentsRegulatoryInformation/LabelingNutrition/ucm385663.htm

[21] U.S. Food & Drug Administration. (2016). Changes to the Nutrition Facts Label, accessed 23 August 2018: https://www.fda.gov/Food/GuidanceRegulation/GuidanceDocumentsRegulatoryInformation/LabelingNutrition/ucm385663.htm

There are other technical aspects that could be very challenging including added sugar lost in the manufacturing process such as through fermentation or caramelisation[22].

Burden on jurisdictions

Implementing and enforcing added sugar labelling will also place a significant regulatory burden on jurisdictions. States, Territories and New Zealand have already found enforcement of label claims to be challenging. This would place additional pressure on already overextended enforcement agencies. They will have to rely on manufacturers' records[22] for accurate information which may place greater responsibility and cost on industry.

Without analytical methods to rely on, there is the possibility that adulterated products with added sugars may enter the market. A possible example is fruit juice (no added sugar) that could be adulterated with added sugar to improve the flavour and/or to reduce cost of production[22].

It is important to note that the different definitions currently being used to determine free and added sugars preclude the ability for added sugars to be accurately measured by Australian and New Zealand jurisdictions, unless qualifying aspects to these definitions are added.

It is also important to understand that some of the ingredients that have been proposed as free sugars are not entirely comprised of sugar, depending on the definition used. There are small levels of other nutrients which should be considered in the calculation of added sugars. This will need to be considered when determining the calculation and composition of added sugars. For example, according to NUTTAB, Orange Juice with no added Vitamin C contains 0.8g of protein and 0.3g of dietary fibre per 100mL. In this example, not all added sugars are regarded as being comprised of sugar.

[22] Mela DJ Woolner EM. (2018). Perspective: total, added or free? What king of sugars should we be talking. Adv Nutr; 9(20): 63-9

The Definition of Added Sugar

The ABCL wishes to highlight the need to define added sugar. The ABCL does not support the statement that this does "*not impact the policy options being proposed*". There are significant differences between what is considered added sugar and free sugar under the definitions currently used.

Table 1. Generally accepted definitions of total, added and free sugars[23]

	Definition
Total sugars	All mono- and disaccharides present in food, derived from any source. In practice, this primarily consists of sucrose (table sugar), fructose, glucose (dextrose), and lactose (milk sugar). "Sugar" usually refers specifically to sucrose (table sugar) but sometimes refers to all sugars.
Added sugars	Sugars added to foods during processing or preparation (e.g. brown sugar, corn sweetener, corn syrup, dextrose, fructose, glucose, sucrose, high-fructose corn syrup, honey, invert sugar, lactose, maltose, malt syrup, molasses, raw sugar, and naturally occurring sugars that are isolated from a whole food and concentrated so that sugar is the primary component, e.g. fruit juice concentrates). "Added sugars" excludes naturally occurring sugars present in intact fruit, vegetables, or dairy products or in juiced or pureed fruit and vegetables.
Free sugars	All mono- and disaccharides except those that are naturally occurring and present in whole (intact, cooked, or dried) fruit and vegetables or dairy products. "Free sugars" includes all sugars added by the manufacturer, cook, or the consumer as well as sugars that are naturally present in juiced or pureed fruit and vegetables.

The Joint FAO/WHO Codex Alimentarius Commission (the Commission) during the 38th Session of the Codex Committee on Food Labelling supported the labelling of total sugars, and not added sugars.

[23] Mela DJ Woolner EM. (2018). Perspective: total, added or free? What king of sugars should we be talking. Adv Nutr; 9(20): 63-9

The assessment by the Commission found the body cannot differentiate between added and total sugars, and that there is no agreed analytical method for determining added sugars and total sugars, an important consideration for certain groups in society such as those with diabetes[24]. 'Total sugars' has been described as the most useful way to measure and label sugars and has been accepted by a number of countries[25].

'Free sugars' was used in WHO/FAO Expert Consultation on 'Diet, Nutrition and the Prevention of Chronic Diseases'. This term has been used to varying degrees by different groups causing it to be a potential source of confusion[25]. One concern with regards to the non-alcoholic beverage industry is the inclusion of fruit juice in the WHO free sugar definition.

Generally, the term added sugar is used to mean sugars found intrinsically in the food. As stated in several places within the consultation paper, the Options presented should support the ADGs. It is commonly acknowledged that whole fruit juices comprising the totality of the edible fruit portions can be a meaningful source of beneficial nutrients[26]. The nutrient density of the vehicle in which the sugar is carried must be considered in order to fully assess this.

The ABCL wishes to highlight that the ADGs recognise that fruit juice (no added sugar) is nutrient dense and provides important nutrients found in the fruit. There are allowances for the substitution of fruit juice (no added sugar) for a whole piece of fruit in the diet. According to the ADGs, fruit juice (no added sugar) "*is a good source of vitamins such as vitamin C and folate and also provides fibre and carbohydrates, particularly natural sugars*" and, therefore, the "*occasional use of fruit juice may assist with nutrient intake*". Consumers already understand that sugar is naturally found in fruit, vegetables and milk[27] and they also understand the micronutritional benefits of consuming juice (no added sugar) and dairy products.

The ABCL supports the ADGs, which recognises the role of fruit juice in a healthy diet. It is also important to make it clear to consumers the necessity of fruit, including the benefits which fruit juice (no added sugar) brings to a balanced diet.

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[24] Joint FAO/WHO Codex Alimentarius Commission. (2010). Report of the Thirty-Eighth Session of the Codex Committee on Food Labelling. ALINORM 10/33/22. Rome (Italy).

[25] Mela DJ Woolner EM. (2018). Perspective: total, added or free? What king of sugars should we be talking. Adv Nutr; 9(20): 63-9

[26] Byrd-Bredbenner C Ferruzzi MG Fulgoni VL Murray R Pivonka E Wallace TC. (2017). Satisfying America's fruit gap: summary of an expert roundtable on the role of 100% fruit juice. J Food Sci; 82(7):1523–34.

[27] FSANZ. (2017). Literature review on consumer knowledge, attitudes and behaviours relating to sugars and food labelling. Canberra

The ADGs consider one serving of juice to be 125mL, and one serving of fruit as 150g. Using these criteria, the ABCL has created the table below in order to compare nutrients provided by juice and whole fruit.

Table 2. Comparison of nutrients of whole fruit and fruit juice (no added sugar).

Nutrient	Orange juice 125mL	Orange, peeled, raw 150 g	Apple juice 125mL	Apple, unpeeled, raw 150 g	Grape juice 125mL	Grape, raw 150g
Energy (kJ)	145	231	158	368	291	483
Moisture (g)	115.5	132.5	115.8	126.2	112	121
Sugars (g)	7	10.4	9.1	18.2	17.6	24.5
Fibre (g)	0.4	3.5	0.3	3.6	-	5.3
Vit C (mg)	70	53	1.3	7.5	31.3	-
Folate (µg)	66.3	49.5	41.3	-	2.5	-

Source: [i]NUTTAB. These fruits were selected as they were referred to in Shefferly et al. 2016[ii].

Source: NUTTAB

Despite concerns regarding the sugar content of fruit juice, the above table shows, for the fruit surveyed, per serving, whole fruit contains more sugar, though the dietary fibre of juice is lower. It is appropriate that, as the ADGs state, fruit juice can be, on occasion, considered as a substitute for a serving of whole fruit. This is especially important to consider in the context of encouraging more Australians to consume more fruit and vegetables, whether that is as whole portions, juice or blended with another food.

Certain juices, such as lemons and limes, are often solely used for their acidic properties, not to sweeten a product. Juice added to provide acid for taste, preservative or technical purposes should not contribute towards added sugar, particularly as it does not serve as a sweetener in the product.

The other complexity with the term added sugar is determining when an intrinsic sugar becomes an added or free sugar. The distinction between these two terms is currently unclear[28]. There are a multitude of ingredients that are extracted and concentrated from foods that naturally contain sugar. The processing of these ingredients may result in higher levels of sugars than that found in the source. The point at which the ingredient becomes an added or free sugar requires further consideration.

[28] Mela DJ Woolner EM. (2018). Perspective: total, added or free? What king of sugars should we be talking. Adv Nutr; 9(20): 63-9

Sugar production can occur *in situ*, it is unclear if these should be considered added sugars. Sugar content during food processing can change with the reduction through methods such as the Maillard reaction and fermentation. Sugars content is also able to increase during processes of hydrolysis and enzymatic reactions of carbohydratge containing ingredients.[29]

The treatment of food additives, such as certain colours, flavours and stabilisers, which use sugar as a carrier requires consideration as to when the level of sugar is considered nutritionally significant or not.

The ABCL supports the definition of added sugar which is based upon the definition of "sugars" in clause 1 of Standard 1.1.2 of the Food Standards Code:

a. *hexose monosaccharides and disaccharides, including dextrose, fructose, sucrose and lactose; or*
b. *starch hydrolysate; or*
c. *glucose syrups, maltodextrin and similar products; or*
d. *products derived at a sugar refinery, including brown sugar and molasses; or*
e. *icing sugar; or*
f. *invert sugar; or*
g. *fruit sugar syrup; derived from any source,*
   *but **does not** include:*
h. *malt or malt extracts; or*
i. *sorbitol, mannitol, glycerol, xylitol, polydextrose, isomalt, maltitol, maltitol syrup or lactitol.*

Health Star Rating Provides Adequate Contextual Information

The ABCL fully supports the HSR system and has been actively involved in its creation, implementation, performance and review since inception. In a recent survey of ABCL Members, it was found that 70 per cent of non-alcoholic beverage products in Australia display the Health Star Rating. A wealth of research, moreover, has shown consumers understand, support and value the scheme.

[29] Casella G. (2014). G/TBT/N/USA/893 – Food labelling, revision of nutrition and supplement facts labels EU comments, Burssels; 2.

The HSR does not require high levels of literacy and can be used quickly to determine the nutritional value of the product. Sugar is already considered in the calculation, as the HSR consider several nutrients and the complete nutritional profile of food.

Research has indicated that the current HSR system:

- Closely aligns with the ADGs, a key focus of this consultation[30] [31] [32] [33] [34] ;
- Has high awareness, and is well liked among the general public[35];
- Is effective at guiding consumer choice[36] ; and
- Can help to guide beneficial product reformulation[37] [38].

The development of the HSR system, including its technical design, style guide and implementation framework, has been overseen by the collaborative efforts of:

- Australian Beverages Council;
- Australian Chronic Disease Prevention Alliance;
- Australian Food and Grocery Council;
- Australian Industry Group;
- Australian Medical Association;
- Australian National Retail Association;
- CHOICE;
- Obesity Policy Coalition; and the
- Public Health Association of Australia.

[30] Carrad AM Louie JC Yeatman HR Dunford EK Neal BC Flood VM. (2016). A nutrient profiling assessment of packaged foods using two star-based front-of-pack labels. Public Health Nutr;19(12):2165-74.
[31] Jones A Radholm K Neal B. (2018). Defining 'Unhealthy': A Systematic Analysis of Alignment between the Australian Dietary Guidelines and the HSR System. Nutrients;10(4).
[32] Wellard L, Hughes C, Watson WL. (2016) Investigating nutrient profiling and HSRs on core dairy products in Australia. Public Health Nutr;19(15):2860-5.
[33] Menday H Neal B Wu JHY Crino M Baines S Petersen KS. (2017). Use of Added Sugars Instead of Total Sugars May Improve the Capacity of the HSR System to Discriminate between Core and Discretionary Foods. J Acad Nutr Diet;117(12):1921-30 e11.
[34] Peters SAE Dunford E Jones A Ni Mhurchu C Crino M Taylor F et al. (2017). Incorporating Added Sugar Improves the Performance of the HSR Front-of-Pack Labelling System in Australia. Nutrients;9(7).
[35] Parker G. (2017). Health star rating system campaign evaluation report. Pollinate Research.
[36] Talati Z Norman R Pettigrew S Neal B Kelly B Dixon H et al. (2017). The impact of interpretive and reductive front-of-pack labels on food choice and willingness to pay. Int J Behav Nutr Phys Act;14(1):171.
[37] Mantilla Herrera AM, Crino M, Erskine HE, Sacks G, Ananthapavan J, Mhurchu CN, et al. (2018). Cost-Effectiveness of Product Reformulation in Response to the HSR Food Labelling System in Australia. Nutrients;10(5).
[38] Mhurchu CN Eyles H Choi YH. (2017). Effects of a Voluntary Front-of-Pack Nutrition Labelling System on Packaged Food Reformulation: The HSR System in New Zealand. Nutrients; 9(8).

In its support for the initiative, the ABCL indicated that any Front of Pack Labelling [FoPL] scheme should:

- Be evidence-based and effective at achieving its well-defined objectives;
- Not impose unjustifiable regulatory burdens on business;
- Be collaborative in nature; and
- Be capable of being enforced in an effective, proportionate and consistent manner.

Evidence suggests that most consumers use or at least refer to the information in the NIP[39], with only 5 per cent of a sample analysed indicated that they never read it FoPL has been designed to meet the needs of time poor consumers[40] and the HSR has achieved substantial success in meeting its objectives based on the evidence provided.

It is the view of the ABCL that adding to the ingredients list will not be sufficient to meet the objectives of the policy when there is already an existing, reputable and widely used FoPL system on approximately 70 per cent of non-alcoholic beverages from sugar-sweetened beverages to fruit juice and flavoured milk. It would be remiss to suggest a change in the direction of food labelling strategy in Australia, including the development of a competing label or list, considering the significant amount of resources invested by a range of stakeholders to ensure the ongoing success of the HSR into the future as part of the formal review of the system after five years of implementation. It is the view of the ABCL that existing labelling frameworks, particularly the HSR, should be used to provide adequate nutritional information to consumers.

Evidence to support the continued and effective use of the HSR includes:

- ✓ awareness of the initiative has reached 75 per cent and this has had an appreciable effect on the community[41]; and
- ✓ of those who are aware of the Health Star Rating, 35 per cent have bought a new product because of its higher HSR than their usual product.[42]

[39] Viola GCV Bianchi F Croce E Ceretti. (2016). Are food labels effective as a means of health prevention? J Public Health Res. 5(3):768

[40] Andrews JC Lin CTJ Levy AS Lo S. (2014). Consumer research needs from the food and drug administration on front-of-package nutritional labelling. Journal of Public Policy Marketing; 31 (1): 10-6.

[41] Parker G. (2017). Health star rating system campaign evaluation report. Pollinate Research.

[42] Parker G. (2017). Health star rating system campaign evaluation report. Pollinate Research.

A majority of grocery buyers state they would like the HSR on 'more' or 'all' packaged food products[42]. The ABCL supports consumer responses in relation to greater use of the HSR within the industry guidelines and review set out in the Scheme.

The New Zealand Government's Ministry of Health is funding the Health Promotion Agency [HPA] to develop, implement, and monitor consumer marketing and education campaigns that aim to help consumers to understand what HSR and its stars mean, and how to use them when making purchasing decisions about packaged foods[43].

HPA commissioned Colmar Brunton to conduct a baseline survey on the HSR in 2015, with two subsequent surveys in 2016 and 2018. All three surveys have monitored awareness, recognition, understanding and the correct use of the HSR.

The 2016 and 2018 surveys also measured awareness, perceptions and the possible impacts of the HSR campaign.

In June 2018, the latest report findings were compiled and released from all three surveys. Comparisons were made between the 2018 survey and earlier ones, to help evaluate the impact of the HSR system and the campaign over time. The most notable findings of the survey include:

- High awareness of the HSR (75 per cent versus 40 per cent in 2015);
- Half of shoppers have an accurate understanding of the HSR;
- Correct use of the HSR is high at 68 per cent;
- 40 per cent trust the HSR (unchanged from 2015);
- Use of the HSR has increased from one in ten shoppers to almost three in ten shoppers; and
- The potential influence of the HSR on shopping behaviour is high, with 59 per cent of shoppers using the HSR, indicating it encouraged them to buy a product they would not normally purchase.

This HPA Commission was managed by Dr Rebecca Bell, Researcher.

[43] Healthy Promotion Agency. (2018). 2018 Health star rating monitoring and evaluation, accessed 23 August 2018: https://www.hpa.org.nz/research-library/research-publications/2018-health-star-rating-hsr-monitoring-and-evaluation-report

The evidence tabled by the ABCL to demonstrate the success of the HSR among consumers, and in providing adequate contextual nutritional information to enable informed choices in support of the dietary guidelines, reinforces its support for voluntary labelling initiatives.

The ABCL would like to highlight that voluntary labelling initiatives, of which the HSR is the most significant, are preferable in many instances because of the reduced burden placed on industry to implement such schemes.

The HSR, in supporting the ADGs, allows for water (as per the definition provided by FSANZ) to score an automatic five stars to encourage consumers to drink plenty of it to remain hydrated. The ABCL recommends that potential, future amendments to the HSR algorithm be considered to encourage industry to continually innovate and develop new products that provide consumers with beverages (and foods) that offer varied consumer choice. This could include revisiting the star rating for packaged water that includes carbonation, as an example, or a product that is 99 per cent water with the addition of a low or no kilojoule sweetener, for example.

Any future amendments to the HSR algorithm to encourage innovation would need to ensure that provisions within current food law supported this process. The ABCL will continue to work with existing and future key stakeholders on the HSR, and its necessary expansion as required (see *Health Star Rating System and 'Nutrition Labelling Oversight Committee'* below).

Health Star Rating System and 'Nutrition Labelling Oversight Committee'

The ABCL would like to raise the potential for the existing HSR governance framework and review processes to incorporate sugar labelling reform, if required. Particularly, the ABCL wishes to raise sugar labelling changes considered as part of this consultation to follow the HSR formal review of the system after five years of implementation (June 2014 to June 2019) as the most reasonable and considered approach to the objective of this consultation.

The ABCL values the achievements of the HSR to date and believes future considerations in relation to sugars labelling may be best handled by the HSR governance framework due to:

1) The established multi-stakeholder nature and strong stakeholder engagement of the existing HSR Committee;
2) The structured and ongoing monitoring of the HSR, particularly:
    a. label implementation and consistency with the HSR system Style Guide;

b. consumer awareness and ability to use the HSR system correctly; and
c. nutrient status of products carrying a HSR system label.

3) The structured reporting of the HSR, as per the framework[44];
4) The cost benefits of implementing change within an existing and successful scheme;
5) The familiarity of the HSR with consumers and industry players;
6) The reputation for excellence among industry stakeholders.

It is, therefore, recommended that the HSR incorporate the consideration of this important sugars labelling consultation following the ongoing five-year review of the HSR and consider this as part of a Nutrition Labelling Oversight Committee or similar.

Determining a Suitable Level of Sugar Consumption

To be able to provide useful context for consumers regarding the maxmimum amount of sugar they should be consuming, a comparison needs to be made with how much they should be consuming in relation to their total diet, level of physical activity and other variables.

The European Food Safety Authority (EFSA) has been asked to determine a recommended intake for added sugar by 2020 and the ABCL requests this be considered in any relevant reviews or consultations under the Joint Food Regulation System.

Determining a value for Australia and New Zealand would take some analysis and appropriate reporting to allow consumers to respond to any guidelines issued. The ABCL would welcome a broader education campaign focussed on ensuring the ADGs are understood by more Australians before activity and research focusses on identifying the suitable level of added sugar in the Australian diet.

Limited Label Space

The non-alcoholic beverage industry provides consumers with a wide variety of appropriately and conveniently sized non-alcoholic beverages to help consumers monitor portion control. As such, there are many beverages available to Australians with limited label space.

[44] Commonwealth of Australia. (2016). Heart foundation framework Program framework logic, 2016, accessed 23 August 2018: http://healthstarrating.gov.au/internet/healthstarrating/publishing.nsf/Content/hff

The ABCL encourages choice for consumers and the industry has actively committed to increasing the number of low and no sugar choices via its Sugar Reduction Pledge. Options in this consultation that consider labelling changes must also consider the size of the label.

The ABCL believes that smaller portions sizes are a very effective and important method of restricting sugar intake for consumers wishing to do so. It is important that these products do not have any prohibitive measures or barrier to market, such as restrictions on what is required to be displayed on the label within the confines of existing legislation.

Case Study – Less than 600mL bottled non-alcoholic beverages

The non-alcoholic beverage industry in Australia provides a wide variety of products in a variety of sizes. To encourage consumers to choose appropriate portion sizes, smaller sizes have been created since the standard 600mL bottle for many beverages was introduced.

As the product has decreased in size, so too has the label. Being cylindrical in shape the front of the packaging is very limited, particularly within te context of FoPL requirements. Some products currently on the market have less than 25 cm^2 available on the front of pack.

There are a number of detailed requirements for labelling in national trade measurement laws to make sure that the buyer is properly informed[45]. It is relevant, in the context of limited FoPL, to consider the requirements of trade measurement laws in demonstrating the existing challenges of adding further information to the FoPL alongside existing labelling required by law (measurement), the HSR and product branding.

Trade measurement laws require the marking that states the measurement of the package (weight, volume, length, area or number) must be on the **main display part** of the package[45]. It must also be shown on at least one of the other parts of the package if it is likely to be displayed to the buyer.

When the package is substantially cylindrical, spherical, oval or conical, as most products manufactured by Members of the ABCL are, the product volume measurement marking must be wholly contained within a 60º arc either side of the line drawn vertically through the centre of the main display panel.

[45] National Measurement Institute. (2010). Guide to the sale of pre-packaged goods. Commonwealth of Australia, Canberra.

For example, the measurement marking must lie within the shaded area shown below:

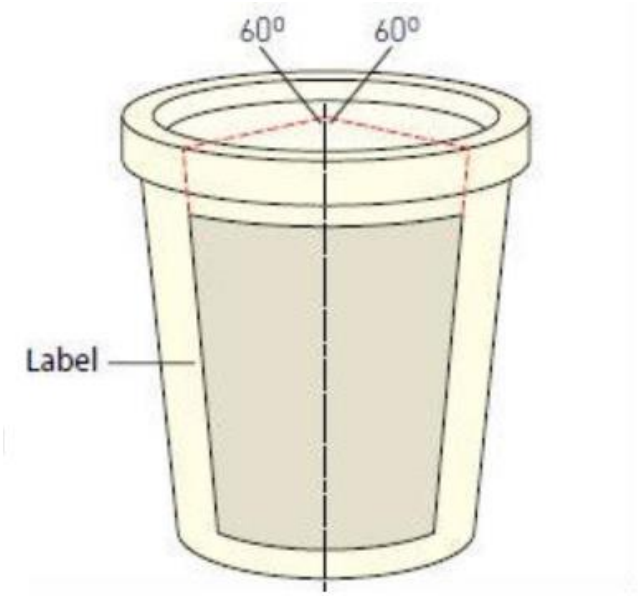

Figure 1. Main display panel for cylindrical package.

Source: Guide to the sale of pre-packaged goods, National Measurement Institute

Being able to provide meaningful information to consumers at a glance on the product is not practical for products which most often carry labels with limited space for additional information to be displayed.

Cost of Label Changes

The food and beverage industry in Australia has seen significant mandatory changes to labelling in recent years, most recently with the introduction of Country of Origin Labelling and Container Deposit Schemes. In addition to these mandated changes, the majority of Members of the ABCL have included the HSR (integrated 'energy' approach) on their products.

Many of the Options detailed in the consultation paper would require at least some change to labelling. Changes to the label can be financially prohibitive and demand a considerable amount of resources in order to ensure compliance.

The ABCL wishes to highlight the substantial investment required in such changes, including[46]:

- Label design – the cost of engaging designers to make changes to, or redesign the label (or package for direct print labels);
- Label production – the costs associated with the production of labels over and above printing, such as new printing plates;
- Proofing – the cost of viewing incorporated text, colour and/or graphics changes to the label, to ensure that the label is how it should be before printing. This may include testing of new plates;
- Package redesign – the costs associated with changing the shape, or size of packaging. The direct costs include packaging redesign costs and packaging proofing costs; and
- Labour – the labour inputs involved in responding to regulatory changes, such as marketing, management, administration, technical and regulatory expertise.

The above list of core considerations reinforces the significant transition times for labelling changes, particularly with supply of existing label stock that would need to be exhausted (approximately 12-18 months supply) in addition to supply chain considerations and agreements that require labels to be manufactured and distributed many months in advance.

The ABCL notes that Canada has allowed for a five-year transition period from 14 December 2016, for its recent labelling changes related to ingredients lists, although an extension to 2022 is being considered[47]. The ABCL encourages similar consideration be given in Australia.

For the non-alcoholic beverage industry, many products have an extended shelf life and manufacturers often purchase labels in large numbers to benefit from economies of scale. The ABCL notes that recent label changes have meant that manufacturers have not only been unable to continue to do so, but also have disposed of stock or had to prematurely re-label products that are not compliant any longer.

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[46] Pricewaterhouse Coopers. (2008). Cost schedule for food labelling changes, accessed 23 August 2018: http://www.foodstandards.gov.au/publications/documents/Final%20report-%20FSANZ%20-%207%20March%202008%20(2).pdf

[47] Government of Canada. (2018b). Regulations and compliance - nutrition labelling, accessed 23 August 2018: https://www.canada.ca/en/health-canada/services/food-nutrition/food-labelling/nutrition-labelling/regulations-compliance.html

In Appendix 3, the ABCL has estimated current costs for label changes based on credible 2008 calendar year data commissioned by FSANZ in conjunction with PwC, adjusted for inflation over nine years at an average annual inflation rate of 2.2 per cent. The total change over the period 2008 to 2017 is 21.2 per cent.

NB: the estimates provided are intended as a guide, and actual costs may be higher depending on the individual organisation's scale of operations and other cost structure benchmarks.

Case Study – SME Members and costs incurred

SME Members of the ABCL have indicated that label change costs vary widely depending on the amount of changes and the type of label. SME Members have provided the following as a guide to the minimum costs associated with a label change:

Table 3. Label change costs based on type of label.

Material	Cost in AU$ per Stock Keeping Unit (SKU)
Cans	1,300 - 5,900
Sleeves	1,500 – 4,000
Digital print	150 - 250
Conventional print	750 – 3,000
Casks	1,500 – 2,500
Inner Cartons	1,500 – 3,500

Case Study – Country of Origin Label Change

For a SME Member of the Australia Beverages Council, the company incurred the following costs as a result of this mandated label change:

Table 4. Label change cost from Country of Origin Label.

Material	Cost in AU$ per Stock Keeping Unit (SKU)
Label redesign	10,050
Inner redesign	1,050
Shelf Ready	14,250
Over labelling of existing stock: Label 200,000 x $0.02	4,000
Labour to over label 200,000 x $0.01	2,000

The total cost per label per SKU was $31,350, which does not account for costs occurred as a result of staff requiring additional time to review the redesign and the associated legal costs to ensure compliance with the new regulations. This accounted for over 1 per cent of their FY17-18 revenue.

Another SME estimated the impact of Country of Origin Labelling and CDS cost their business over $100,000.

Larger companies have estimated that the cost associated with the Country of Origin labelling was in an excess of $4.5 million per company.

Estimations for label changes have been:

- Approximately $500,000 for a complex change
- Approximately $100,000 for a simple change.

NB: the estimates provided above as case studies are intended as a guide and actual costs may vary depending on the individual organisation's scale of operations and other cost structure benchmarks.

Response to Consultation Questions

Consultation question 1: Do you support the statement of the problem presented on page 7? If you do not support this statement, please justify your reasons. If you would like to provide an alternate problem definition, please justify your statement with evidence.

The ABCL does not support the statement of the problem:

Information about sugar provided on food labels in Australia and New Zealand does not provide adequate contextual information to enable consumers to make informed choices in support of the dietary guidelines.

The ABCL supports the HSR System. The ABCL notes that the principles of the system are:

'To provide convenient, relevant and readily understood nutrition information and/or guidance on food packs to assist consumers to make informed food purchases and healthier eating choices.'[48]

The HSR system aims to:

1. Enable direct comparison between individual food and beverages that, within the overall diet, may contribute to the risk factors of various diet related chronic diseases;
2. Be readily understandable and meaningful across socio-economic groups, culturally and linguistically diverse groups and low literacy/low numeracy groups; and
3. Increase awareness of food and beverages that, within the overall diet, may contribute positively or negatively to the risk factors of diet related chronic diseases.

The ABCL supports the HSR and the intent of the Australian and New Zealand Food Regulation Ministerial Council Front of Pack Labelling Policy Principles, including:

- The need for a front of pack labelling system to guide consumers to the selection of foods and beverages consistent with the ADGs and the New Zealand Food and Nutrition Guidelines;

[48] FoFR. (2011). Front of pack labelling project committee – objectives and principles for the development of a front-of-pack labelling (FoPL) system, accessed 23 August 2018: http://foodregulation.gov.au/internet/fr/publishing.nsf/Content/frontofpackobjectives

- Supporting and being consistent with the Australian and New Zealand Dietary Guidelines and Nutrient Reference Values; and
- Guiding consumers towards healthier food and beverages within the overall diet.

The ABCL reaffirms that any front of pack labelling system should:

1. Be evidence-based and effective at achieving the policy purpose;
2. Not impose unjustifiable regulatory and financial burdens on business; and
3. Be capable of being enforced in an effective, proportionate and consistent manner.

The ABCL's position is that the HSR provides sufficient contextual information on pack for consumers to make choices commensurate with the dietary guidelines. The HSR provides information that takes into consideration various nutritional aspects of the product. It is important to encourage consumers to consume a variety of foods with a variety of nutrients. It is, therefore, inaccurate to identify sugars for consideration in isolation as part of a FoPL scheme, when sugars are part of the existing HSR.

There is the potential for additional labelling, introduced as a result of this consultation, to cause confusion among consumers. The ABCL supports the HSR system which has already had significant uptake and consumer support. A survey of ABCL Members showed over 70 per cent of non-alcoholic beverages carry the HSR (integrated approach). Any recommendations from this important consultation process should be handled and considered within the existing HSR framework – see *Health Star Rating System and 'Nutrition Labelling Oversight Committee'* in the introduction to this submission, and **attached as a complete PDF in response to Consultation question one.**

Consultation question 2: Are you aware of any form of information about added sugars that is provided on food labels in addition to those identified above?

The ABCL is not aware of any other form of information about added sugars.

The ABCL has been actively involved in the development, implementation, performance and ongoing review of the HSR. The HSR adequately considers sugar, including added sugars, in products as the system considers the overall nutritional profile of the product and assigns it a rating from ½ a star to 5 stars. The HSR provides a quick, easy, standard way to compare similar packaged foods and it is highly regarded by consumers and industry professionals.

The ABCL continues to be very supportive of the HSR and encourages Members to adopt the integrated approach as identified through option five (energy icon) of the labelling hierarchy.

The ABCL's involvement is covered in detail in the introduction of this submission.

Consultation question 3: Are you aware of other sources of information (publicly available or otherwise) on the added sugars content of foods available in Australia and New Zealand, beside those described above?

The Australian Government Department of Health funded a project to determine the amount of added sugars consumed by Australians. This was carried out by FSANZ and the ABS. As FSANZ does not have a definition for added sugars, two definitions were used for this research. The WHO free sugars definition and one based on the FSC.[49]

The FSC under Schedule 4 of Standard 1.2.7 Nutrition, health, and related claims allows for no added sugar claims. Outlining the following conditions:

a. *The food contains no added sugars*, honey, malt, or malt extracts; and*
b. *the food contains no added concentrated fruit juice or deionised fruit juice, unless the food is any of the following:*
    i. *a brewed soft drink;*
    ii. *an electrolyte drink;*
    iii. *an electrolyte drink base;*
    iv. *juice blend;*
    v. *a formulated beverage;*
    vi. *fruit juice;*
    vii. *fruit drink;*
    viii. *vegetable juice;*
    ix. *mineral water or spring water;*
    x. *a non-alcoholic beverage.*

[49] FSANZ. (2018). Determining the amount of added sugard and free sugars in foods listed in the AUSNUT 2011-13 dataset, accessed 23 August 2018: http://www.foodstandards.gov.au/science/monitoringnutrients/ausnut/foodnutrient/Pages/Determining-the-amount-of-added-sugars-and-free-sugars-in-foods-listed-in-the-AUSNUT-201113-dataset.aspx

The ABCL would be very supportive of a collaborative approach with the Department of Health and FSANZ to gather information regarding the non-alcoholic beverage industry in Australia to assist with analysis of sugars across the non-alcoholic beverage industry. In recent years, the ABCL has acted as an important conduit between the Department of Health, FSANZ and other stakeholders, and the non-alcoholic beverage industry to provide detailed information related to:

- ✓ Nutritional composition;
- ✓ Food labelling and ingredient labelling;
- ✓ Advisory statements and declarations;
- ✓ Date marking;
- ✓ Portion sizes;
- ✓ Regulatory Impact Assessment information, particularly costs to industry.

Consultation question 4: Do you agree with the desired outcome of this work proposed above? If not, please suggest an alternate desired outcome and justify your suggestion.

The ABCL agrees that consumers desire "*adequate contextual information about sugars to enable consumers to make informed choices in support of the dietary guidelines.*" The ABCL supports action by the FRSC and other bodies, to improve how consumers read and interpret labelling and better understand the ADGs (Option 2) in order for consumers to make more informed choices that can improve their health.

The ABCL also supports action to sustainably and responsibly improve existing food labelling, where there are compelling reasons, to provide adequate contextual information to a range of consumers.

The ABCL does not believe additional labelling is required as the HSR provides this information to them. Additional investment in labelling should be made within the context of the HSR.

As stated in Consultation question two, the ABCL does not support the identified problem, as the ABCL believes the information provided to consumers as part of the HSR is sufficient and adequately considers the sugars content of products, as part of the overall nutritional profile of food. The HSR is easy to interpret and widely recognised, and is respected by consumers and industry professionals alike.

The ABCL believes it is necessary to periodically review the existing labelling framework to ensure it continues to meet its objectives, particularly to provide consumers with adequate information to make informed choices in support of the dietary guidelines. The HSR has a detailed framework for review, and the formal review of the system after five years of implementation (June 2014 to June 2019) is currently in progress.

In addition to this, the Monitoring Framework of the HSR, developed by the Heart Foundation, further formalises the monitoring and evaluation of the HSR:

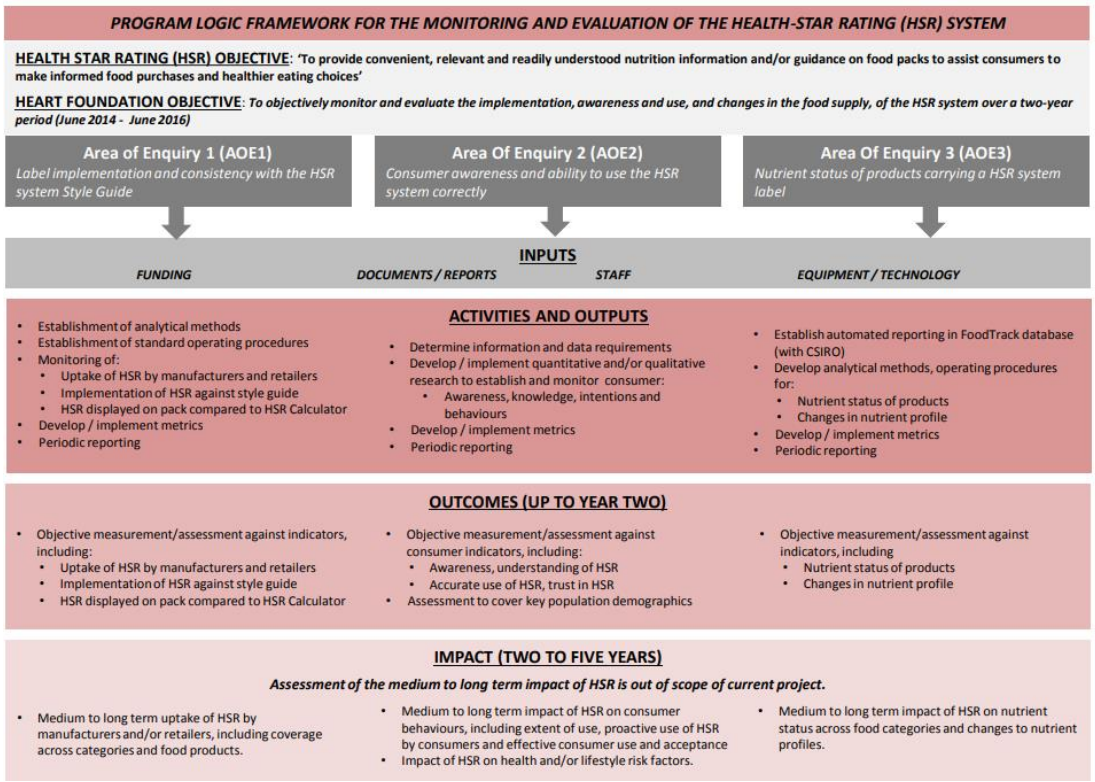

Figure 2. Program logic framework for the monitoring and evaluation of the Health-Star Rating System.

Source: Reporting on the monitoring of the implementation of the Health Star Rating system, Heart Foundation

While it is necessary to consider reviewing nutritional labelling of all types from time-to-time, the ABCL and its Members are keenly aware of a range of financial and consumer challenges as part of any change to labelling requirements. It is, therefore, entirely appropriate that the FRSC engages in detailed, collaborative consultation with a range of stakeholders as part of any industry-wide change, such as those detailed in the Options of the consultation paper.

Option 2: Education on how to read and interpret labelling information about sugars

Consultation question 5: How effective would this option be in addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.

The ABCL strongly supports *Option 2: Education on how to read and interpret labelling information about sugars*. Our organisation and the non-alcoholic beverage industry are always in support of education to improve nutritional understanding, knowledge of the ADGs, and labelling about all nutrients in food options, including sugar.

The ABCL believes supporting consumers through education on how to read and interpret labelling of sugars is an important and reliable Option to address the desired outcome to "*enable consumers to make informed choices in support of the dietary guidelines.*"

The ABCL notes that this is only part of the desired outcome, and Option 2 does not address "f*ood labels provide adequate contextual information about sugars*". The ABCL supports Option 2 being used in conjunction with Option 4*: Added sugars quantified in the NIP*. The ABCL will address this later in this submission.

The ABCL's Members have a legal responsibility, along with other food and beverage companies, to provide consumers with nutritional information about products. Further, the ABCL's Members have a moral responsibility to encourage consumers to use that legislative information in a way that motivates and empowers consumers to make sensible balanced dietary choices, as part of an active, healthy lifestyle. The ABCL supports evidence-based and logical recommendations, strategies or initiatives which provide consumers with information and knowledge. These initiatives ultimately encourage consumers to make informed choices about products that are suitable for their lifestyle.

Currently, there is a wealth of information on and off food labels. There is significant evidence to show that, despite the additional information supplied to consumers, use of labelling is low at 23 per cent of sampled purchases, but for those that used labelling in the sample, purchases tended to be markedly healthier[50]:

[50]Mhurchu CN Eyles H Jiang Y Blakely T. (2018). Do nutrition labels influence healthier food choices? Analysis of label viewing behaviour and subsequent food purchases in a labelling intervention trial. Appetite;121: 360-65

Products for which participants viewed the label and subsequently purchased the product during the same shopping episode were significantly healthier than products where labels were viewed but the product was not subsequently purchased: mean difference in nutrient profile score 0.90 (95% CI -1.54 to 0.26)[51]*.*

The above statement supports the use of the HSR in promoting healthier purchases in support of the ADGs, but it clearly indicates that more work should be done to further educate consumers on how to read and interpret labelling information, including labelling about sugars and other macro-nutrients.

It is also of relevance to Option 2 and this discussion on the interpretation of food labelling, that research suggests that the use of labels varies significantly from category-to-category:

Shoppers were most likely to view labels for convenience foods, cereals, snack foods, bread and bakery products, and oils. They were least likely to view labels for sugar and honey products, eggs, fish, fruit and vegetables, and meat.[51]

Additional education to support broader and more consistent use of the existing HSR and other existing labelling should be considered as part of this consultation.

The ABCL would like to reiterate its support for the HSR system as the most appropriate existing labelling infrastructure from which to encourage consumption of healthier products. Consumer use, trust and understanding of the system is increasing:

- 28 per cent of shoppers in the general population have used the HSR in 2018 compared to 10 per cent in 2015;
- 36 per cent of low income shoppers have used the HSR in 2018 compared to 14 per cent in 2015;
- Three in five shoppers (59 per cent) in the general population who have used the HSR say it encouraged them to buy a product they would not normally purchase, a similar result to 2015 (55 per cent);
- 40 per cent of shoppers in the general population say they trust the HSR;
- 47 per cent of shoppers in the general population feel confident using the HSR to choose packaged foods;

[51] Mhurchu CN Eyles H Jiang Y Blakely T. (2018). Do nutrition labels influence healthier food choices? Analysis of label viewing behaviour and subsequent food purchases in a labelling intervention trial. Appetite;121: 360-65

- 44 per cent of shoppers in the general population believe it is just something companies use to sell more products[52].

The HSR considers nutritional profiles for each product and does not highlight one nutrient. Sugar content is considered in the algorithm used by the HSR, and is based on total sugar, which would include added sugars. As detailed in this submission, the consideration of total sugars is important from a physiological and practical sense.

The ABCL believes consumers would benefit from additional education programs targeting the total diet, and not added sugar exclusively. This is in line with the ADGs and provides additional benefits to consumers by empowering them to make informed choices based on knowledge.

As detailed earlier in this submission, numerous models of obesity have been proposed to conceptualise, in greater detail, the complexity of the many factors that contribute to energy imbalance. The 'obesity systems map', published by the Foresight Programme of the Government Office for Science in the United Kingdom, is one of the most highly regarded diagrams which illustrates the complex problem of overweight and obesity. It is clear from a review of the models of obesity that an individual, isolated attempt to tackle the issue is unlikely to be successful – a multifaceted approach must be considered in order to effectively tackle overweight, obesity and associated chronic disease.

The ABCL wishes to highlight the Amsterdam Healthy Weight Programme[53], which the ABCL highlighted in the introduction of this submission, as an example of how a holistic approach to the issue of overweight and obesity can be successful.

[52] Colmar Brunton. (2018). 2018 Health Star Rating monitoring and evaluation: Year 2 follow-up research report. Wellington: Health Promotion Agency.

[53] Council and Health Department of Amsterdam. (2018). Amsterdam healthy the weight programme, accessed 23 August 2018: https://www.amsterdam.nl/bestuur-organisatie/organisatie/sociaal/onderwijs-jeugd-zorg/zo-blijven-wij/amsterdam-healthy/

Particularly, the Amsterdam Healthy Weight Programme is designed to incorporate as many stakeholders as possible:

> *The key to tackling overweight and obesity is to change people's behaviour: for the long-term, structurally, sustainably and forever. Children themselves and their parents or carers must start living more healthily and want to do so too… To help our children to make sustainable healthy choices, everyone who is involved with children is needed*[53]*.*

It is also particularly important to raise the long-term orientation of the Amsterdam Healthy Weight Programme:

> 2018 – the 5000 meter mission: a healthy weight for all 0-5 year olds in Amsterdam;
> 2023 – the half marathon mission: a healthy weight for all 0-10 year olds in Amsterdam; and
> 2033 – the marathon mission: a healthy weight for all young people in Amsterdam[54].

The ABCL would be very supportive of assisting the Government, NGOs and other key stakeholders in the development of a similar, long-term initiative in Australia. The ABCL believes that, although the explanation of this Option states it is "*likely to be time limited*", for it to be an effective option, it must be considered as an ongoing, long-term strategy that should be reviewed periodically and evolve over time.

Any education campaign that may evolve out of this important process would also need to carefully consider the following:

- ✓ Those with low nutrition literacy;
- ✓ Children and adults in low SES households;
- ✓ Children and adults experiencing generational nutritional misinformation;
- ✓ Indigenous Australians;
- ✓ Remote communities;
- ✓ New migrants to Australia;
- ✓ Other hard-to-reach groups[55], such as transient Australians and substance users.

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[54] Council and Health Department of Amsterdam. (2018). Amsterdam healthy the weight programme, accessed 23 August 2018: https://www.amsterdam.nl/bestuur-organisatie/organisatie/sociaal/onderwijs-jeugd-zorg/zo-blijven-wij/amsterdam-healthy/

[55] Bonevski B Randell M Paul C et al. (2014). Reaching the hard-to-reach: a systematic review of strategies for improving health and medical research with socially disadvantaged groups. BMC Medical Research Methodology; 14:42.

These groups often require the most assistance in determining products that are healthy and commensurate with the ADGs.

The ABCL believes that further education on how to read and interpret labelling should not be limited to consumers and the ABCL would welcome the inclusion and participation of trade education programs comprised of stakeholders from the food industry.

The ABCL and other industry players may consider supporting workshops and providing additional material to encourage SMEs and those considering entering the food manufacturing industry to innovate to create healthier options for consumers.

The ABCL would like to show its support for Option 2 independently or in conjunction with Option 4, added sugar quantified in the NIP. The ABCL believes that, of the *additional* labelling requirements outlined, Option 4 is the only Option that works with what is currently provided on the food label (HSR) and it would benefit, if recommended, from being implemented alongside a considered, long-term education strategy, such as Option 2.

Consultation question 6: How would this option impact you? Please provide impacts and cost relevant to you.

The ABCL is an ardent advocate for greater consumer education in order to help consumers make more informed choices that ultimately align with the ADGs and improve the health of the nation. On behalf of the non-alcoholic beverage industry, the ABCL would support this initiative and provide any information necessary for the Government to develop and implement necessary education programs. The ABCL would be eager to co-create materials that would complement the Governments initiatives for a range of target demographics, including many hard-to-reach groups.

It is necessary to highlight any consumer education programs should be developed in conjunction with NGOs and stakeholders representing the whole food industry. Considerations should be given to working with various education and other government departments as required to encourage the successful implementation of these programs and to support the strategic objective of promoting healthy lifestyles.

As part of this broader education initiative, consideration should be given to how this may be well-suited to the existing framework and objectives of the Healthy Food Partnership. The Healthy Food Partnership aims to improve the dietary habits of Australians by making healthier food choices easier and more accessible, and by raising awareness of better food choices and portion sizes[56].

In recent years, the ABCL has been engaged in a number of initiatives designed to improve consumer understanding on how to read and interpret labelling. This has involved supporting consumers' knowledge of portion control, moderation, dental health and hydration.

Our organisation carries out activity that helps consumers to interpret labels through its communications strategy and the organisation promotes moderation through literature on Energy Balance.

The ABCL supports greater information on how to read and interpret labels and provides guidance to consumers[57].

Case Study - Energy Balance

As an industry that produces a range of non-alcoholic beverages to suit a range of lifestyles, the ABCL recognises energy balance as one of the most important issues in maintaining a healthy Body Mass Index (BMI). Regular physical activity is part of maintaining the correct energy balance, and therefore a healthy BMI.

When considering what people should eat or drink, the ABCL advocates for greater understanding of individual's energy requirements to help people meet their desired, healthy BMI. Part of the industry's activity on greater awareness of balanced diets, where all foods and drinks can be consumed in moderation, is promoting the combination of a healthy diet alongside plenty of physical activity, particularly if reducing BMI is required.

The ABCL's advocacy and advice on exercise alongside energy balance to manage BMIs outside the healthy range is commensurate with the ADGs and guidance from leading authorities such as the World Health Organisation, the National Health and Medical Research Council and the National Heart Foundation of Australia.

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[56] Department of Health. (2016). Healthy food partnership, accessed 23 August 2018: http://www.health.gov.au/internet/main/publishing.nsf/content/healthy-food-partnership

[57] Australian Beverages Council. (2018b). Reading labels – front of pack labelling health star rating scheme, accessed 23 August 2018: http://www.australianbeverages.org/for-consumers/reading-labels/

All non-alcoholic beverages, both sugar-sweetened and non-sugar, are a refreshing and pleasant addition to a balanced diet when consumed in moderation. The ABCL has encouraged its Members to offer beverages in a range of pack sizes and taste profiles. Our organisation has also advocated for new product development that favours low or no kilojoule/energy options and new functional purposes, such electrolyte drinks, to support strenuous exercise regimes.

The non-alcoholic beverage industry recognises that, like the rest of the food and grocery industry, it has a role to play in addressing the complex and multi-factorial issues of overweight, obesity and chronic disease in Australia through education and clear labelling. As part of this commitment to being part of a broad, multi-faceted approach to tackle overweight, obesity and chronic disease, the non-alcoholic beverage industry has instigated a number of key voluntary initiatives, including:

- Reformulating products to offer a large range of low and no kilojoule beverages;
- Restricting availability of sugar-sweetened beverages in primary schools;
- Not marketing sugar-sweetened beverages to children under 12 years of age; and
- Clearly displaying kilojoule/energy content of each can or bottle on the front label via Option 5 of the HSR.

Most recently, the ABCL extended its commitment to being an integral part of the solution through the announcement of a sugar reduction commitment across the industry of 20 per cent in the years to 2025.

Case Study – Sugar Reduction Pledge

On 25 June 2018, the ABCL announced an industry Sugar Reduction pledge in Canberra in a joint media conference with the Minister for Health, the Hon. Greg Hunt MP.

While the intake of SSBs and their contribution to total sugars has been decreasing since 1997[58], the ABCL recognises that the average Australian intake of sugar from discretionary foods remains too high. As such, the non-alcoholic beverage industry recently announced its Sugar Reduction Pledge and committed to reducing sugar by 10 per cent by 2020 and 20 per cent by 2025.

[58] Levy GS Shrapnel WS. (2014). Quenching Australia's thirst: a trend analysis of water-based beverage sales from 1997 to 2011. Nutrition & Dietetics; 71(3).

Definition of the Pledge:

Australia's leading beverage companies [1] have each committed to reducing sugar by 20 per cent by 2025 [2]

The commitments in the Pledge are based on annual sales data as of 1 January 2016 and will be achieved via average reductions of total grams of sugar per 100mL across the industry [3] commensurate with FSANZ labelling requirements.

NB:
[1] Means companies party to the commitment.
[2] Goals to be achieved: 10 per cent by end of 2020, and an additional 10 per cent by end of 2025 i.e. 20 per cent by 2025.
[3] All industry products represented by the ABCL are included within this Commitment, with any reduction in sugar measured as a reduction in total sugars. Products included are all non-alcoholic carbonated soft drinks, energy drinks, sports and electrolyte drinks, frozen drinks, bottled and packaged waters, juice and fruit drinks, cordials, iced teas, ready-to-drink coffees, flavoured milk products and flavoured plant milks.

All drinks represented by the ABCL are included in the Pledge: all carbonated drinks, energy drinks, sports and electrolyte drinks, frozen drinks, bottled and packaged waters, juice and fruit drinks, cordials, iced teas, ready-to-drink coffees, flavoured milk products and flavoured plant milks.

This significant and important initiative, the first in Australian history, demonstrates the continued commitment of the non-alcoholic beverage industry to improve the diets of Australians. It will be monitored and audited by an independent assessor with public reports on its progress made available where required.

The pledge will be achieved by a range of instruments, including:

- ✓ Increasing the volume sales of low and no sugar varieties;
- ✓ Introducing additional low and no sugar varieties into the market by 2020 and 2025;
- ✓ Encouraging sales through the promotion and marketing of low or no sugar varieties;

- ✓ Introducing smaller pack sizes or reducing average container sizes;
- ✓ Investing in improved nutritional literacy;
- ✓ Promoting the consumption of bottled water by young Australians and only milk and water for the very young;
- ✓ A cap in sugar content on all existing drinks brands;
- ✓ A cap in sugar on new recipes launched in Australia;
- ✓ Reformulating existing products;
- ✓ Where practical, transition vending machines to include more, low or no sugar varieties

Of particular relevance to Option 2, Member companies party to the Pledge have agreed, in conjunction with the ABCL, to support improved nutritional literacy commensurate with the ADGs and promoting the consumption of bottled water by young Australians and only milk and water for the very young.

Should the FSRC recommend the adoption of *Option 2: Education on how to read and interpret labelling information,* the ABCL would be well placed to work collaboratively on any targeted education initiatives – for a range of consumers and in support of any trade or industry education initiative. Many of these initiatives are more cost effective than mandatory labelling changes.

The ABCL currently collaborates with a number of stakeholders cited in the consultation paper and acts as a conduit of information about the non-alcoholic beverage industry to ensure data for decision-making purposes is the most accurate and reliable.

Most recently, the ABCL worked closely with NSW Health on the State's School Canteen Policy and Healthy Food Finder.

<u>Case Study- NSW School Canteen Policy</u>

The National Healthy School Canteens (NHSC) project was funded by the Australian Government, as part of the Australian Better Health Initiative. Commencing in 2008, the project has developed national guidance and training to help canteen managers make healthier food and drink choices for school canteens.

Research indicates that:

- Children consume almost 40 per cent of their daily energy intake at school[59], and schools have been recommended as a key setting for population-based nutrition initiatives[60].
- Evidence from systematic reviews suggests that school food and beverage nutrition policies and guidelines have been effective in improving the food environment of schools and the dietary intake of students[61] [62].

The ADGs and the national labelling system that provides HSRs on the front of packaged food and drinks form the basis of the minimum food and drink criteria for the revised Healthy School Canteen Strategy. The new food and drink criteria replace the traffic light system under the previous strategy and is a key example of an important industry collaboration which has been largely successful.

The ABCL actively participated in detailed consultation with the NSW Government in relation to the Canteen Strategy, and provided feedback on water, carbonated beverages and juice. The ABCL supports the school canteen policy, including not offering SSBs in schools, and encouraging the choice of fruit juice (no added sugar, milk and water in school canteens.

Case Study – Healthy Food Finder

The NSW Healthy Food Finder is a product lookup tool developed by NSW Health and based on the following criteria found in the:

i) NSW Healthy School Canteen Strategy*, and
ii) the Healthy Food and Drink in NSW Health Facilities for Staff and Visitors Framework

[59] Bell AC Swinburn BA. (2004). What are the key food groups to target for preventing obesity and improving nutrition in schools? Eur J Clin Nutr; 58(2): 258-63.
[60] Masse LC de Niet-Fitzgerald JE Watts AW Naylor PJ Saewyc EM. 2014. Associations between the school food environment, student consumption and body mass index of Canadian adolescents. Int J Behav Nutr Phys Act.; 11(1): 29.
[61] Driessen CE Cameron AJ Thornton LE Lai SK Barnett LM. (2014). Effect of changes to the school food environment on eating behaviours and/or body weight in children: a systematic review. Obes Rev.; 15(12): 968-82.
[62] Jaime PC Lock K. (2009). Do school based food and nutrition policies improve diet and reduce obesity? Prev Med; 48(1): 45-53.

It is designed to help canteen staff make informed choices on what food and beverages should be purchased for schools and NSW Health facilities. In the context of this consultation paper, it may be considered a tool that is designed to help purchasing managers make more informed choices to ultimately provide the consumers they serve with a range of healthy food and drink options that are commensurate with the ADGs.

The key users of the NSW Healthy Food Finder are:

- NSW school canteen staff and volunteers (Government, Catholic and independent schools);
- NSW Health food and drink suppliers and retailers;
- NSW Department of Education employees;
- Association of Independent Schools of NSW employees;
- Catholic Schools of NSW employees;
- NSW Health staff and volunteers; and
- Staff of other NSW Government organisations.

The ABCL participated in consultations with the NSW Government and NSW Health to ensure industry participation assisted in shaping the strategic direction of the Healthy Food Finder.

The ABCL acted as a conduit between non-alcoholic beverages companies and the NSW Government to provide specific nutritional data for the Healthy Food Finder database. Many fields of data, across thousands of beverage SKUs, were supplied to NSW Health to ensure the database is accurate and up-to-date.

The ABCL also acts as an intermediary between the NSW Government and non-alcoholic beverages companies by collating and providing feedback on the usability of the database associated with the Healthy Food Finder. Our organisation and Members have agreed to continue to support the database by supplying the latest nutritional information about products.

The ABCL would strongly advocate for Option 2 as part of the recommendation(s) that are made as a result of this consultation process. The non-alcoholic beverage industry supports greater consumer education and understanding of labels and the ADGs in all its activities, as demonstrated in the preceding case studies.

The industry would welcome additional opportunities to holistically and collaboratively work with other stakeholders to develop and implement a nationwide education program. This program would support the correct interpretation of labelling information about all nutritional information, including sugars, detailed on foods and drinks labels.

The ABCL has worked with its Members to support a range of initiatives in the past. While the industry would welcome additional education programs on how to read and interpret labelling information, the following should be considered when measuring the impact of the implementation of Option 2:

- Collaborative, co-created initiatives between the public and private sectors;
- Detailed consumer research to be carried out across the nation in conjunction with a reputable Health Information Unit[63] or similar ahead of the development of any nationwide education program;
- National, state and local education programs to be considered and developed with regard given to:
    - Distance from metropolitan area/remoteness;
    - Socio-economic group;
    - Summary measure of disadvantage;
    - Occupation or industry of occupation;
    - Casual employees and shift or night workers;
    - Indigenous Australians (Indigenous Status);
    - Non-English speaking background (NESB);
    - Income support recipients;
    - Barriers to accessing transport, healthcare or similar services; and
    - Highest education level.
- Additional Marketing and Communications activities implemented in collaboration with the public, private and not-for-profit sectors;
- Small business exemptions, permitted in a similar manner to small business exemptions in some FDA regulations[64];

[63] Torrens University Australia. (2018). Social health atlas, accessed 23 August 2018: http://phidu.torrens.edu.au/social-health-atlases

[64] U.S. Food & Drug Administration. (1995). Guide to nutrition labelling and education act requirements FDA – guide for review of nutrition labels, accessed 23 August 2018: https://www.fda.gov/iceci/inspections/inspectionguides/ucm074948.htm#GUIDE%20FOR%20REVIEW%20OF%20NUTRITION

- Special funding grants and low or no interest loans to support peak bodies to contribute financially to any education programs designed to educate consumers on how to read and interpret labelling.

Option 3: Change to statement of ingredients

Consultation question 7: How effective would this option be in addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.

The ABCL does not support *Option 3: Change to statement of ingredients*. While the non-alcoholic beverage industry is not completely opposed to changes in labelling requirements, these should only be recommended after significant consultation and consideration of a variety of views from a broad cross-section of stakeholders and the impact of these on cost structure benchmarks in industry. Any change to the statement of ingredients should be supported by empirical evidence that corroborates the change would result in consumer making more informed choices in support of dietary guidelines. At this juncture, it is not the position of the ABCL to support a change in the statement of ingredients.

The main concern expressed by the non-alcoholic beverage industry about Option 3 is that "*adequate contextual information about sugars*" is already provided under the provisions of the HSR. Highlighting those ingredients that are considered added sugar does not help consumers determine the exact level of added sugar in the product. Option 3 does not align with the ADGs and does not provide information on how products should be consumed in the context of the whole diet.

The ABCL is obliged to acknowledge pre-existing problems with the statement of ingredients. Many time-poor consumers do not consider the ingredients lists on products and the list requires some interpretation to understand the ingredients list. Research that the ABCL commissioned found 45 per cent of consumers found ingredient lists 'very to quite difficult' to understand.[65]

There would need to be a considerable amount of education regarding how the new ingredients list may be expressed. Given the small amount of labelling available on many packages, a list with an asterisk or emboldened font could be difficult for consumers to read and interpret. Education of ingredients considered added sugars and their names could, however, be included in Option 2.

[65] Fiftyfive5. (2016). Understanding on-pack nutritional information for non-alcoholic beverage. October 2016.

The labelling changes to the statement of ingredients itself would be relatively simple, but the prohibitive cost of implementing these changes coupled with the potential for additional confusion should be noted. The ABCL recognises the high cost and potential for consumer confusion as the two greatest risks in assessing the merits of Option 3.

Case Study - Statement of Ingredients in Canada

Health Canada and the Canadian Food Inspection Agency (CFIA) oversee the regulatory process of food labelling in Canada. Health Canada is responsible for setting health and safety standards and for developing food labelling policies related to health and nutrition under the Food and Drugs Act. CFIA is responsible for administering other food labelling policies and enforcing all food labelling regulations.

Listing sugars-based ingredients in brackets is currently being introduced across foods and drinks by Health Canada:

Nutrition Facts
Per 1 Brownie (60 g)

Calories 270	% Daily Value*
Fat 15 g	20 %
Saturated 6 g + Trans 0.2 g	30 %
Carbohydrate 31 g	
Fibre 1 g	4 %
Sugars 21 g	21 %
Protein 5 g	
Cholesterol 40 mg	
Sodium 230 mg	10 %
Potassium 125 mg	3 %
Calcium 40 mg	3 %
Iron 1 mg	6 %

* 5% or less is **a little**, 15% or more is **a lot**

Ingredients: Sugars (brown sugar, sugar), Peanut butter, Wheat flour, Butter, Eggs, Baking powder, Salt.

Figure 3. Canadian sugar-based ingredients listing

Source: Canada's New Food Labelling Regulations, ESHA

Health Canada claims this change will 'help consumers identify all of the sources of sugars added to a food'[66] alongside other changes, including:

- listing food colours by their individual common names;
- making the text in black font on white or neutral background;
- creating minimum type height requirements for ingredients;
- using bullets or commas to separate ingredients;
- using both upper and lower case letters for the ingredients in the list;
    - the same format rules will apply to any 'contains' statement indicating the presence or potential presence of:
        - priority food allergens;
        - gluten sources;
        - added sulphites[67];

Ingredients designated as sugars include:

- white sugar, beet sugar, raw sugar or brown sugar;
- agave syrup, honey, maple syrup, barley malt extract or fancy molasses;
- fructose, glucose, glucose-fructose (also known as high fructose corn syrup), maltose, sucrose or dextrose; and
- fruit juice concentrates and purée concentrates that are added to replace sugars in foods[68].

There is scant research available at this early juncture to measure the effectiveness of sugars-based ingredients (in brackets) in Canada. These new requirements are unlikely to be on products in the market before 2020 as the front of pack sugar, saturated fat, sodium labelling proposal by Health Canada is expected to be finalised by the end of 2018. The Food Labelling Modernisation process by the Canadian Food Inpsection Agency which will affect other aspects of the label should be finalised in 2019.

[66] Government of Canada. (2017). Food labelling changes, accessed 23 August 2018: https://www.canada.ca/en/health-canada/services/food-labelling-changes.html
[67] Government of Canada. (2017). Food labelling changes, accessed 23 August 2018: https://www.canada.ca/en/health-canada/services/food-labelling-changes.html
[68] ESHA. (2017). Canada's new food labelling regulations, accessed 23 August 2018: https://www.esha.com/wp-content/uploads/2017/02/ebook-health-canada-new-food-labelling-regulations.pdf

In the United States, asterisks have been permissible in the 'per cent Daily Value' column in Nutrition Facts in previous years,[69] and added sugars are being incorporated into Nutrition Facts, and this will be completed by 2020, excluding small manufacturers.

Challenges

Members of the ABCL have expressed reservations about Option 3, particularly the:

1. Unique challenges to implement such changes for SMEs that depend on certainty and regularity in purchasing bottles commensurate with existing labelling requirements to benefit from significant economies of scale;
2. Number of complex labelling changes (of comparable or greater complexity to Option 3) in recent years and the burden these have placed on operators of all sizes;
3. Potential for confusion among consumers, particularly in the absence of an education program, such as Option 2;
4. Absence of specific information, such as Option 4, that informs consumers of the specific amount of added sugars in the product, as per the desired outcome of the consultation, could result in little change in consumer understanding of sugars in products.

Consultation question 8: How would this option impact you? Please provide impacts and cost relevant to you.

The ABCL does not support Option 3 as it is burdensome to food manufacturers from a financial (there have been several recent label changes) and technical (calculation and supporting documentation) perspective without any substantial evidence to show that consumers will use the information provided or that the additional information, if used, will encourage consumption of healthier foods.

[69] FDA. (1994). Code of Federal Regulations, Foods and Drugs, Office of the Federal Register, National Archives and Records Service, General Services Administration, 1996 Parts 100 to 169, April 1 1994, page 96.

Consultation question 9: Referring to Table 1 in Section 3.1, which implementation mechanism would be most appropriate for this policy option? Please provide the pros and cons of your selected implementation mechanism.

In Canada, the equivalent of Option 3 has been introduced by regulation in B.01.008.3 (1) of the Food and Drug Regulations (C.R.C., c. 870)[70].

As the ABCL does not support this option, it would be premature to propose an implementation mechanism.

Option 4: Added sugars quantified in the NIP

Consultation question 10: How effective would this option be in addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.

The ABCL supports *Option 4: Added sugars quantified in the NIP* if used on conjunction with *Option 2: Education on how to read and interpret labelling information about sugars*. The ABCL's Members **do not** support the use of HIGH/MEDIUM/LOW detailed in this Option in any way.

The ABCL believes that Option 4 is the only Option that would support the ADGs and provide "*adequate contextual information about sugars"* to help consumers reduce the intake of added sugar, if deemed necessary beyond adopting Option 2 as a standalone recommendation.

Consumers are familiar with the display of this type of information in the NIP, as total fat and saturated fat are currently displayed in this way.

Research commissioned by the ABCL found that non-alcohlic beverage consumers top three nutrients they are interested in are total sugar (59 per cent), added sugar (48 per cent) and energy (36 per cent). This highlights the acceptance of added sugar in the NIP by consumers[71].

[70] Government of Canada. (2018a). Food and Drug Regulations (C.R.C., c. 870) Part B Division 1 B.01.008.3., accessed 23 August 2018: http://laws.justice.gc.ca/eng/regulations/c.r.c.,_c._870/page-6.html

[71] Fiftyfive5. (2016). Understanding on-pack nutritional information for non-alcoholic beverage. October 2016.

In relation to the two possible approaches proposed, additional contextual information is required to address the problem stated in the consultation paper. As such, the ABCL support providing a per cent DI labelling for added sugar as the most appropriate supporting information to accompany added sugars in the NIP. The absence of a current DI reference value for added sugars, however, would need to be overcome.

The ABCL **does not** support providing HIGH/MEDIUM/LOW in the NIP. It is likely these values would be arbitrarily created to account for three permissible thresholds for added sugar. Identifying added sugar in the NIP in this manner and not focussing on fat or sodium, for example, would disproportionally emphasise added sugar over other nutrients which consumers should also consider when making their food choices.
This is inconsistent with the ADGs which state that intakes of saturated fat, added salt, added sugars and alcohol should be limited, but places equal emphasis on the importance of monitoring consumption of each of these nutrients.

Providing HIGH/MEDIUM/LOW in the NIP could contradict other elements present on the label and compete with existing labelling, such as the HSR. This has the potential to confuse consumers and, ultimately, exacerbate misinformation, poor or partial understanding of the ADGs, and contribute to further increases in overweight, obesity and chronic disease through poor diet.

It is unclear from the consultation paper how the levels will be displayed. The ABCL wishes to highlight that if colour was decided as a demarcation of added sugar thresholds, that colour would add to the cost of the label change.

Research has demonstrated a coloured approach to added sugars has not been effective and has not lead to an increase in encouraging consumers to choose healthier products when coloured demarcation was provided to a Guideline Daily Amount[72].

The ABCL would also like to raise the challenge of colour blindness. Colour blindness (colour vision deficiency, or CVD) affects approximately 1 in 12 men (8 per cent) and 1 in 200 women in the world[73]. Additional consideration of those with colour blindness or other impairments should be considered as part of assessing the HIGH/MEDIUM/LOW demarcation included in Option 4.

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[72] Borgmeier I Westenhoefer J. (2009). Impact of different food label formats on healthiness evaluation and food choice of consumers: a randomised-controlled study. BMC Public Health; 9:184.

[73] Colour Blindness Awareness. (2018). Colour blindness, accessed 23 August 2018: http://www.colourblindawareness.org/colour-blindness/

As detailed in earlier parts of this submission, the ABCL fully supports the use of the HSR, and the integrated approach for non-alcoholic/non-dairy beverages. By providing added sugars in the NIP, accompanied by a per cent DI value, consumers can easily compare products and the information does not contradict the HSR. This version of Option 4 would provide additional information that may further help consumers determine the nutritional value of products.

As stated, this Option should be considered in conjunction with Option 2. Option 2 would support the required additional education on the ADGs and identifying Core and Discretionary foods. Introducing Option 2 alongside Option 4 would present the opportunity to carry out further work on bolstering consumer understanding of the entire NIP and not exclusively the added sugars element required by this change.

Consultation question 11: How would this option impact you? Please provide impacts and cost relevant to you.

The ABCL supports this Option, if a recommendation beyond Option 2 is required, as the ABCL believes it is the most appropriate of the remaining Options in addressing the issue of providing more contextual information in support of dietary guidelines.

The ABCL understands, however, that this Option presents a significant number of challenges for ABCL Members, including:

1) A significant impact on manufacturers to determine the amount of added sugar in products, which rely heavily on what the definition of added sugars is;
2) Liaison with suppliers to obtain accurate information related to added sugars content;
3) Onerous administration on manufacturers to provide sufficient documentation to prove the level of added sugars; and
4) Additional guidance from Government and Regulators will be required together with additional training requirements for manufacturers to become accustomed to these.

The ABCL notes that Option 4 is commensurate with requirements of the FDA in the United States (see reference for new FDA-approved label)[74]. Consequently, by adopting Option 4, global manufacturers would be able to take advantage of reduced administration and technical requirements, as many of these activities would be similar or the same, as those that have been carried out for changes in the American market.

Taking advantage of global manufacturing cost savings as a result of the similarity between current US FDA regulations and Option 4 would only be available to those Members with operations in both the United States and Australia. It is important to highlight, however, that SMEs would be significantly disadvantaged from the global cost savings detailed above.

Providing SMEs with enough support in order to implement Option 4 is paramount to its success, and it may be necessary to consider how SMEs may be assisted financially, through grants or no-interest loans, and through additional time, to ensure an orderly transition to any new labelling requirements. The ABCL encourages the FRSC and the Forum to look at case studies from other jurisdictions, particularly the United States, to assess the impact and correct strategy for implementation in this jurisdiction.

As previously stated in this submission, defining added sugar will be vitally important to the successful implementation of Option 4. It is the view of the ABCL that the definition previously considered by FSANZ in Clause 1 of Standard 1.1.2 of the FSC be retained:

a. *hexose monosaccharides and disaccharides, including dextrose, fructose, sucrose and lactose; or*
b. *starch hydrolysate; or*
c. *glucose syrups, maltodextrin and similar products; or*
d. *products derived at a sugar refinery, including brown sugar and molasses; or*
e. *icing sugar; or*
f. *invert sugar; or*
g. *fruit sugar syrup; derived from any source,*
   but does not include –
h. *malt or malt extracts; or*
i. *sorbitol, mannitol, glycerol, xylitol, polydextrose, isomalt, maltitol, maltitol syrup or lactitol.*

[74] U.S. Food & Drug Administration. (2016). Changes to the nutrition facts label, accessed 23 August 2018: https://www.fda.gov/Food/GuidanceRegulation/GuidanceDocumentsRegulatoryInformation/LabelingNutrition/ucm385663.htm

This is discussed in detail in the introduction of this submission.

The ABCL supports the expansion of the NIP to include added sugar with a per centage daily reference value provided. The ABCL notes that this would require food manufacturers to update their labels and due consideration to the financial impact should be considered in full.

An appropriate transition period should be considered for a range of companies to accommodate their financial and resource capacity for a label change of this nature. Appropriate transition periods should be considered to distribute the number of label changes over time, and take into account the substantial number of label changes in recent years. The ABCL requests that the FRSC and the Forum give consideration to other label changes that have been considered or about to be considered, and time these to coincide with any that may arise out of this consultation procedure.

Consultation question 12: How would the proposed option impact existing elements of a food label (both mandatory and voluntary)? Would adopting this option require another element of a food label to be removed from the package? If so, which labelling elements would be removed?

The ABCL supports the addition of added sugars under total sugars in the NIP with a per cent DI and following an agreed definition of added sugar. This change would require an additional line be added to the NIP, which would look similar to how saturated fat sits under total fat.

As the NIP is outlined in the Standard 1.2.8 of the FSC this would require a change to the FSC. The ABCL believes that it would be most appropriate for added sugars with a per cent DI to have voluntary implementation in a similar way to the percentage daily intake information which is currently set out in the Standard.

It would also be similar to the new FDA regulations in the United States in relation to added sugar in Nutrition Facts[75]:

Figure 4. Comparison of original and new US Nutrition Facts label

This would not require a significant amount of additional space and would complement the HSR, by providing additional information. Based on our interpretation of the effects of implementing Option 4 and consultation with Members, this Option is not expected to impact other elements on the food label or compete with other label features.

Consultation question 13: Referring to Table 1 in Section 3.1, which implementation mechanism would be most appropriate for this policy option? Please provide the pros and cons of your selected implementation mechanism.

The ABCL is supportive of a combination of Options 2 and 4, and these options are, therefore, discussed collectively in response to Question 31.

[75] U.S. Food & Drug Administration. (2016). Changes to the nutrition facts label, accessed 23 August 2018: https://www.fda.gov/Food/GuidanceRegulation/GuidanceDocumentsRegulatoryInformation/LabelingNutrition/ucm385663.htm

Option 5: Advisory labels for foods high in added sugars

Consultation question 14: How effective would this option be in addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.

The ABCL does not support *Option 5: Advisory labels for foods high in added sugars*.

One of the major concerns shared by the ABCL's Members in relation to Option 5 is its focus on added sugar which is "*is inconsistent with the dietary guidelines*". By focussing disproportionately on added sugars, rather than incorporating them alongside other measurements of nutrients and/or total sugar such as in the NIP or as part of the HSR, implies added sugars are more harmful than saturated fat and sodium. This has the very real potential for consumers to interpret added sugars as more harmful than saturated fat or sodium, and this could result in less care being given to monitoring the consumption of those nutrients. Therefore, Option 5 is not only inadequate, but its introduction has the potential for making the perceived probably markedly worse:

"Information about sugar provided on food labels in Australia and New Zealand does not provide adequate contextual information to enable consumers to make informed choices in support of dietary guidelines."

The ABCL fully supports the HSR system and has been actively involved in its creation, implementation, performance and review since inception. The HSR considers a variety of nutrients in the calculation of a total nutritional profile of each product and supports dietary guidelines.

This is the most appropriate FoPL system in Australia and New Zealand to help consumers make better choices, and it has been recognised as being the preferred FoPL system in research:

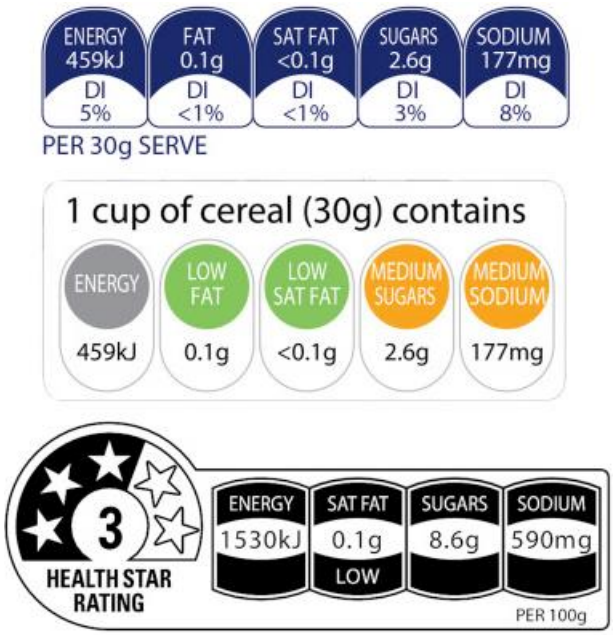


Figure 5. FoPL options

In a study, participants were asked to indicate their preferred FoPL option. The HSR was the preferred FoPL, with 44 per cent of respondents nominating it as their favourite. This was followed by the MTL at 29 per cent and the DIG at 20 per cent. A small proportion of respondents (8 per cent) did not have a preferred label. This difference was significant according to a 4 × 1 chi square test ($\chi 2(3, N = 2058) = 558.4, p < 0.001$)[76].

The ABCL does not support setting a potential high, medium or low level of added sugars. A move towards the demarcation of added sugars in this manner is unlikely to assist consumers to make informed choices about the totality of their diet, but instead, such a move would encourage them to restrict their diet. This could also encourage consumer to favour foods that are high in other nutrients, such as sodium and saturated fat, and not allow them to take a more considered approach.

[76] Pettigrew S Talati Z Miller C Dixon H Kelly B Ball K. (2017). The types and aspects of front-of-pack food labelling schemes preferred by adults and children, Appetite; 109: 115-123.

The ABCL believes it is important to provide education to consumers regarding the totality of their diet and the HSR is the best FoPL tool to achieve this. Introducing an advisory or warning label is wholly inappropriate as it overemphasises the potential for harm caused by products on which these labels would appear.

Case Study – San Francisco's warning mandate

The US Court of Appeals in California found in favour of the American Beverage Association and ruled that San Francisco's ordinance that would require warnings about the health effects of certain sugar sweetened beverages on specific types of fixed advertising within San Franciso, violated the US constitutional right to free speech. The Court held that:

> *"[b]y focusing on a single product, the warning conveys the message that sugar-sweetened beverages are less healthy than other sources of added sugars and calories and are more likely to contribute to obesity, diabetes, and tooth decay than other foods. This message is deceptive in light of the current state of research on this issue."*[77]

As the HSR is currently a voluntary system, if food manufacturers were required to provide advisory labels this would take up valuable label space and, therefore, may require the removal of the HSR System. The ABCL supports the HSR and would favour this over another representation that does not look at the totality of the food.

The ABCL and its Members have reinforced the importance of consumers exercising portion control and considering portion size when purchasing food and drink. It is important that consumers understand that discretionary foods are suitable to be consumed in moderation and on occasion, and the size of the portion is integral to supporting consumers in the management of their energy intake.

In recent years, the ABCL has encouraged Members to reformulate their products alongside a concerted effort by Members to reduce their pack sizes. To encourage consumers to choose appropriate portion sizes, a variety of smaller pack sizes have been created since the standard 600mL bottle was introduced.

[77] United States Court of Appeals. (2017). Ninth Circuit. No. 16-16072. D.C.No 3:15-cv-03415-EMC.

The ABCL does not support restrictions being placed on portion sizes or food labels. Instead, the ABCL encourages the education of consumers so that they can make informed choices in support of the ADGs, particularly in distinguishing Core foods from Discretionary items, and reinforcing understanding of portion sizes. As Option 5 is currently presented, it does not consider or allow for portion size.

Option 5 omits another important consideration – the frequency of consumption. In supporting the ADGs and in recognition of the perceived statement of the problem, frequency of consumption should be considered.

Consultation question 15: How would this option impact you? Please provide impacts and cost relevant to you.

The ABCL believes there is still considerable ambiguity regarding Option 5. The consultation paper discusses potential approaches of symbols and text, however the location and size have not been stated. The level or demarcation of "*high added sugars*" has not been discussed nor has a definition of "*added sugars*" been provided. This makes it challenging to fully comment on this Option. If this Option is to be recommended as a result of this consultation, significant stakeholder engagement would be required.

As with other Options proposed, food manufacturers, including those that are not required to label their products as high in added sugars and those in international jurisdictions, would need to keep records to provide accurate added sugar levels in their products or ingredients. This would be considerably burdensome for SMEs and companies whose supply chain relies on a number of international partners. The Government would need to provide guidance to manufacturers in order to help them provide any necessary documentation to ensure compliance with any new regulation arising out of the adoption of Option 5. Special consideration as to further directives on the requirements for products from other jurisdictions, including how cross-border products would be approved and added sugars content enforced, would need to be drafted.

The adoption of Option 5 would require a change to existing labelling and, given the number of recent changes to labelling, this would place a further significant financial burden on manufacturers. It should also be noted that many labels on non-alcoholic beverages have limited space to accommodate additional measures such as Option 5.

Consultation question 16: How would the proposed option impact existing elements of a food label (both mandatory and voluntary)? Would adopting this option require another element of a food label to be removed from the package? If so, which labelling elements would be removed?

The ABCL does not believe there is sufficient information provided in the consultation paper regarding the type, size and location of the advisory statement to deliver a comprehensive response. Further consultation would be required to ensure the most equitable outcome for consumers and manufacturers is reached.

As discussed in the introduction of this submission, it would be challenging to add elements to many non-alcoholic beverage labels as they currently appear given their limited size. The ABCL notes that our Members have supported the HSR system, with over 70 per cent of products currently displaying the HSR. As the HSR is a voluntary scheme, if Option 5 became part of a regulatory requirement, it would most likely compete with existing labelling schemes and there is the potential for it to discourage manufacturers from including all voluntary information, including the HSR.

Consultation question 17: Referring to Table 1 in Section 3.1, which implementation mechanism would be most appropriate for this policy option? Please provide the pros and cons of your selected implementation mechanism.

As the ABCL does not support this option, it would be premature to discuss the implementation of this mechanism.

Option 6: Pictorial approaches to convey the amount or types of sugars in a serving of food

Consultation question 18: How effective would this option be addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.

The ABCL does not support *Option 6: Pictorial approaches to convey the amount or types of sugars in a serving of food*.

As stated in the consultation paper, the major issue which this Option must be measured on is that it is "*inconsistent with the dietary guidelines*" as it focusses solely on added sugars and does not consider the totality of the diet. Based on this, it is inconsistent with the ADGs and it is unlikely to achieve the desire outcome: "*to enable consumers to make informed choices in support of the dietary guidelines.*"

The consultation paper discusses several examples of pictorial approaches conveying the amount of sugars. Displaying the number of teaspoons of sugar in the product has been raised on a number of occasions. The ABCL will discuss this particular pictorial approach.

The use of teaspoon labelling does not provide meaningful contextual data or help consumers understand how this information relates to sugar intake throughout the day and in relation to energy requirements. As the consultation paper states, this is currently not possible as a daily recommendation for added sugars has not been determined. As the ABCL has discussed in Option 4, however, the ABCL believes a per cent DI is required in order to provide valuable contextual information to consumers.

It is important to note that the relationship between teaspoons and portion size has not been discussed or explored in this consultation paper. This is an area of concern, particularly for larger beverage products that have one or more portion sizes per pack. The ABCL believes it is important to educate consumers on portion sizes as an effective way to reduce added sugar in the diet.

A further area of concern is how teaspoons or another pictorial approach would be presented in a legible form, particularly for time-poor consumers who would need to benefit from this information at a glance. The FRSC should give due consideration to those who are visually impaired as part of this Option. The ABCL notes that a significant amount of discussion has stated that consumer should be able to make a decision based on what is presented to them on the shelf in a clear, simple to use label that can be viewed at a glance, such as the HSR:

> *The findings suggest that a simple to use, interpretive, star-based food label represents a population-based nutrition promotion strategy that is considered helpful by a broad range of consumers[78].*

A pictorial representation of teaspoons has the potential to compete with existing labelling, such as the HSR, and is unrealistic given the size of the labels.

As stated, most beverage labels have minimal real estate it is unlikely that two elements on the packaging will fit on the label. As the HSR is voluntary, there is the very real likelihood that manufacturers would remove the HSR to allow for other pictorial information to be accommodated. The ABCL supports the HSR because it considers the complete nutritional profile of food commensurate with the dietary guidelines.

If the product displayed both the HSR and pictorial information, it could be confusing for consumers, especially if the product had a high HSR, but also displayed a number of teaspoons. Consumers may interpret this as 'unhealthy' when the more accurate guidance should be that it is to be consumed in moderation or on occasion. Research has shown that almost two thirds of consumers feel having a variety of different labelling schemes as those seen in the EU was confusing[79].

[78] Pettigrew S Talati Z Miller C Dixon H Kelly B Ball K. (2017). The types and aspects of front-of-pack food labelling schemes preferred by adults and children, Appetite; 109: 115-123.
[79] Lobstein T Davies S. (2007). Defining and labelling 'healthy' and 'unhealthy' food. Public Health Nutrition; 12(3): 331-40.

Case Study – Flavoured Milk

The ADGs state that most people should have at least two to three serves of milk, yoghurt, cheese and/or alternatives[80] and flavoured milk is captured in this category. The HSR recognises this and many flavoured milks score 3.5 stars, which is considered to be reasonably healthy according to the NSW Healthy School Canteen Strategy[81]. As these products have added sugar in addition to intrinsic sugar, both of which are captured and calculated as part of the whole nutritional profile in the HSR, they would be required to include pictorial teaspoons, to represent sugar. Some consumers may interpret this as conflicting the HSR and overlook the other nutritional benefits of flavoured milk, which is not consistent with the dietary guidelines.

The ABCL also requests the FRSC and Forum consider the impact this Option would have on the cost of labels. Option 6 would require considerable movement of information on the label to make space for the proposed addition of the pictorial approach. Among other considerations, Option 6 could require a substantial redesign of the label and how the information is displayed. Design and colour considerations may also add to the cost of the label.

One method of reduction in energy intake is decreasing the portion size. The ABCL notes that the non-alcoholic beverage industry in Australia has provided consumers with a wider variety of choices in portion sizes and engaged with Members to promote smaller pack sizes in recent years. This option could hinder current products on the market and restrict further innovation in smaller sizes, unless exemptions were permitted under any new directive.

The ABCL notes the consultation paper cited labelling of teaspoons of sugar or sugar cubes was identified as the preferred option in the United Kingdom, under the Private Members' Bill *Sugar in Food and Drinks (Targets, Labelling and Advertising) Bill 2016-17*. The Bill proposed:

> *Sugar content labelling on food products*
> *(1)10 Section 16 of the Food Safety Act 1990 is amended as follows.*
> *(2) After subsection 1(e) there is inserted—*
> *"(ea)in addition to any regulatory requirements under paragraph*

[80] Department of Health. (2015). Recommended number of serves for adults, accessed 23 August 2018: https://www.eatforhealth.gov.au/food-essentials/how-much-do-we-need-each-day/recommended-number-serves-adults
[81] NSW Ministry of Health. (2017). The NSW healthy school canteen strategy food and drink benchmark. North Sydney.

(e), provision for imposing an additional food labelling requirement to represent the added sugar content in food in teaspoon units, where one teaspoon equals 4 grams of sugar, and".[82]

"*The Bill was removed and no further action was taken*" as a result of the 2017 General Election[82]. Therefore, in the absence of real-world examples of the successful implementation of teaspoonfuls of sugar labelling, it is challenging to assess the benefits of recommended such a strategy. As a consequence of the United Kingdom not adopting this pictorial approach, there is a lack of real world evidence that this type of labelling leads to changes in behaviour.

As the ABCL has noted in the introduction to this submission, there are significant issues with compliance and enforcement of added sugar labelling. The ABCL does not believe that looking at added sugar and not total sugar is based on scientific evidence or commensurate with the ADGs. The ABCL would encourage the FRSC and Forum to look at this issue more holistically. A more holistic approach to added sugar as part of the complete picture of the diet has generated successful schemes, such as the HSR.

Consultation question 19: How would this option impact you? Please provide impacts and cost relevant to you.

The ABCL has not been provided with sufficient information in the consultation paper and there is inadequate evidence from other jurisdictions to fairly and completely assess the impact of Option 6. There are several proposed pictorial designs stated. The absence of real-world examples makes it challenging to determine the impact of introducing Option 6 food manufacturers. If this Option is recommended, the ABCL requests significant further stakeholder consultation be undertaken.

Depending on the type of sugar that is being proposed it would be technically difficult to calculate and enforce. This has been discussed in the introduction.

[82] UK Parliament. (2016). Sugar in food and drinks (targets, labelling and advertising) bill 2016-17, accessed 23 August 2018: https://services.parliament.uk/bills/2016-17/sugarinfoodanddrinkstargetslabellingandadvertising.html

Requiring a pictorial design would most likely occupy significant label area which would preclude additional inclusions. This may result in competing labels and could lead to some manufacturers removing non-essential elements, such as the HSR, to accommodate the picture or diagram. This would be concurrent with the formal five-year review into the HSR which will look at penetration of the HSR and methods to increase use of the HSR across the industry, among many other elements. In other instances, there may not be sufficient labelling space at all to accommodate a pictorial approach to convey the amount of sugar in a serving of food, especially in those products which have been intentionally altered for portion control purposes.

Option 6 would demand a substantial label change. Any changes as a result of Option 6 would be significant and, depending on the colours, any text and design required, may take substantially longer to institute when compared to other label changes and demand more investment. The ABCL would encourage a significant transition period for this option as manufacturers have responded to several label changes recently. The ABCL asks the FRSC and the Forum to consider consolidating any other label changes with any arising out of this consultation procedure.

Consultation question 20: How would the proposed option impact existing elements of a food label (both mandatory and voluntary)? Would adopting this option require another element of a food label to be removed from the package? If so, which labelling elements would be removed?

The ABCL does not support this option and does not believe sufficient information is available or has been provided regarding of the particulars of the pictorial approach would be, making it difficult to fully consider. The ABCL notes that the United Kingdom has not reintroduced a Parliamentary Bill on pictorial approaches to sugars labelling since *Sugar in Food and Drinks (Targets, Labelling and Advertising) Bill 2016-17* fell and no further action was taken.

The ABCL believes that this Option would have significant negative impacts on the existing elements of a food label and could compete with voluntary schemes, such as the HSR. In regard to small labels, it is impractical to adopt a pictorial approach due to the limited label space available. This is discussed in more detail in the introduction of our submission.

Many non-alcoholic beverage labels would only be able to display regulatory requirements if Option 6 was adopted. This would mean that voluntary elements such as the HSR would need to be removed. The ABCL supports the HSR and believes it is a more appropriate measure of the complete nutritional profile of products and does not isolate one nutrient.

The ABCL requests that, should Option 6 be seriously considered, significant further consultation with industry stakeholders be part of the consultation process.

Consultation question 21: Referring to Table 1 in Section 3.1, which implementation mechanism would be most appropriate for this policy option? Please provide the pros and cons of your selected implementation mechanism.

As the ABCL does not support this Option, it is premature to propose an implementation mechanism.

Option 7: Digital linking to off label web-based information about added sugars content

Consultation question 22: How effective would this option be in addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.

The ABCL would like to demonstrate some conditional support for *Option 7: Digital linking to off label web-based information about added sugars content*. Although this would not achieve the desired outcome, which specifically refers to food labels providing adequate contextual information. Option 7 could still provide contextual information that would "*enable consumers to make informed choices in support of the dietary guidelines.*"

Many Members of the ABCL already provide additional product information on their websites. Digital assets are a valuable method to communicate further with the consumer and due consideration should be given to ingenious ways to leverage digital trends, near ubiquitous technology and existing infrastructure.

Option 7 could be considered along with the education of consumers (Option 2). The ABCL would encourage the FRSC and the Forum to consider expanding Option 7 to include a range of nutrients and potentially HSR information as an opportunity to further align with the dietary guidelines.

The ABCL notes that the HSR is already encouraging manufacturers to use its QR code to link to the HSR website:

The Health Star Rating Style Guide indicates that where an information panel providing detail on the HSR system is displayed on a product, companies are encouraged to display a Health Star Rating QR Code that directs consumers to the Health Star Rating website when scanned.

The QR Code below is provided for companies to use for this purpose:

Figure 6. HSR QR Code

Source: healthstarrating.gov.au

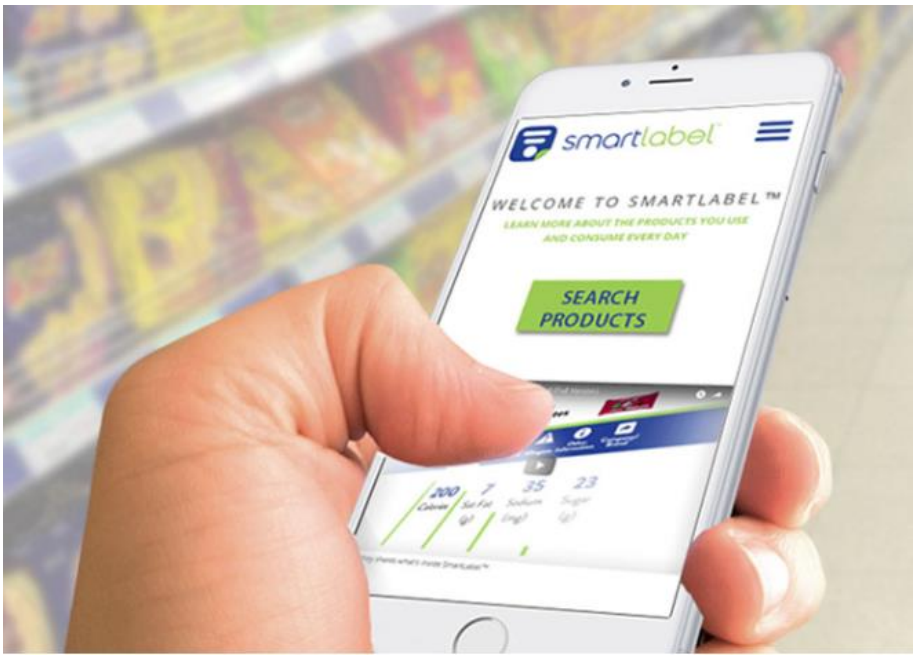
The ABCL also notes that products carrying the HSR are included in the online Food Switch app. This provides a more holistic approach and also suggestions for healthier products.

The ABCL notes that some customers struggle to read small print currently used n many products with small labels and due consideration should be given to those who are visually impaired as part of this Option.

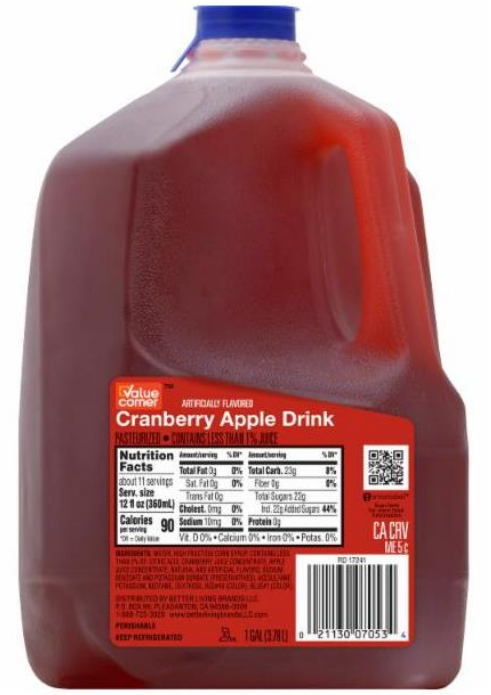
Option 7 could provide those consumers with an alternative source of information which would allow them to increase the size of the information on smartphone or tablet screens. As the ABCL discussed in the introduction to this submission that there is a shortage of label space and Option 7 could be a convenient method, if implemented correctly, in addressing concerns related to restricted available labelling space.

Case Study – SmartLabel

SmartLabel was introduced in the US and Canada in December 2015. It provides consumers with information on not only food and beverages, but also other household products including supplements, household, pet care, personal care and over-the-counter products. Consumers can scan the QR code, digital code or similar for a product using the site. More than 40,000 products are reported as using SmartLabel.



Example of Albertson’s private label product using the SmartLabel in the United States:



Value Corner

Cranberry Apple Drink

1 GAL (3.78 L)

021130070534

Nutrition | Ingredients | Allergens | Other Information | Company/ Brand

90	0	10	22
Calories	Sat Fat (g)	Sodium (mg)	Total Sugars (g)

Nutrition Facts

about 11 servings per container

Serving Size 12 fl oz (360mL)

Amount Per Serving

Calories 90

		% Daily Value*
Total Fat	0g	0%
Saturated Fat	0g	0%
Trans Fat	0g	
Cholesterol	0mg	0%
Sodium	10mg	0%
Total Carbohydrate	23g	8%
Dietary Fiber	0g	0%
Total Sugars	22g	
Includes 22g Added Sugars		44%
Protein	0g	
Vitamin D		0%
Calcium		0%
Iron		0%
Potassium		0%

The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 Calories a day is used for general nutrition advice.

Figure 7. US SmartLabel - Albertston's private label product.

Source: SmartLabel.org

An online survey found 56 per cent of shoppers would use the SmartLabel app to learn more about the ingredients in the food they were buying[83].

There are, however, limitations to off-label schemes, including:

- Some categories have high levels of representation while others have little or scant representation;
- Consumer use of QR codes varies widely by demographic;
- Consumers read and interpret existing on pack labelling to varying degrees and adding a further step may discourage use;
- Consumers preference is for nutrition information to not be online[84];
- Smartphone ownership varies by demographic and socio-economic group;
- Time poor consumers may not use QR codes;
- QR codes are often found on the back of packs;
- Some security concerns over the use of QR codes[85];
- Many stores lack Wi-Fi or suitable reception for QR codes to be used while purchasing[86];
- Consumers may not know what the purpose of QR codes ;
- Consumers may not know which app to use to scan the QR code;
- Some consumers may think the QR code is for marketing and not information purposes;
- Some consumers may believe manufacturers are deliberately hiding elements of the product from them, such as Genetic Modification[87].

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[83] Gelski J. (2018). Campaign to show smart label transparency benefits. Food Business News, accessed 23 August 2018: https://www.foodbusinessnews.net/articles/11974-campaign-to-show-smartlabel-transparency-benefits

[84] Fiftyfive5. (2016). Understanding on-pack nutritional information for non-alcoholic beverage. October 2016.

[85] Geer D. (2013). The dangers of QR codes for security. CSO, accessed 23 August 2018: https://www.csoonline.com/article/2133890/mobile-security/the-dangers-of-qr-codes-for-security.html

[86] Keating K. (2017). Why consumers do not use QR codes. PKG, accessed 23 August 2018: http://www.pkgbranding.com/blog/why-consumers-do-not-use-qr-codes

[87] Trotter G. (2018). Will consumers scan QR codes? The Chicago Tribune, accessed 23 August 2018: http://digitaledition.chicagotribune.com/tribune/article_popover.aspx?guid=658b4309-2d38-423a-8154-02359a15b82f

Consultation question 23: How would this option impact you? Please provide impacts and cost relevant to you.

It is difficult for the ABCL to determine how Option 7 would impact the non-alcoholic beverage industry. It is likely that the information presented online or via an app would require significant amounts of human resources to maintain the most accurate information.

It is unclear in the consultation paper how the information would be presented, but the ABCL supports smart labelling on the complete nutritional profile of products in a similar way to, or in conjunction with, the HSR. It also remains unclear whether the website and associated app would be maintained by the Department of Health, as is the case with the Healthy Food Partnership, or whether this would be managed by individual companies. If Option 7 is recommended, the ABCL favours a multi-stakeholder approach with a Government-run website.

Further consultation with a range of stakeholders and digital experts would be required before Members of the ABCL could fully support this Option. As part of further consultation, the ABCL would recommend liaison with the Grocery Manufacturers Association [GMA] and potentially a one-day workshop with a representative of the GMA which has been most closely associated with the development and implementation of SmartLabel in the United States.

Consultation question 24: How would the proposed option impact existing elements of a food label (both mandatory and voluntary)? Would adopting this option require another element of a food label to be removed from the package? If so, which labelling elements would be removed?

The ABCL believes off-label resources have the potential to replace existing mandatory and voluntary labelling in the future.

Source: The Chicago Tribune

It is challenging to fully assess how the information would be presented and further consultation would be required.

It is the position of the ABCL that further exploration of ways to harness existing and new technology to better inform consumers should always be considered, and it is with this intent that support is given for further exploration to occur.

Consultation question 25: Referring to Table 1 in Section 3.1, which implementation mechanism would be most appropriate for this policy option? Please provide the pros and cons of your selected implementation mechanism.

Option 7 would need to be explored in greater detail in order to fairly recommend a mechanism for implementation. In the United States, SmartLabel has been introduced voluntarily by the GMA, manufacturers and retailers on a voluntary basis. It is likely that Option 7, if recommended, should be adopted voluntarily by industry in conjunction with other stakeholders, in a similar manner to the HSR.

Questions about all proposed options

Consultation question 26: Are there additional options that should be considered to address the policy issue and achieve the desired outcome? If so, please describe your suggested option and how it addresses the policy issue and would achieve the desired outcome? Please also describe the cost of implementing your proposed option.

The ABCL strongly supports a combined option consisting of Option 2 and Option 4 (added sugars only and not HIGH/MEDIUM/LOW demarcation) with conditional support for Option 7. The ABCL rejects and **does not** support Options 1, 3, 5 and 6.

Any recommendation made by the FRSC must firstly include greater investment by the Australian and New Zealand governments on education and awareness of the relevant jurisdiction's Dietary Guidelines. Greater investment as an antecedent to a broader education program will support additional education efforts and offer the best opportunity for consumers to embrace a more detailed education program or programs on how to read and interpret labels in a variety of contexts. Any investment in awareness of Dietary Guidelines should not come at the expense of education and awareness programs on the HSR.

As with all initiatives recommended by the ABCL and its Members, education and improved understanding of product labelling and nutrition, commensurate with the ADGs, are an integral part of a broader Communications and consumer insights structure. As such, it is wholly appropriate to recognise the important role of educating consumers as part of any recommendation proposed by the FSRC as a result of the important work in this consultation.

As part of a combined recommendation consisting of Options 2 and 4 (added sugars only), the ABCL regards the following as important to the successful implementation of the combined option:

- Collaborative, co-funded initiatives between the public and private sectors;
- Detailed consumer research to be carried out across the nation overlaid with research and data from a reputable Health Information Unit[88] or similar ahead of the development of any nationwide education program;

[88] Torrens University Australia. (2018). Social health atlas, accessed 23 August 2018: http://phidu.torrens.edu.au/social-health-atlases

- National, state and local education programs to be considered and developed with regard given to:

    - Distance from metropolitan area/remoteness;
    - Socio-economics;
    - Summary measure of disadvantage;
    - Occupation or industry of occupation;
    - Casual employees and shift or night workers;
    - Indigenous Australians (Indigenous Status);
    - Non-English speaking background (NESB);
    - Income support recipients;
    - Barriers to accessing transport, healthcare or similar services; and
    - Highest education level.

- Carefully designed childhood education programs created in conjunction with leading paediatricians, including:

    - Educating children on core and discretionary foods, encouraging a varied and balanced diet;
    - Encouraging children to be active and educating them on food and drinks associated with sport and recreation, including sugar-sweetened drinks as part of a varied diet;
    - Educating children that excess consumption of fat, salt and sugar, and too little exercise will result in an imbalanced diet, but that in moderation, these can be consumed as part of a varied and healthy diet;
    - Working with education departments to encourage water and milk as the drink of choice for the very young and water, milk and juice (no added sugar) for older children.
    - Juice (no added sugar) as part of a varied diet and in addition to other fruit and vegetables, reinforcing the place of 125mL glass as an occasional alternative to one serving of fruit.

- Additional Marketing and Communications activities implemented in collaboration between the public, private and not-for-profit sectors, including, for example:

    - Stakeholder consultations and education workshops;
    - Regular newsletters detailing key deadlines;
    - A dedicated website;
    - Regular stakeholder Electronic Direct Mail (EDMs);
    - Advertising in national and metropolitan newspapers and magazines;
    - Selected outdoor advertising; and
    - Digital advertising targeting core demographics.

- Small business exemptions in a similar vein to small business exemptions in some FDA regulations[89];
- Special funding grants, and low or no interest loans to support peak bodies and Members companies to contribute financially to any nutritional education programs;
- Staged introduction of any new labelling requirements over three years for all Members and up to four years for small companies;
- Special funding grants and low or no interest loans to support manufacturing Members to transition labelling under any new requirements.

As stated in the introduction of this submission, the ABCL highlighted the Amsterdam Healthy Weight Programme[90] in which a long-term approach was taken to look at influencing every aspects of a child's life. It was reported in 2017 that childhood overweight and obesity has decreased by 12 per cent. This included families of low or very low socio-economic status. This is a pertinent example of how an holistic approach can have a significant impact on overweight and obesity.

<u>Cost of combined option (consisting of options 2 and 4)</u>

While the cost of implementing education programs is relatively low, any changes to labelling impose very high costs on manufacturers. These can be somewhat mitigated by a staged or delayed introduction of new regulation, as has been the case with various Container Deposit Schemes in recent years.

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[89] U.S. Food & Drug Administration. (1995). Guide to nutrition labelling and education act requirements FDA – guide for review of nutrition labels, accessed 23 August 2018: https://www.fda.gov/iceci/inspections/inspectionguides/ucm074948.htm#GUIDE%20FOR%20REVIEW%20OF%20NUTRITION

[90] Council and Health Department of Amsterdam. (2018). Amsterdam healthy the weight programme, accessed 23 August 2018: https://www.amsterdam.nl/bestuur-organisatie/organisatie/sociaal/onderwijs-jeugd-zorg/zo-blijven-wij/amsterdam-healthy/

In Appendix 3, the ABCL has estimated current costs for label changes based on credible 2008 calendar year data commissioned by FSANZ in conjunction with PwC, adjusted for inflation over nine years at an average annual inflation rate of 2.2 per cent. The total change over the period 2008 to 2017 is 21.2 per cent.

NB: the estimates provided below are intended as a guide and actual costs may be higher depending on the individual organisation's scale of operations and other cost structure benchmarks.

Consultation question 27: Is the description of the strengths and weaknesses of the proposed options (compared to the status quo) accurate? Please justify your response with evidence.

The accuracy of the strengths and weaknesses of the proposed options has been detailed in earlier responses.

Consultation question 28: Are there additional strengths and weaknesses associated with the proposed options (compared to the status quo)? Please describe what these are?

The ABCL has provided additional strengths and weaknesses in its responses to earlier questions, where relevant.

Consultation question 29: If you proposed a different option at question 26, please detail the strengths and weaknesses of you proposed option, compared to the status quo.

In response to question 26, the ABCL indicated its preference for a combined option consisting of Options 2 and 4 (added sugars only with a per cent DI field) with conditional support for Option 7.

The strengths and weaknesses of a combined option are detailed here:

Strengths:

1) Consumers have an existing understanding of the NIP and most use it or have used it in the past, making it a familiar and suitable platform to build awareness and understanding;
2) Added sugar on the NIP with per cent DI provides contextual information to consumers regarding the amount of added sugars contain in relation to the totality of their diet;
3) The inclusion of added sugar on the NIP would be one of the most cost-effective changes in the consultation paper, although its cost should be considered;
4) Education is a core part of understanding the ADGs and an important part of the curriculum in schools. As such, it is an established vehicle and principle of positive social change;
5) Existing space for additional labelling schemes or initiatives, either on the front or back of the pack, is extremely limited. As such, it is most appropriate to improve the existing labelling framework rather than adding new labelling schemes;
6) Confusion among consumers about the current framework needs to be addressed.

Weaknesses:

1) Financially prohibitive to change labels, particularly as there have been other required changes in recent years (Country of Origin Labelling and Container Deposit Scheme, for example);
2) Education programs are often costly, and it can take many months or years to yield appreciable and measurable results;
3) There isn't a current agreed upon definition of added sugars and this would need to be clarified;

4) There are many hard-to-reach groups identified in the suggested considerations that would need to be considered for targeted education programs;
5) Education policy is handled by various states and territories, and it is often challenging to develop a coherent national framework;
6) Compliance issues caused by inability to test for added sugar and the complexity of determining this value.

The ABCL also wishes to highlight the complexity regarding obesity and note that labelling of sugars and education alone are unlikely to solve obesity and chronic disease in Australia.

Consultation question 30: Should the proposed options apply to all packaged foods in the Australian and New Zealand food supply, or only particular foods or food categories? If so, which option(s) should apply to particular foods or food categories and what would these foods or food categories be?

The ABCL supports recommendations that meet the intended outcome of the consultation, particularly to provide greater insight and understanding of the ADGs and the complete nutritional profile of foods. As such, only products with added sugars should be considered for the recommendation proposed and supported by the ABCL: a combination of Options 2 and 4 (added sugars in the NIP with per cent DI only). For those products that do not contain added sugars, the ABCL supports the voluntary adoption of added sugars in the NIP.

The ABCL supports greater understanding on how to read and interpret labelling, particularly the HSR and NIP. It is appropriate, however, that the recommendation or recommendations made by the FRSC as a result of this important consultation relate to products specifically with added sugars.

On behalf of the non-alcoholic beverage industry, which includes fruit and vegetables juices and purees, flavoured milk and flavoured plant milks, it is recommended that the following beverages are not included in the scope of any recommendation on added sugars in the NIP:

1) Fruit juice (no added sugar) and purees, vegetable juices and purees, and fruit and vegetable juice and puree blends with no added sugar;
2) Flavoured milk products with no added sugar;
3) Flavoured plant milk with no added suga;
4) At least 75 per cent mammalian milk;

5) An alcohol replacement, such as de-alcoholised beer or wine;
6) Liquid drink flavouring, typically added to food or drinks like coffee or cocktails;
7) Sold as a powder to be prepared;
8) Food for special medical purposes.

For other foods and drinks with added sugars, the recommendation on added sugars in the NIP should apply to all products.

Consultation question 31: Is the description of the pros and cons of the different implementation mechanisms in Table 1 accurate? Please justify your response with evidence.

The ABCL supports the full exploration of implementation mechanisms. Members of the ABCL have provided feedback on the mechanisms in relation to each of the options detailed in the consultation paper and the preferred mechanism of implementation. In some instances, it may be preferable to use a combination of mechanisms to effectively implement the recommendation(s) and achieve the desired outcome of the process.

- Voluntary Implementation

The ABCL supports the opportunity to voluntarily implement important changes as one of the most effective ways to ensure consumers are more informed about healthy food and drink options.

The HSR is one of the most successful examples of voluntary implementation and appears on more than 70 per cent of non-alcoholic beverages (integrated approach). It is, therefore, inaccurate to indicate that voluntary schemes achieve 'lower…consistency'. High coverage levels evidenced in the HSR demonstrate that coverage and consistency are not valid concerns to schemes that have been voluntarily implemented.

The integrated approach for the HSR, comprising the energy shield from the full HSR graphic, demonstrates that voluntarily implemented programs can result in consistency and clearly show the consistent energy content of products. It is, therefore, inaccurate to indicate voluntary initiatives inherently experience inconsistency.

Given the common operators in both Australia and New Zealand, a joint approach in voluntary implementation mechanisms is the most common and logical method of implementing change. To reduce the financial burden of variation in labelling across the two countries and to avoid variation in products sold in the same country, Members of the ABCL support consistent implementation protocols in both Australia and New Zealand, as seen with the introduction of, and ongoing support for, the HSR.

It is appropriate that the private sector does not bear a disproportionate financial burden for the implementation of the recommendation or recommendations arising out of this consultation process. The ABCL is particularly aware of the ability of its Members of all sizes to fund changes to labelling in addition to the implementation of the HSR and Country of Origin Labelling of recent years.

- Code of Practice: Industry Driven

While the ABCL supports voluntary and industry-led initiatives as the preferred mechanisms of implementation, it is appropriate that the private sector does not bear a disproportionate financial burden for the implementation of any recommendation arising out of this consultation process. The ABCL is aware of the financial challenges placed on its Members through a number of labelling changes in recent years.

It is most appropriate that any recommendation or recommendations arising out of this consultation be considered and implemented, if necessary, in a spirit of collaboration between governments, NGOs, the entire food and beverage industry, and public health professionals.

As detailed above, it is inaccurate to identify coverage in industry-driven or voluntary implementation as a problem, particularly as voluntary schemes have yielded significant coverage levels. It is also inaccurate to raise variation between jurisdictions as an area of concern. It is most often more cost effective to implement the same framework in Australia and New Zealand, and Member companies have expressed a strong desire for uniformity across the two jurisdictions.

The ABCL supports many other codes of practice that have been developed and implemented by the industry, including: responsible marketing codes, commitments by energy drink manufacturers in the manner products are marketed and sold, dental guidelines, vending machine guidelines, and school canteen guidelines, among others.

In 2010, the OECD's Committee on Consumer Policy published a *Consumer Policy Toolkit* which noted that industry self-regulation can play an important role in addressing consumer issues, particularly when business codes of conduct and standards are involved[91]. It is in this light that self-regulation should not be seen as a lesser alternative to other implementation mechanisms, as corroborated by a Deloitte Access Economics report on self-regulation of Australia's advertising industry:

> *Industries self-regulate for a number of reasons; such as, to improve an industry's image, promote consumer confidence, or to avoid direct regulation from the government[92].*

According to an OECD report from March 2015[93], some of the core advantages of industry self-regulation include:

1) Consumers can potentially benefit from:

- Improved information. Advertising codes can reduce the risk that consumers encounter misleading and fraudulent advertisements. Trustmarks can help consumers identify products that meet certain standards, or companies that have subscribed to important commercial principles. Rating schemes can help consumers identify products that meet desired criteria.

- More effective dispute resolution. Industry self-regulation (ISR) that provides specialised, independent, low-cost dispute resolution mechanisms can facilitate problem-solving and increase consumer confidence.

- Combatting unfair or abusive practices. ISR can provide mechanisms through which businesses can tackle specific problems. This was done successfully in the case of spam. As ISR dealing with telemarketing and charges telecommunications indicates, its effectiveness depends on subscription by a sufficient number of firms, and their commitment to the prescribed actions.

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[91] Organisation for Economic Co-operation and Development (OECD). (2015). Industry self-regulation: role and use in supporting consumer interest, accessed 23 August 2018: http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DSTI/CP(2014)4/FINAL&docLanguage=En

[92] Deloitte. (2017). Assessing the benefits of a self-regulatory advertising complaints handling system. August 2017. Sydney.

[93] Organisation for Economic Co-operation and Development (OECD). (2015). Industry self-regulation: role and use in supporting consumer interest, accessed 23 August 2018: http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DSTI/CP(2014)4/FINAL&docLanguage=En

- Enhanced consumer rights. Some ISR agreements contain provisions which provide consumers with stronger protection and rights. In addition to improved dispute handling (described above), this could include additional product guarantees and more favourable return policies.

2) Potential benefits of ISR to industry include:

- Enhancing consumer confidence/improving the image of businesses. Most of the ISR agreements reviewed indicate the value that the instruments have played in building consumer confidence by helping to ensure product quality and good commercial practices. The value of trustmarks in improving the image of ISR members was noted in this regard.

- Disciplining businesses that fail to meet commitments. Many of the ISR agreements mention the importance of the instruments in helping to maintain a level playing field. Provisions that impose a cost on those businesses that do not adhere to the ISR can play an important role in discouraging violations.

- Improving complaint handling. Participants in ISR agreements have noted the efficiency and effectiveness of external dispute resolution mechanisms in addressing complaints, and the positive responses from consumers using low-cost, independent authorities for addressing issues.

- Pre-empting formal government regulation. In a number of instances, ISR agreements were developed with a view toward avoiding more direct intervention by government. The ISR was viewed as a more flexible instrument that could be adapted more easily to deal with changing conditions.

- Providing instructional resources. Well established ISR agreements can provide centralised services for members, providing, for example, opportunities for training and information sharing.

Case Study - Children's Food and Beverage Advertising Initiative in the United States

The Children's Food and Beverage Advertising Initiative [CFBAI] is a voluntary self-regulationprogram that involves 18 of the United States largest food and beverage companies (as of September 2013), covering approximately 80% of the child-directed food advertising market. The CFBAI is designed to influence the advertising of foods targeting children under 12, to encourage healthier dietary choices and healthy lifestyles.

The CFBAI provides for company-specific nutrition standards governing what foods participants advertise to children. On 31 December 2013, new CFBAI-developed uniform nutrition criteria the went into effect and became the new foundation for child-directed food advertising.

The CFBAI is entirely funded by participants and overseen by the Better Business Bureau [BBB], which is a non-profit organisation supported by business to foster honest and responsive relationships between businesses and consumers.

Case study - Consumer Codes Approval Scheme in the United Kingdom

The Consumer Codes Approval Scheme [CCAS] was originally launched in 2001, by the Office of Fair Trading [OFT]. OFT had for many years been charged with encouraging trade and professional associations to prepare and disseminate codes of practice for guidance in safeguarding and promoting the interests of consumers. Over time it became apparent that the codes of practice supported by the OFT were not delivering the benefits envisaged. It needed a scheme where only strong codes that gave real benefits to consumers were given OFT approval; this led to the launch of CCAS. From April 2013, the management of CCAS transferred to a new Consumer Codes Approval Board operated by the Trading Standards Institute [TSI]. The CCAS aims to promote consumer interests by setting out the principles of effective customer service and protection.

Case study – Advertising Self-regulation in Australia

In Australia, advertising is regulated by industry through a self-regulatory scheme. The AANA, together with the Advertising Standards Bureau [ASB], are the two halves of Australia's self-regulation scheme. In 2018, the Australian Association of National Advertisers (AANA) and the Advertising Standards Bureau [ASB] announced plans to amalgamate after an examination of structural options to achieve better governance oversight.

The following details the benefits of self-regulation in the advertising industry versus direct government regulation.

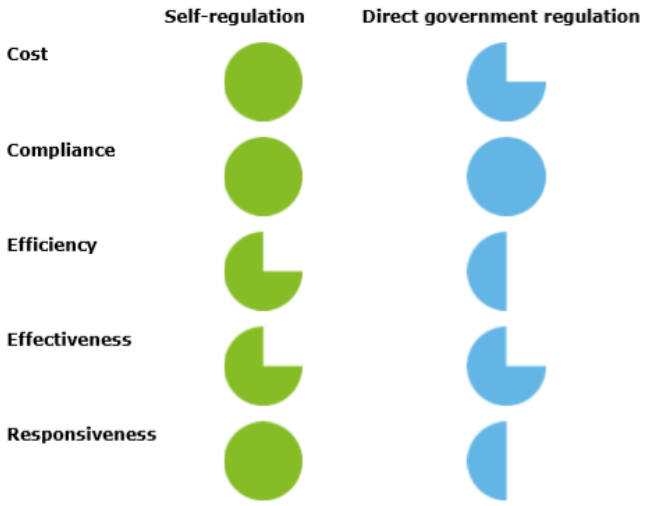

Figure 8. Regulation scorecard for the advertising industry

Source: Assessing the benefits of a self-regulatory advertising complaints handling system, Deloitte

The structure of advertising self-regulation is detailed in the below chart and is provided an example of suitable industry regulation working in conjunction with government regulation – a framework which is supported by the ABCL.

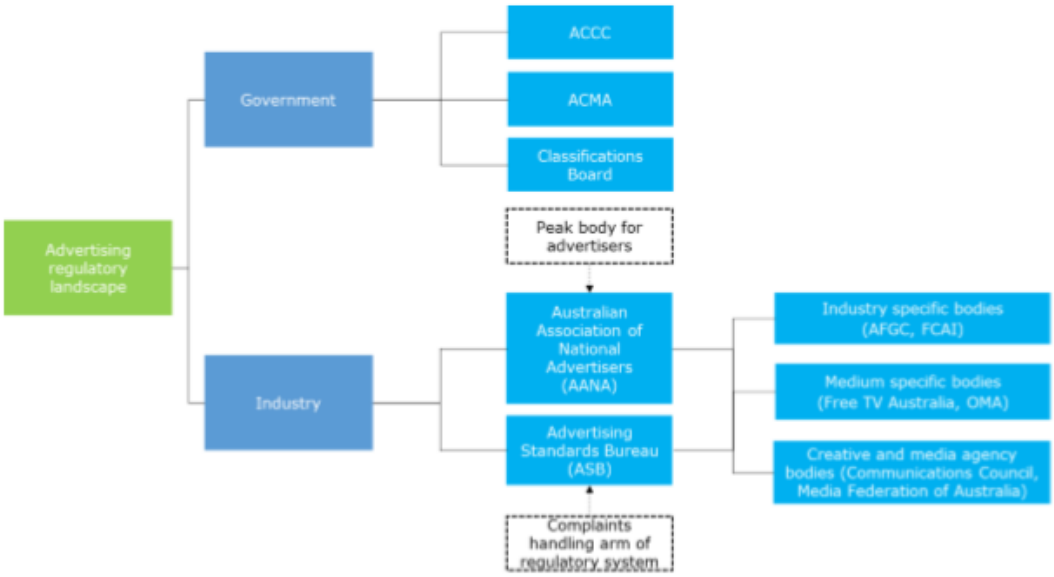

Figure 9. Some regulators of advertising

Source: Assessing the benefits of a self-regulatory advertising complaints handling system, Deloitte

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- Code of Practice – Government Driven

The ABCL supports codes of practice developed in a spirit of collaboration. These codes of practice should be designed and implemented by collaborative discussion and consultation involving a range of stakeholders from governments, NGOs, the food and drink industry and public health.

The ABCL is supportive of the introduction of new and necessary codes of practice, but these should be developed and implemented after careful consideration of the requirements for new codes of practice.

- Regulatory

National legal frameworks through regulation form an important part of food control. Food law regulates food production, trade, handling and retail, and consequently is integral to food control, quality and safety. It is the view of the ABCL that appropriate consideration should be given to harmonising legal frameworks with WTO requirements and basing them on Codex standards, guidelines and related documents to ensure regulation adhered to benchmarks set at the international level.

Using regulatory mechanisms to implement change is required for some options, such as changes to the NIP, as per Option 4 (added sugars only). As such, the ABCL would support a regulatory approach to the implementation of Option 4, supported by Option 2, for the following reasons:

- Mandated consistency across the food and drink industry;
- Compliance by all sectors;
- Support within the regulatory framework demonstrating collaboration between governments and private sector;
- Commensurate with WTO and Codex standards.

Consultation question 32: Are there other pros and cons associated with the different implementation mechanisms? Please describe what these are.

Responses associated with different implementation mechanisms have been covered in question 31.

Consultation question 33: Are there any other benefits or costs associated with the proposed labelling options which have not been identified above?

The cost of labelling changes is high for industry to implement and higher costs are generated if a number of labelling changes occur over a short period of time. This is largely because of required inputs from multiple areas of each company, including: artwork/graphic design, operational elements, legal counsel and regulatory reviews.

Many Members of the ABCL have also expressed concern over the regularity of label changes in recent years which has reduced their ability to make use of economies of scale by purchasing bulk labels in advance and stockpiling these for use.

A summary of direct costs associated with labelling changes follow for consideration[94]:

a) Label design: the cost of engaging designers to make changes to or redesign a label (or package for direct print labels);
b) Label production: the costs associated with the production of labels beyond printing, such as new printing plates;
c) Proofing: the cost of viewing incorporated text, colour and/or graphics changes to the label, to ensure that the label is how it should be before printing. This may also include testing and new plates;
d) Package redesign: the costs associated with changing the shape or size of packaging or the material used in the manufacturing;
e) Labour: the labour inputs involved in responding to regulatory changes, including marketing, advertising, management, administration, technical, legal and regulatory counsel and expertise.

It should also be noted that the scale and scope of labelling changes and the time required to introduce these changes vary significantly.

The ABCL and its Members agree with previously identified generic scenarios for the scale of labelling changes, as follows[94]:

- Minor: changes to text and one printing plate only;
- Medium: changes to text and/or label layout, changes to three print plates and proofing required; and
- Major: changes to text and/or label layout, changes to six printing plates, proofing required and changes to packaging shape, size, design and/or material.

Members of the ABCL have indicated the substantial cost per SKU even for minor changes.

The ABCL has estimated current costs for label changes based on credible 2008 calendar year data commissioned by FSANZ in conjunction with PwC, adjusted for inflation over nine years at an average annual inflation rate of 2.2 per cent. The total change over the period 2008 to 2017 is 21.2 per cent – see Appendix 3.

[94] Pricewaterhouse Coopers. (2008). Cost schedule for food labelling changes, accessed 23 August 2018: http://www.foodstandards.gov.au/publications/documents/Final%20report-%20FSANZ%20-%207%20March%202008%20(2).pdf

NB: the estimates provided are intended as a guide and actual costs may be higher depending on the individual organisation's scale of operations and other cost structure benchmarks.

Consultation question 34: Should there be exemptions or other accommodations (such as longer transition periods) made for small businesses, to minimise the regulatory burden? If so, what exemptions or other accommodations do you suggest?

Accommodation should be considered for SMEs that may lack the technical, legal and operational breadth to implement label changes at short notice.

Grants and low or no interest loans should be considered for a range of company sizes, particularly small businesses, which often find it challenging to respond to regulatory changes as quickly as their larger counterparts. The ABCL requests preferential funding options be considered for companies that lack capital streams to implement such changes.

Consultation question 35: What would be the cost per year for the industry to self-regulate (e.g. voluntary code of practice- industry driven)? Please justify your response with hours of time, and number of staff required. Please specify which country (Australia or New Zealand) your evidence is based on.

Self-regulation varies significantly from initiative to initiative, depending on the scale, length of time and complexity of measurement.

The ABCL has implemented a range of self-regulation in recent years, including its Sugar Reduction Pledge in June 2018. Other examples include the industry's energy drinks commitments which were recently revamped on May 2018 (Appendix 4) and Responsible Marketing agreements[95].

[95] Australian Beverages Council. (2018a). Marketing to Children, accessed 23 August 2018: http://www.australianbeverages.org/for-consumers/marketing-to-children/

Consultation question 36: Would industry pass any of the costs associated with implementing the proposed options on to consumers? What is the basis for your view?

The non-alcoholic beverage industry is an extremely competitive, high volume and low margin industry. Evidence to support this can be found in Soft Drink Manufacturing in Australia, IBISWorld industry report, May 2018: '*An increasingly high level of competition characterises the Soft Drink Manufacturing industry*.'[96]

The industry faces substantial internal and external competition, and some sources of external competition include competition from other categories. Internal competition within the industry comes from brand names, flavour and price point.

Additional competitive pressures from private labels have added competitive pressures to the industry[96]. It is against this backdrop that the Soft Drink Manufacturing industry in Australia will continue to grow, by number of enterprises, from 271 in 2008-09 to 325 in 2022-23, resulting in increasing competition while not increasing total employment numbers in the industry. Employment in Soft Drink Manufacturing is steadily declining from 5,846 in 2008-09 to an estimated 5,152 in 2022-23[96]. The ABCL, therefore, asks for due consideration to be given to additional cost pressures being placed on an industry that is already incredibly lean.

<u>Case study – NSW Container Deposit Scheme</u>

The following is an excerpt from the ABCL's submission to the NSW Independent and Pricing Regulatory Tribunal (IPART) on the NSW Container Deposit Scheme (CDS) – *Monitoring the impacts on container beverage prices and competition*. The case study is included in this submission to demonstrate how the non-alcoholic beverage industry passes costs to consumers. It is likely that any additional costs placed on businesses will be passed to consumers.

Non-alcoholic beverage suppliers have limited ability to set retail prices for beverages. Between the manufacturing facility and the retail outlet, a beverage product is impacted by at least one, and on some occasions two, commercial entities.

[96] IBISWorld. (2018). Soft drink manufacturing in Australia industry report, accessed 23 August 2018: https://www.ibisworld.com.au/industry-trends/market-research-reports/manufacturing/beverage-tobacco-product/soft-drink-manufacturing.html

A beverage manufacturer will invariably either sell its product to a wholesale distributor or a retailer. When sold to a wholesale distributor, the beverage product will then be on-sold to a retailer.

In both of these cases, the ultimate retail price is set by a commercial entity or entities, other than the manufacturer, the organisation which bears the cost that was imposed upon it in the first instance.

Consequently, any analysis of retail beverage pricing, using indicators such as CPI, must have regard for which organisation or entity is actually setting or influencing pricing decisions.

To this point, some early price modelling, which was undertaken by the ABCL, involved a pricing analysis for a two-litre bottle of Carbonated Soft Drink, retailing pre-CDS for $2.00, and a 30 Pack of 375ml cans of Carbonated Soft Drink, retailing pre-CDS for $19.99.

As a part of this analysis, it was assumed a CDS deposit of 10 cents per container and a handling fee of eight cents per container.

In this example, the container deposit and handling fee are effectively treated by the beverage manufacturer as an additional part of ‘cost of goods sold’ or as a normal production cost. Here the CDS levies are passed on by the manufacturer ‘at cost’, that is, 18 cents, in the following example.

From that point, it depends upon the price modelling of the retailer (and/or wholesaler) whether they impose:

(1) gross margin on top of the CDS levies; and
(2) the GST upon this figure.

See the table below for a detailed example of the cost of how the CDS in NSW has been passed to consumers:

Table 5. Example of the cost of CDS in NSW

	Carbonated Soft Drink				
	2 Litre Bottle			30 Pack 375ml Cans	
	Today	Under CDS		Today	Under CDS
Shelf Price inc GST	$2.00	$2.35	Shelf Price (30 Pack) inc GST	$19.00	$29.80
GST	$0.18	$0.21	GST	$1.73	$2.71
Shelf Price ex GST	$1.82	$2.14	Shelf Price ex GST	$17.27	$27.09
Retailer Gross Margin (45%)	$0.82	$0.96	Retailer Gross Margin (45%)	$7.77	$12.19
Unit Cost	$1.00	$1.18	Unit Cost (per can)	$0.32	$0.50
CDS Handling Fee/Levy	$0.00	$0.08	CDS Handling Fee/Levy	$0.00	$0.08
CDS Container Refund	$0.00	$0.10	CDS Container Refund	$0.00	$0.10
Cost price	$1.00	$1.00	Cost price	$0.32	$0.32
Unit Cost	$1.00	$1.18	Unit Cost	$0.32	$0.50

Conclusion

The ABCL would like to thank the FRSC for the opportunity to provide a detailed submission as part of this consultation.

Providing consumers with sufficient information to enable them to make informed choices about food is a central tenet of this consultation alongside the public health objectives of promoting healthy food choices. It is the position of the ABCL that ongoing and long-term education for consumers on making more informed choices and in support of both the dietary guidelines and the HSR is essential in helping to meeting the second and third objectives under the *Overarching Strategic Statement for the Food Regulatory System.*

Given the resources invested by multiple stakeholders in the HSR in recent years and the ongoing commitment to the formal review of the initiative, it is not the view of the ABCL that "*information about sugars on food labels…is currently limited*." In the context of the holistic nature of the HSR and voluntary initiatives announced by industry, it is also not the view of the ABCL that "*information about sugar provided on food labels in Australia and New Zealand does not provide adequate contextual information to enable consumers to make informed choices in support of the dietary guidelines*."

It is the position of the ABCL that Option 2 should always be considered worthwhile either in isolation or as part of a broader recommendation by the Forum. Option 4 has some merit, if a recommendation beyond Option 2 is being considered and Option 7 requires additional exploration and consideration, as detailed in earlier sections of this submission.

Overweight, obesity and related chronic diseases are highly complex and multifactorial, and on behalf of the entire non-alcoholic beverages industry, the ABCL recognises the role the sector should play in being part of the solution to these problems.

The non-alcoholic beverage industry has undertaken a range of voluntary initiatives, such as improved consumers information about the nutritional content of products, innovating to ensure a wide range of low and no kilojoule and/or sugar beverage options, and introducing smaller portion sizes in the food supply. These initiatives have helped to deliver a substantial decline in SSB consumption and the total free sugars intake in the Australian diet, where the largest reductions have been in children.

Despite these declines, the intake of discretionary foods and beverages is still too high, and more work needs to be done to reduce the energy intake from this group of foods. In response to this, the non-alcoholic beverage industry has also committed to the first industry sugar reduction pledge of its kind in Australia. The pledge will see a reduction in sugar across the industry by 10 per cent on average by 2020, with a further commitment to reduce sugar by a total of 20 per cent on average over the full period of the pledge by 2025. The ABCL welcomes collaboration with multiple stakeholders including government, health organisations and food industry to help address obesity and encourage a healthier Australia.

For further information:

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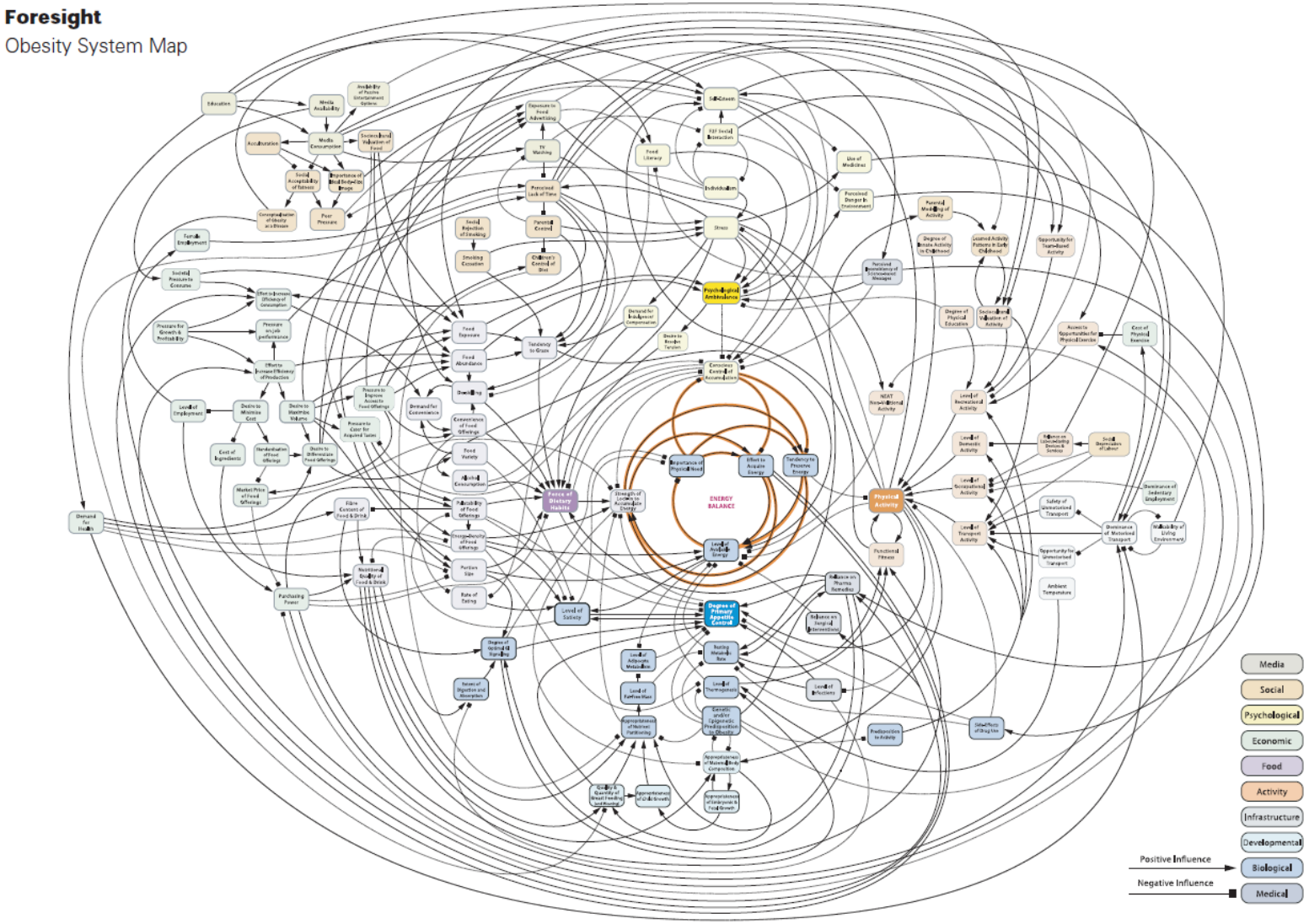
Appendix 1: Obesity Systems Map



Appendix 2: Australian Beverages Council Pledge – Fact Sheet

Australian Beverages Council Pledge

FACT SHEET

20% by 2025

The Australian Beverages Council Limited (ABCL) has announced a pledge that will see the non-alcoholic beverage industry commit to a 20 per cent reduction in sugar across the industry's portfolio by 2025.

industry 1st

The ABCL pledge to reduce total sugar across the sector is the first such instance in Australia where an industry has self-regulated on sugar reduction in this way.

Australia's leading beverage companies including Coca-Cola South Pacific, Coca-Cola Amatil, PepsiCo, Asahi Beverages and Frucor Suntory have committed to the pledge with more Members of the ABCL expected to join in the coming months.

The pledge will see a reduction in sugar across the industry by 10 per cent on average by 2020, with a further commitment to reduce sugar by a total of 20 per cent on average over the full period of the pledge by 2025, and will be achieved by average reductions in total grams of sugar per 100mL.

The pledge will be independently appraised with the appointment of an auditor made in the coming months.

All products represented by the ABCL Members who sign the pledge are included in the commitment with the reduction in total sugar measured across all Members party to the pledge.

The commitment applies to all categories of non-alcoholic drinks represented by Members of the Australian Beverages Council who have signed the pledge, including: carbonated soft drinks, energy drinks, sports and electrolyte drinks, frozen drinks, bottled and packaged waters, juice and fruit drinks, cordials, iced teas, ready-to-drink coffees, flavoured milk products and flavoured plant milks.

Total sugar is quantified by aggregated sales weighted volume data across all ABCL Members who sign the pledge and will be assessed from 1 January 2016.

How the pledge commitment will be achieved

Some of the measures ABCL Members may use to contribute to the industry's pledge include:

- Increasing volume sales of low and no sugar varieties
- Introducing additional low and no sugar varieties onto the market by 2020 or 2025
- Introducing smaller pack sizes or reducing average container sizes
- Investing in improved nutritional literacy
- Promoting the consumption of bottled water by young Australians and only milk and water for the very young
- Where practical, transition vending machines to include additional low/no sugar varieties
- Existing category and product reformulation
- Implementing a cap in sugar content on all existing drinks brands
- Implementing a cap in sugar on new recipes and new products launched in Australia.

Some signatories will use a variety of measures to reduce sugar consumption while others may use one or two of the measures.

Australian Beverages

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Audit process

- An independent auditor will evaluate the success of the commitment and individual Members' progress. The ABCL will appoint an independent auditor following a rigorous selection and appraisal process which will evaluate success of the commitment and report aggregated results.
- The auditing will be carried out in two key stages: ongoing evaluation of progress towards the 10 per cent reduction in 2020, and a subsequent evaluation in the years to 2025 to provide a report on the 20 per cent reduction goal. The base year for the evaluation is 2016, [based on sales data as of 1 January 2016] when the reporting framework was established.
- Individual company contributions to the targets will be monitored by the auditor and reported by ABCL by the end of 2020 and the end of 2025. .

Rationale and consultation process

- The beverage industry acknowledges community concern around sugar and the role it can play in helping to tackle obesity levels in Australia.
- The ABCL has listened to consumers, consulted across the health sector and beverage industry and responded by formulating this pledge commitment to further reduce the amount of sugar individuals consume from non-alcoholic beverages.
- The ABCL has consulted with health bodies, NGOs and Government departments over the last two years to reach this position. The targets set are a reflection of the various consultations the ABCL has had with those key stakeholders.
- The pledge represents part of an ongoing commitment by the non-alcoholic beverage industry to encourage more Australians to make healthier choices. Whilst this commitment has been made, the industry will continue to provide consumers with a choice of beverage options.

- As the industry's peak body, the ABCL and its members will continue to advocate for consumer choice. It will also continue to work with various key health stakeholders to participate in a constructive way to help improve the health of all Australians by reducing their sugar intake.

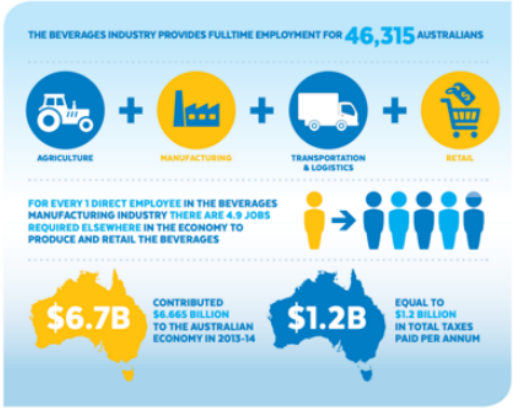
Supporting Government health policy initiatives

This ABCL's sugar reduction pledge complements a number of the Federal Government's existing health programs, including:

- The **Health Star Rating system** which helps consumers make healthier choices through easy-to-read front-of-pack labelling while encouraging reformulation of products by ABCL members
- The **Healthy Food Partnership** to increase consumer knowledge in conjunction with public health advocates and industry
- The **Healthy Weight Guide website** which provides plans to facilitate health goals and particularly, to maintain a healthy weight.

Overview of the non-alcoholic beverage industry in Australia

Right across the country, the Australian non-alcoholic beverages industry is a key contributor to local, state and national economies. It is a significant employer of Australians and each year the industry supports direct employment of more than 46,000 people. It also contributes almost $7 billion to the national economy and collectively pays more than $1.2 billion in taxes per annum along it's supply chain. For more information on the impact of the non-alcoholic beverage industry on the Australian economy, download the report *Refreshing our economy – the economic contribution of the Australian Beverages Industry.*



IBISWorld report - Soft Drink Manufacturing in Australia, May 2018

[From IBISWorld summaries - IBISWorld Industry Report C1211a]

According to IBISWorld, the Soft Drink Manufacturing industry generated its revenue in 2017-18 across more than 300 businesses. Compound annual growth in the years 2012-13 to 2017-18 was 1.8 per cent with annual growth in the years 2017-18 to 2022-23 anticipated to reach 1.3 per cent.

New South Wales has the greatest share of manufacturing sites at 36.4 per cent, followed by Victoria at 22.2 per cent and Queensland at 20.7 per cent. Western Australia has 9.4 per cent and South Australia has 7.9 per cent share of soft drink manufacturing sites, according to IBISWorld.

Further information about the pledge can be found on the Australian Beverages Council website.

Australian Beverages

Appendix 3: Cost of Label Changes per SKU

Minor change:

	Packaging sub-category	Non-labour costs (AU$)	Labour costs (AU$)	Total estimated cost (AU$)
Glass	Bottle	1290.48	3516.4	4806.88
	Jar	2242.89	2374.96	4617.85
Metal	Aluminium can	1309.87	4486.99	5796.86
	Steel can	1703.67	2536.12	4239.79
Plastic	Tub	2410.1	1153.55	3563.65
	Bottle	1753.35	3924.75	5678.1
	Jar	1393.47	4362.18	5755.65
Fibre	Folding carton	1698.83	1796.98	3495.81
	Corrugated carton	3135.92	557.39	3693.31
	Liquid paperboard	2348.31	1938.75	4287.06
Flexible	Pouch/bag	1822.42	2050.22	3872.64

Medium change:

	Packaging sub-category	Non-labour costs (AU$)	Labour costs (AU$)	Total estimated cost (AU$)
Glass	Bottle	5548.45	6161.58	11710.03
	Jar	5777.46	4301.59	10079.05
Metal	Aluminium can	3146.86	7809.51	10956.37
	Steel can	7333.31	4408.23	11741.54
Plastic	Tub	7178.21	3614.55	10792.76
	Bottle	6170.06	8214.23	14384.29
	Jar	4241.01	7997.33	12238.34
Fibre	Folding carton	5111.02	3158.95	8269.97
	Corrugated carton	6983.12	803.37	7786.49
	Liquid paperboard	10076.64	4625.12	14701.76
Flexible	Pouch/bag	5865.92	3590.32	9456.24

Major change:

	Packaging sub-category	Non-labour costs (AU$)	Labour costs (AU$)	Total estimated cost (AU$)
Glass	Bottle	8925.5	6567.5	15493
	Jar	10687.34	12844.2	23531.54
Metal	Aluminium can	5761.71	5078.3	10840.01
	Steel can	18839.77	9653.75	28493.52
Plastic	Tub	22747.56	13510.64	36258.2
	Bottle	19950.91	12073.54	32024.45
	Jar	9390.8	12844.2	22235
Fibre	Folding carton	10612.21	6304.56	16916.77
	Corrugated carton	11541.6	1726.7	13268.3
	Liquid paperboard	26443.29	11430.12	37873.41
Flexible	Pouch/bag	16086.75	7448.42	23535.17

Appendix 4: Energy Drinks Commitments

Australian Beverages

Energy Drinks:

An industry commitment

The Australian Beverages Council Limited (ABCL) – the peak body for the non-alcoholic beverages industry – is committed to the responsible sale and promotion of energy drinks in Australia.

All of our members involved in the manufacture or distribution of energy drinks have voluntarily agreed to:

- not direct any marketing and advertising activities at children;
- not sell energy drinks in primary or secondary schools;
- not promote excessive consumption;
- not market energy drinks as only providing hydration;
- not use labelling to promote the mixing of energy drinks with alcoholic beverages;
- not manufacture or sell energy shots;
- provide consumers with up-to-date information about energy drinks on the ABCL website.

How does caffeine content stack up?

Comparison of caffeine in beverages (per 250ml)

ENERGY DRINK REGULATIONS

Australia has some of the most stringent regulations on energy drinks in the world. Energy drinks fall under general food law and must comply with Standard 2.6.4: Formulated Caffeinated Beverages (FCBs) under the Australia and New Zealand Food Standards Code. Standard 2.6.4 states that energy drinks must have no more than 32mg of caffeine per 100ml. This is comparable to the amount of caffeine in a cup of coffee made with one teaspoon of instant powder.

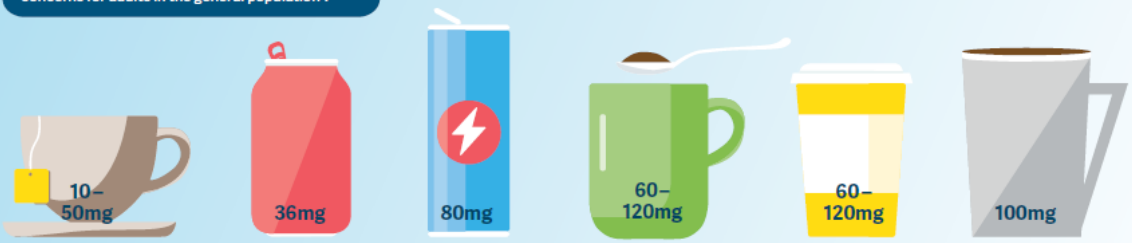
That's not all. Energy drinks must also comply with:

- caffeine labelling requirements,
- recommended daily usage declarations, and
- advisory statements that the product is not suitable for children, pregnant or lactating women.

In addition, energy drink companies are bound by the Competition and Consumer Act 2010 when marketing and promoting their products.

COMPARISON OF CAFFEINE IN BEVERAGES (PER 250ML) [1,2]

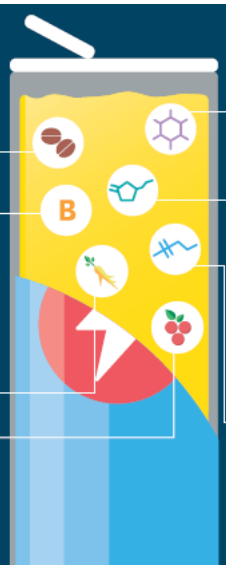
The European Food Safety Authority released a landmark scientific report on caffeine in 2015. It concluded that caffeine intakes from all sources up to 400mg per day do not raise any safety concerns for adults in the general population[3].



Source: FSANZ (2011)[1], FSANZ (2015)[2]
Source: EFSA (2015)[3]

What's in an energy drink?

Understanding energy drink safety, ingredients and their functions



Caffeine

Caffeine is an ingredient contained within foods, such as chocolate, coffee and tea that has been consumed by people for hundreds of years. In small quantities (up to 200mg per day) some people may notice positive effects ranging from increased energy, alertness and concentration.

Ginseng

Ginseng has been used for centuries as a medicinal herb and has reputed benefits such as increased energy, anti-fatigue properties, stress relief and memory retention.

B Vitamins

B Vitamins are found naturally in the foods we eat such as seafood, seeds and meat. They help the body convert carbohydrates to energy. Any excess of these water-soluble nutrients (B6, B12, niacin, B5) is flushed out of the body.

Guarana

Guarana is a source of caffeine that comes from the seeds of a plant native to South America. Amazonians have long used the seeds for heightening alertness and energy levels.

Inositol

Inositol is a carbohydrate, which is found in the human body, produced from glucose. Inositol is also contained in a range of natural foodstuffs.

Glucuronolactone

Glucuronolactone is a derivative of sugar that occurs naturally in the body, where it is produced in the liver through the metabolism of glucose.

Taurine

Taurine is an amino acid that occurs naturally in the human body and is involved in many vital functions. It is also present in foods such as seafood and poultry.

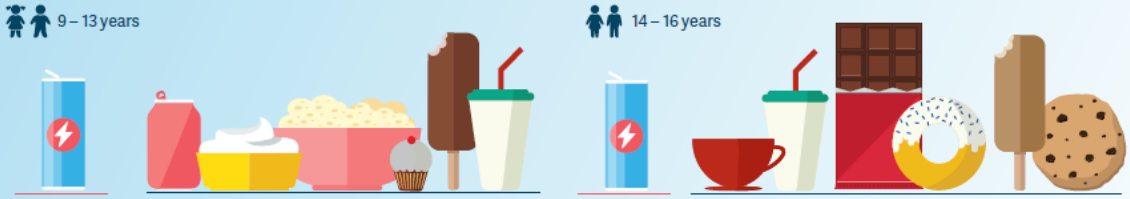
Energy drinks and children

Some community concerns about energy drinks have focussed on excessive consumption of caffeine by children. This concern is not supported by the facts.

Research commissioned by the Australian Government shows energy drinks constitute a tiny proportion of the total caffeine consumed by children: 1.2 percent for 9–13 year-olds and 3.8 percent for 14-16 year-olds[4].

Our members do not sell energy drinks in primary or secondary schools or direct any marketing and advertising activities at children. These voluntary commitments show we take the health of children and the community seriously.

TOTAL PERCENTAGE OF CAFFEINE INTAKE FROM SELECTED FOOD GROUPS



9 – 13 years

1.2% of caffeine intake is from energy drinks

98.8% of caffeine intake is from other foods

19.2 mg per day caffeine intake

14 – 16 years

3.8% of caffeine intake is from energy drinks

96.2% of caffeine intake is from other foods

41.7mg per day caffeine intake

Source: Department of Health and Ageing[4]

Frequently Asked Questions

WHAT IS AN ENERGY DRINK?

Energy drinks are functional non-alcoholic beverages designed for busy and active people who need a boost to get through their day. Energy drinks contain caffeine and may contain other safe ingredients such as taurine and B vitamins, ginseng and guarana. Energy drinks are popular around the world and can be found in more than 165 countries.

ARE ENERGY DRINKS SAFE?

Energy drinks are safe. All of the ingredients used in energy drinks are approved for use in Australia by the food regulator, Food Standards Australia and New Zealand. Energy drinks labels must also contain daily maximum recommendation limits.

HOW MUCH CAFFEINE DOES AN ENERGY DRINK CONTAIN?

The amount of caffeine in energy drinks is strictly regulated by the Australian Government. Energy drinks can have no more than 32mg of caffeine per 100mL. This means a 250ml serving of an energy drink contains 80mg of caffeine, which is equivalent to the amount of caffeine in a cup of instant coffee (with one teaspoon), and less than half the levels found in a standard espresso. In May 2015, the European Food Safety Authority released its landmark scientific opinion on caffeine. It concluded that caffeine intakes from all sources up to 400mg per day do not raise any safety concerns for adults in the general population – that's equivalent to five 250ml servings of an energy drink.

ARE ENERGY DRINKS SUITABLE FOR CHILDREN?

Energy drinks are not recommended for children and this is clearly stated on the label. Although energy drinks contain around the same amount of caffeine as an instant coffee, caffeine is not an ingredient that is advised for children.

References:

1. Food Standards Australia New Zealand (FSANZ). (2011). NUTTAB 2010 – Australian Food Composition Tables. Canberra: FSANZ. Available at http://www.foodstandards.gov.au/science/monitoringnutrients/nutrientables/Pages/default.aspx
2. FSANZ. (2015). Caffeine. Canberra: FSANZ. Available at http://www.foodstandards.gov.au/consumer/generalissues/Pages/Caffeine.aspx
3. European Food Safety Authority (EFSA). (2015). Scientific opinion on the safety of caffeine. EFSA Journal 2015; 13(5):4102.
4. Department of Health and Ageing. (2012). The 2007 Australian National Children's Nutrition and Physical Activity Survey Volume Two: Nutrient Intakes. Commonwealth Scientific and Industrial Research Organisation.

For further information regarding energy drinks, please visit the ABCL's dedicated energy drinks website **www.energydrinksinformation.org**

Australian Beverages