

June 2016

Technical Evaluation for Labelling Review Recommendation 12 – Ingredient labelling of added sugars, added fats and added vegetable oils

Executive summary

In 2009, the then Australia and New Zealand Ministerial Council for Food Regulation (now the Australia and New Zealand Ministerial Forum on Food Regulation (Forum)) agreed to a comprehensive independent review of food labelling law and policy. An expert panel, chaired by Dr Neal Blewett, undertook the review and the panel's final report, *Labelling Logic: Review of Food Labelling Law and Policy (2011)* (Labelling Logic) was publicly released on 28 January 2011.

Recommendation 12 from Labelling Logic states: *That where sugars, fats or vegetable oils are added as separate ingredients in a food, the terms 'added sugars' and 'added fats' and/or 'added vegetable oils' be used in the ingredient list as the generic term, followed by a bracketed list (e.g., added sugars (fructose, glucose syrup, honey), added fats (palm oil, milk fat) or added vegetable oils (sunflower oil, palm oil)).*

In the government response to Labelling Logic, the Forum asked Food Standards Australia New Zealand (FSANZ) to undertake a technical evaluation and provide advice on the proposed changes to the ingredient listing.

In response to the Forum's request for technical evaluation and advice for Recommendation 12, FSANZ has:

- considered the intended purpose of the statement of ingredients and nutrition information panel (NIP) labelling requirements when these were developed for the *Australia New Zealand Food Standards Code* (the Code)
- examined the potential implications for the existing labelling requirements in the Code should Recommendation 12 be implemented
- compared existing ingredient labelling requirements in the Code for sugars, fats and oils with overseas regulations; and reported on new and proposed international labelling measures for sugar/added sugar
- considered the potential impacts on industry by completing a qualitative overview, based on targeted consultations, of current food industry practices; and considered the direct and indirect costs of ingredient labelling changes arising from the recommendation
- considered consumer use and understanding of ingredient labelling by completing a rapid evidence assessment of the relevant literature on consumers use and understanding of sugars, fats and oils in the ingredient list; and considered the relevant findings of the FSANZ 2015 Consumer Label Survey on food labelling use and understanding in Australia and New Zealand

- considered stakeholder views by undertaking targeted consultation with industry and public health and consumer representatives; and reporting on stakeholder views expressed through public campaigns.

Overall, the main objective was to provide an analysis of whether the terms ‘added sugars’, ‘added fats’ and/or ‘added vegetable oils’ when used in the ingredient list and followed by bracketed lists of sugars, fats and/or vegetable oils that are added as separate ingredients, would further assist consumer understanding, and use of food label information, in support of food choices consistent with dietary guidelines.

The key findings from this analysis of Recommendation 12 are as follows:

- Historically, the intended purpose of ingredient labelling is to provide adequate information about the ingredients in a food to enable consumers to make informed choices. While the order of the statement of ingredients provides an indication of the contribution of an ingredient to a food based on its ingoing weight, the amount it contributes is not quantified. It is therefore limited in its application and functionality in regard to supporting food choices consistent with dietary guidelines. On the other hand, the NIP provides quantified nutritional information to assist consumers make decisions about dietary intakes of nutrients (e.g. sugars and fat) or energy, and to compare the nutritional content of food products.
- A number of complex issues and implications associated with the existing labelling requirements in the Code have been identified which would need to be fully assessed should Recommendation 12 be considered further. Some of these could have significant impacts on various stakeholders which would need to be considered. Given these complex issues and potential impacts, FSANZ considers that changes arising from the recommendation would likely be difficult to implement.
- FSANZ is not aware of any mandatory overseas regulations that currently require sugars, fats or vegetable oil ingredients to be identified as ‘added’ or to be grouped together in the ingredient list. However, various requirements exist in the United States (US), European Union and Canada for the specific naming of fats and oils ingredients, and Health Canada is proposing to group sugars-based ingredients in the ingredient list under the common name ‘sugar’. While not associated with ingredient labelling, the US has recently introduced a new rule requiring nutrition labelling of added sugar, and a Bill was presented in the United Kingdom (UK) proposing to mandate a separate statement for sugar content (as teaspoons of sugar). The outcome of the Canadian proposal, and the effectiveness of each of these labelling measures, are not yet known.
- In targeted consultation, food manufacturing representatives considered that the changes arising from the recommendation would significantly impact the production and labelling of all processed foods containing sugars, fats and vegetable oil ingredients. Due to data limitations, a more definitive analysis cannot be made at this time, especially on the magnitude of costs to industry on production and labelling of products.

- Grouping added sugars and added fats/vegetable oils as proposed by the recommendation would likely assist consumers who are interested in these ingredients or wish to avoid these ingredients. The moderate levels of believability, trustworthiness, subjective understanding and personal relevance shown in the FSANZ 2015 Consumer Label Survey suggests there is a solid basis from which to enhance consumer evaluations of the statement of ingredients. The association of the use of the ingredient list in the current format (in accordance with the current Code) with incorrect choices with respect to sugar suggests more investigation is needed. In particular, detailed experiments that include the possible changes to the ingredient list should be undertaken to protect against unintended consequences. The mock packages used as stimuli in the FSANZ 2015 Consumer Label Survey did not show optional information such as the Daily Intake Guide, Health Star Rating, or nutrition content or health claims. Further research is required to determine how the presence of the various optional label elements influence consumer use of mandatory label elements such as the statement of ingredients.
- In conclusion, there is limited evidence about the impact of grouping added sugars, fats and vegetable oils on consumer behaviour. The information that is available suggests that this labelling would likely assist consumers, who are interested in, or seeking to avoid, these ingredients. However, further consumer research should be undertaken to consider any unintended consequences and to determine the influence of other label elements, such as the voluntary Health Star Rating label which is currently being implemented in Australia and New Zealand. Furthermore, FSANZ notes that there may be other options in respect of both sugar and fat/vegetable oil labelling that could be considered for Australia and New Zealand. However, consideration of mandating the ingredient labelling changes proposed by the recommendation or any other options for changes to the labelling of sugar and fats/vegetable oils would require further analysis, including consideration of the costs and expected benefits.

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Supporting documents

The following documents used to prepare this Report are available on the FSANZ website at <http://www.foodstandards.gov.au/labellingreview>

- SD1 Potential implications of Labelling Review Recommendation 12 for the *Australia New Zealand Food Standards Code*
- SD2 Current and proposed international labelling requirements for sugars, fats and oils
- SD3 Qualitative overview of industry practices and practicalities of Labelling Review Recommendation 12
- SD4 Rapid evidence assessment on consumer knowledge, attitudes and behaviours relating to sugars, fats and oils in the ingredient list

1 Introduction

1.1 Background to Recommendation 12

In 2009, the then Australia and New Zealand Ministerial Council for Food Regulation (now the Australia and New Zealand Ministerial Forum on Food Regulation (Forum)) agreed to proceed with a comprehensive independent review of food labelling law and policy. An expert panel, chaired by Dr Neal Blewett, AC, undertook the review and the panel's final report, *Labelling Logic: Review of Food Labelling Law and Policy (2011)* (Labelling Logic) (Blewett et al. 2011), was publicly released on 28 January 2011.

Recommendation 12 from Labelling Logic states: *That where sugars, fats or vegetable oils are added as separate ingredients in a food, the terms 'added sugars' and 'added fats' and/or 'added vegetable oils' be used in the ingredient list as the generic term, followed by a bracketed list (e.g., added sugars (fructose, glucose syrup, honey), added fats (palm oil, milk fat) or added vegetable oils (sunflower oil, palm oil)).*

In the Labelling Logic report, the labelling review panel commented that the individual listing of like ingredients (i.e. different sugars and fats) by a variety of terms in the ingredient list appears to cause some consumer confusion. The panel suggested that differences between the requirements for ingredient labelling (where the generic name 'sugar' can be used for sucrose sources and the term 'sugars' is not permitted) and the nutrition information panel (NIP) (where 'sugars' refers to all simple carbohydrates) may compound this confusion.

The panel suggested that the individual listing of like ingredients reduced the opportunity for the consumer to quickly assess the overall nutritional contribution of that ingredient type in the food. The grouping of sugars and fat ingredients was recommended to reflect dietary guidance and maximise the nutrition information impact of the ingredient information.

The generic declaration of 'vegetable oil' was noted by the panel as an issue of particular concern due to the saturated nature of some vegetable oils (e.g. palm oil, coconut oil) and associated health risk. The panel also noted that the informed consumer can refer to information about saturated fat in the NIP.

1.2 Government response to Recommendation 12

The government response to Labelling Logic considered Recommendation 12 in association with two other recommendations, Recommendations 13 and 14 about NIP declarations for trans fatty acids and dietary fibre respectively.

In response to these recommendations, the Forum commented that food labelling should be clear, comprehensible and effective in communicating information to protect public health and safety and support healthy food choices for consumers. Further, that the proposed changes to labelling requirements are very technical in nature and, as such, require further work to fully investigate and characterise the issues involved.

The Forum requested that FSANZ undertake a technical evaluation and provide advice on the proposed changes to the ingredient listing and NIP. It also commented that advice from FSANZ would assist the Forum in fully considering the expected benefits and cumulative impacts of possible changes to labelling requirements before considering any amendments to the *Australia New Zealand Food Standards Code* (the Code).

However, FSANZ has completed its technical evaluation and advice separately for Recommendations 12, 13 and 14 because of the diverse nature of the specific issues involved for each of the three recommendations. The Forum considered FSANZ's technical evaluation and advice for Recommendation 13 (in January 2015) and Recommendation 14 (in June 2014) and agreed that FSANZ's work on these recommendations is complete. The technical evaluation reports for these recommendations are available on FSANZ's website¹.

1.3 Broader public health initiatives since Labelling Logic

A number of public health initiatives have been updated or implemented subsequent to the release of the Labelling Logic report in 2011. The dietary guidelines for both Australia and New Zealand were updated in 2013 and 2015 respectively (NHMRC 2013, Ministry of Health 2015). Additionally, the World Health Organization (WHO) released a guideline on sugars intake for adults and children (WHO 2015).

As a consequence of the labelling review (Recommendation 50), a voluntary front-of-pack Health Star Rating (HSR) system has been developed by Australian state and territory governments and New Zealand Government in collaboration with industry, public health and consumer groups. The HSR system uses stars to rate the overall nutritional profile of packaged foods and will be implemented over five years from June 2014 (Commonwealth of Australia 2014).

2 Project objectives and approach

The main objective of this project was to provide an analysis of whether the terms 'added sugars', 'added fats' and/or 'added vegetable oils' when used in the ingredient list and followed by bracketed lists of sugars, fats and/or vegetable oils that are added as separate ingredients, would further assist consumer understanding, and use of food label information, in support of food choices consistent with dietary guidelines.

In addressing this objective, FSANZ has:

- considered the historical background and intended purpose of the statement of ingredients (ingredient list) and NIP labelling requirements when these were developed for the Code
- examined the potential implications for the existing labelling requirements in the Code should Recommendation 12 be implemented (refer to SD1)
- compared the existing ingredient labelling requirements in the Code for sugars, fats and oils with current regulations in the European Union (EU), United States (US), Canada and with specifications set out in Codex Alimentarius (Codex); and reported on the labelling measures proposed for sugar in Canada and the United Kingdom (UK), and a new labelling rule for added sugar in the US (refer to SD2)

¹ <http://www.foodstandards.gov.au/consumer/labelling/review/Pages/default.aspx> (Accessed 18 Jan 2016)

- considered the potential impacts on industry should Recommendation 12 be implemented by:
 - completing a qualitative overview, based on targeted consultations, of current food industry practices concerning the use of sugars, fats and vegetable oil ingredients, and the potential impacts and practicalities of Recommendation 12 (refer to SD3)
 - considering the direct and indirect costs of ingredient labelling changes arising from the recommendation
- considered consumer use and understanding of ingredient labelling by:
 - completing a rapid evidence assessment of the relevant literature related to consumers use and understanding of sugars, fats and oils in the ingredient list (refer to SD4)
 - considering the relevant findings of the FSANZ 2015 Consumer Label Survey on food labelling use and understanding in Australia and New Zealand (FSANZ 2016).
- considered stakeholder views about Recommendation 12 by undertaking targeted consultation with industry and public health and consumer representatives; and reporting on stakeholder views expressed through public campaigns.

3 Existing ingredient labelling requirements in the Code

Standard 1.2.4 (Information requirements – statement of ingredients) sets out the general requirements for providing a statement of ingredients. A statement of ingredients must be provided on most packaged foods (with some exceptions) and must list each ingredient in the food for sale (with exceptions for certain ingredients, such as processing aids).

Each ingredient must be listed in descending order of in-going weight and identified using any of:

- a name by which the ingredient is commonly known, or
- a name that describes the true nature of the ingredient, or
- a generic name for the ingredient that is specified in Schedule 10 in accordance with any conditions specified in that Schedule.

3.1 Generic names for sugar, fats and oils in Schedule 10

In Schedule 10, the generic name ‘sugar’ may be used in the statement of ingredients to describe:

- white sugar, white refined sugar, caster sugar, castor sugar, loaf sugar, cube sugar, icing sugar, coffee sugar, coffee crystals or raw sugar.

The name ‘sugars’ is not permitted to be used in a statement of ingredients.

The generic name ‘fats’ or ‘oils’ may be used in the ingredient list along with the declaration of the source as either ‘animal’ or ‘vegetable’. However, the specific source name must always be declared where the source of the oil is peanut, sesame or soybeans (depending on the processing of the soybean oil) as they are derived from known food allergens. The specific source of animal fats or oils must also be declared if the food is a dairy product (including ice cream).

There are also some other types of sugars and fat ingredients, including lactose and milk fat, that are currently permitted to be identified in the statement of ingredients using the generic name 'milk solids'.

4 Analysis

4.1 Intended purpose of ingredient and nutrition labelling

Given the labelling review panel's reference to dietary guidelines and nutrition information impact for Recommendation 12 (see section 1.1 above), FSANZ has examined the intended purpose of the statement of ingredients and the NIP as currently required by the Code. This has involved an investigation of the intended objectives of these labelling requirements when they were developed for the Code.

4.1.1 Historical background to existing ingredient and nutrition labelling requirements

The statement of ingredients and NIP labelling requirements were initially developed by FSANZ's predecessor, the Australia New Zealand Food Authority (ANZFA), during the development of the joint Australia New Zealand Code (gazetted in 2000). The following sections discuss the objectives of the development of these labelling requirements.

4.1.1.1 Statement of Ingredients

In developing ingredient labelling requirements, the objective was to ensure that consumers are provided with relevant and accurate information about the ingredients in food (Commonwealth of Australia 1997; ANZFA 1998). It was considered that ingredient labelling provisions should give rise to labelling information which for consumers does not confuse, for manufacturers does not impose unnecessary costs and which can be enforced by enforcement agencies. Mandatory ingredient labelling was determined to be of benefit to consumers as it provides useful information about the ingredients in a food in a consistent manner which may be used to make an informed choice about the food product.

The objectives for the statement of ingredients labelling requirements therefore align with the second objective for FSANZ in developing or reviewing food regulatory measures in the *Food Standards Australia New Zealand Act 1991* (FSANZ Act), being:

- (b) the provision of adequate information relating to food to enable consumers to make informed choices.

In relation to the order of ingredients, it was determined to require ingredients to be listed in descending order of ingoing weight. This means that the ingredient listed first in the statement of ingredients contributes the largest amount to the food and the ingredient listed last contributes the least. The order of ingredients provides an indication of the contribution of an ingredient to a food, however, the amount an ingredient contributes is not quantified. The statement of ingredients is therefore limited in its application and functionality in regard to supporting food choices consistent with dietary guidelines.

4.1.1.2 Nutrition Information Labelling

In developing the NIP labelling requirements, the first two objectives for FSANZ in developing or reviewing food regulatory measures in the FSANZ Act (then the *Australia New Zealand Food Authority Act 1991*) were considered to be relevant (Commonwealth of Australia 1999; ANZFA 1999), being:

- (a) the protection of public health and safety; and
- (b) the provision of adequate information relating to food to enable consumers to make informed choices.

Information which allows for decisions about dietary intakes of nutrients or energy was considered to have important implications for public health and safety. It was therefore intended that the nutrition labelling provisions be based on the need to provide consistent, meaningful and accurate information relating to the nutritional content of foods and, that this information be based on national policies for public health and nutrition.

A number of principles were used while assessing the nutrition labelling provisions. This included the following principle which further refers to national nutrition policies and to the linkage with dietary guidelines: *Nutrition information on food labels, where used, should be developed in the context of national nutrition policies for both countries as a means of safeguarding long-term public health and safety, and providing for informed choice. By extension, this information can provide consistency and linkage with the Dietary Guidelines for Australians, New Zealand's Food and Nutrition Guidelines and other authoritative nutritional recommendations such as the Dietary Guidelines for Children.*

Mandatory NIP labelling was viewed as serving a useful tool in relation to public health, and essential for informed choice by consumers. It provides quantified nutritional information which assists consumers to make decisions about dietary intakes of nutrients (e.g. sugars and fat) and energy, and to compare the nutritional content of food products.

4.2 Potential implications of Recommendation 12 for the Code

FSANZ has identified a number of potential implications and issues associated with the existing labelling requirements in the Code should ingredient labelling suggested by Recommendation 12 be implemented. These are detailed in Supporting Document 1, with a summary of the main implications and issues provided below.

Some of the issues identified are complex and would likely make the recommendation difficult to implement. A full assessment of these issues would be required should a regulatory change to implement Recommendation 12 be considered. This assessment would need to include consideration of the impacts on consumers, the food industry and enforcement authorities.

The main implications and issues identified are:

- The Code currently requires ingredients to be listed in descending order of ingoing weight. A determination on how to order the groups of added sugars, fats or vegetable oils within the statement of ingredients, as well as how to order the individual added ingredients within those groups, would need to be made. This could result in changes to the existing order of the statement of ingredients for a food. The potential for this to result in misleading or confusing information for consumers would need to be assessed.

- The Code currently provides two options for listing compound ingredients (an ingredient which is itself made from two or more ingredients): by the compound ingredient name (followed by a bracketed list of its ingredients); or by listing each ingredient of the compound ingredient individually as ingredients of the food for sale. Consideration would need to be given as to whether the added sugars, fat or vegetable oil ingredients in a compound ingredient could continue to be declared using either of these two options. Associated impacts would need to be assessed if changes were to be made to these existing requirements. For example, if such ingredients of compound ingredients were required to be listed individually as ingredients of the food (i.e. the option of listing next to the compound ingredient name was not permitted), the ingoing weight of each individual ingredient of a compound ingredient in the context of the food for sale would need to be determined by the food manufacturer at all times.
- A definition for 'added sugars' would be required to ensure consistent application of the ingredient labelling requirements. The definition could be influenced by or impact on the existing definitions relating to 'sugars' in the Code and the existing conditions for nutrition content claims about sugar(s). For example, if a food label included a 'no added sugar' claim but also provided a list of 'added sugars' in the statement of ingredients, this could lead to consumer confusion. The various definitions used internationally for 'added sugars' would also need to be taken into account. Definitions for 'added fats' and/or 'added vegetable oils' would also be required.
- The implications of the 'added sugars' listed in the statement of ingredients in conjunction with the amount of total sugars declared in the NIP (which captures both naturally occurring and added sugars) would require further consideration. Similarly, consideration would be necessary in relation to 'added fats' listed in the statement of ingredients and the declaration of total fat in the NIP, which captures both naturally occurring and added fats.
- The Code currently provides permission to use certain generic names, including the generic name 'vegetable oil'; however Recommendation 12 indicates that the specific source of added vegetable oils (e.g. sunflower oil) should be declared instead and grouped together in a bracketed list. In the case where differing ratios of vegetable oils are used in different batches of the same food product (i.e. due to variances in supply and availability of vegetable oils), the ordering of the individual vegetable oils in the 'added' bracketed list may change. This may trigger the need for different labels for different variations of what is essentially the same food. Also, it is not known how consumers might perceive the grouping of individual fats/oils with different fatty acid profiles (e.g. saturated and polyunsaturated fatty acids) as 'added fats/vegetable oils'. Alternative ingredients could also be listed in the 'added' bracketed lists, e.g. 'added vegetable oils (sunflower oil or canola oil)' however the implications of this approach, such as the potential to increase the length of the statement of ingredients would need to be investigated. There may be similar implications for the use of other generic names that are currently permitted, such as 'sugar' and 'milk solids' (which can include milk fat).

4.3 Current and proposed international labelling requirements for sugars, fats and oils

FSANZ has compared existing ingredient labelling requirements in the Code for sugars, fats and oils with current legislation in the EU, US and Canada, and with specifications set out in Codex. FSANZ has also reported on new and proposed labelling measures for sugar/added sugar in Canada, the US and the UK. The full details of these findings are located in Supporting Document 2, with a summary of the key findings provided below.

Current international and domestic ingredient labelling requirements for sugars, fats and oils were found to follow the same general principles (with some exceptions), such as the requirement for ingredients to be listed in descending order of ingoing weight. There were also similarities in the declaration requirements for ingredient names. The general approach is that the specific or common name should be used, unless a generic name is permitted. The generic names and the conditions for their use vary across the legislation that was reviewed.

The current EU, Canadian and US requirements (and Codex specifications) for declaring sugar in the ingredient list align with the Code with respect to the use of the generic name 'sugar'. Differences occur in how 'sugar' is defined for this purpose, however, they are all based on forms of sucrose. For non-sucrose sugar-type ingredients (e.g. maltodextrin or golden syrup), general naming requirements (i.e. a specific or common name) for these types of ingredients would apply.

Ingredient labelling requirements for fats and oils vary between international and domestic legislation and Codex specifications. The US requirements are the most prescriptive and require each individual fat or oil to be declared by its specific common or usual name. The EU requires the specific name for vegetable oils and fats to be declared and permits these to be grouped together (voluntarily) following the generic term 'vegetable oils' or 'vegetable fats'. Canada currently permits the generic name 'vegetable oil' or 'vegetable fat' to be used, unless tropical oils and fats are added (e.g. palm oil, coconut oil). With the exception of olive oil, Codex includes a specification for declaring the generic names 'fats' or 'oils' when qualified with the categories 'vegetable' or 'animal'. The Code permits the generic name 'fats or oils' when the source is qualified as animal or vegetable. Exceptions exist for vegetable oils derived from peanut, soybean, sesame (i.e. food allergens) and animal oils and fats derived from dairy products.

FSANZ is not aware of any mandatory international regulations which currently require sugars, fats or vegetable oil ingredients to be identified as 'added' or to be grouped together in the ingredient list.

Health Canada is proposing to group sugars-based ingredients in the ingredient list under the common name 'sugar'. Whilst not associated with ingredient labelling, the US has recently introduced a new rule requiring nutrition labelling of added sugar, and a Bill was presented in the UK proposing to mandate a separate statement for sugar content. The purpose of each of these measures is for public health reasons, such as reflecting national dietary guidelines and/or the recent WHO guideline for sugars intake. FSANZ has reported on these measures (as detailed in Supporting Document 2) to illustrate the different options for sugar and added sugar labelling for consumers that are being considered or implemented. However, as the outcome of the Canadian proposal is currently unknown, the UK Bill appears to have halted, and the US rule has only recently been introduced, the effectiveness of these labelling measures is not yet known.

4.4 Qualitative overview of industry practices and practicalities of Recommendation 12

To understand the potential impacts Recommendation 12 would have on the food industry, FSANZ met with food manufacturing representatives who were members of the Australian Food and Grocery Council (AFGC) and the New Zealand Food and Grocery Council (NZFGC) in March and May 2014, respectively. FSANZ also met with an ingredient supplier of oils and oil blends in February 2015.

FSANZ has used the findings of this targeted consultation to collate and report on the food industry's views about Recommendation 12. The full report is provided in Supporting Document 3, with a summary of the key findings from the targeted consultation provided below. Food manufacturing representatives consulted in 2014 also provided their views about consumer issues relating to the recommendation². These views are discussed separately in section 4.8 below.

The food manufacturing representatives consulted indicated that the recommendation would significantly impact on the production and labelling of all processed foods that include sugars, fats and vegetable oils as ingredients. They reported that manufacturers would need to make commercial decisions on which of two scenarios (production approaches) they would adopt to comply with the recommendation. Scenario one is when there is flexibility in ingredient sourcing to provide the best available price depending on the supply and demand in the market. Changing the source of sugars, fat and vegetable oil ingredients would likely require changes to the label under the recommendation. Scenario two is when the source and specification of ingredients and the formulation for producing the product is kept consistent. The price of ingredients may change due to supply and demand reflecting seasonality or other factors. The labels would remain unchanged but the costs of the ingredients are likely to vary during the year.

Food manufacturing representatives consulted also considered that the recommendation would have impacts on all the stages in production where commercial decisions would be required. The relevant areas include new product development, sourcing of ingredients, production, storage and record keeping and traceability.

A number of additional concerns related to this recommendation were raised by food manufacturing representatives during targeted consultation:

- Clear definitions for 'added sugars', 'added fats' and/or 'added vegetable oils' would be required to clarify which ingredients are captured and not captured by these terms.
- Guidance would be required on how added sugars, fats and vegetable oils would be ordered in the statement of ingredients; for instance, would the individual ingredients in the bracketed list need to be listed in descending order of in-going weight? If so, then the order may vary as changes are made to ingredients (e.g. different vegetable oil blends) due to costs or availability and so changes would be required to the label.
- Whether labelling would be required for components naturally present in ingredients, e.g. would the fat and sugar components naturally present in 'milk' be required to be separately declared (e.g. milk fat and lactose) in the statement of ingredients.
- The recommendation does not indicate how compound ingredients (an ingredient which is itself made from two or more ingredients) containing added sugars, fats or vegetable oils (e.g. curry paste made up of oil and other ingredients) would be labelled. It was questioned if these ingredients would be listed as part of the compound ingredient, or in the 'added' bracketed lists, or both which could be misleading to consumers.
- The size of the statement of ingredients would become larger and so potentially limit available space on the label and may require label redesign.

² The oil ingredient supplier consulted in 2015 did not provide any views relating to consumer issues for the recommendation.

- There would likely be labelling and cost impacts for both imported and exported products.
- The recommendation would impact more than just the label on the packaged product. For example, website information about advertised products would need to be updated to reflect changes to the statement of ingredients, which was reported as a costly process; and supply chain information would need to be kept up to date.
- Analytical methods cannot distinguish between added sugars from sugars naturally present in ingredients which could be an issue for compliance and enforcement of added sugars ingredient labelling.
- Sugars, fats and oils are often added to food for technological purposes (e.g. carriers for flavours). The amounts of such ingredients may be negligible in the final product. It is not clear whether they would need to be listed in the added ingredients bracketed lists. Industry representatives considered that including the presence of these ingredients in the bracketed lists when used for such purposes would likely be confusing for consumers and would not provide them with any useful information to make purchasing choices.
- Declaring each specific source of oil in a vegetable oil blend, in order of ingoing weight, would raise major intellectual property issues for food manufacturers and ingredient suppliers.

4.5 Costs associated with Recommendation 12

For the purposes of this evaluation, FSANZ has considered the direct and indirect cost of changing food labels to include the generic terms ‘added sugars’, ‘added fats and/or ‘added vegetable oils’ in the ingredient list, followed by a bracketed list. The targeted consultation undertaken with food industry representatives (as discussed in section 4.4 above) has informed the analysis of the potential impacts and costs. If a regulatory change to implement Recommendation 12 was to be pursued, then a more thorough assessment of all cost and benefits would be required. Subject to the Office of Best Practice Regulation’s (OBPR) consideration, this assessment may include a Regulation Impact Statement. Such an assessment would need to include quantification of the direct and indirect costs on industry, enforcement costs, and costs passed on by manufacturers to consumers.

4.5.1 General approach to estimating costs of a labelling change

To estimate the direct cost of a labelling change, FSANZ uses a model based on labelling cost data collected by PricewaterhouseCoopers (PwC) (PricewaterhouseCoopers 2014a). The 2014 report is an update of a report developed previously by PwC in 2008 entitled ‘Cost Schedule for Food Labelling Changes’ (PricewaterhouseCoopers 2008). The objective of the original 2008 PwC report was to provide FSANZ with a list of the costs incurred in labelling or relabelling food to enable FSANZ to estimate costs when developing cost-benefit analyses and to make an informed assessment of the applicability of labelling costs provided in submissions during industry consultation. The 2014 report updated the cost estimates.

The model breaks down labelling costs into the following components: labelling design, labelling production, proofing, package redesign and labour. It categorises labelling changes into one of three categories (minor, medium and major). A minor change is a change to text and one printing plate only. A medium change is a change to text and/or label layout, change to three printing plates and proofing being required. A major change is a change to text and/or label layout, change to six printing plates, proofing being required and changes to packaging shape/size/design. The model also provides different specific costs depending on the material and packaging type being changed (flexible, fibre, plastic, metal and glass). Costs are also differentiated as labour and non-labour costs. Costs are provided as an average cost per SKU³ for each material and degree of change (see Table 1 below). The model does not take into consideration indirect costs such as the write-off of stock in hand, reformulation, product testing, marketing costs or administrative costs.

The costing data collected by PwC has been indexed using the Producer Price Index (PPI) (Australian Bureau of Statistics 2016).

Table 1: Direct cost of labelling change in 2016 (AU\$)

Degree of change	Packaging Material Cost of Change per SKU					
	Flexible	Fibre	Plastic	Metal	Glass	Average per SKU
Minor	\$3,835	\$3,370	\$2,534	\$3,479	\$1,821	\$3,006
Medium	\$9,682	\$6,412	\$5,805	\$6,363	\$5,054	\$6,663
Major	\$12,544	\$8,412	\$7,708	\$10,173	\$7,350	\$9,237

4.5.2 Potential labelling changes associated with Recommendation 12

Amending the ingredient list to group added sugars, fats/vegetable oils is considered a medium change in the PwC categories of labelling change, as it relates to changes to text and label layout. However, there could be some circumstances where the change to labelling represents a minor change in PwC and others where no labelling change is actually required. Conversely, there could also be some circumstances where the change to labelling represents a major change in PwC where major label redesign is actually required.

The average cost of a medium labelling change per single SKU is AU\$6,663. This is based on the assumption that there are equal numbers of products that require labelling in each type of packaging, i.e. flexible, fibre, plastic, metal and glass packaging. Overall direct cost for the labelling change could be estimated if the total number of SKUs that require amendment is known.

³ Stock Keeping Unit (SKU) – refers to a stock-keeping unit, a unique identifier for each distinct product and service that can be purchased in business.

FSANZ does not have reliable data upon which to estimate total direct costs. However, available information suggests that the overall population of food and beverage SKUs in Australia potentially ranges from ~40,000 SKUs to ~80,000 (PricewaterhouseCoopers 2014b). Most packaged foods are required to provide an ingredient list on the label. If added sugars, fats or vegetable oils are used as ingredients, a label change would likely be required to amend the ingredient list. This label change process would need to be performed every time the source or type of added sugars, fat or vegetable oil ingredients changed. However, some packaged foods would not contain these ingredients and others may be exempt from requiring an ingredient list. Although the proportion of SKUs that would require a label change is not currently known, the SKU range above, and the approximate cost of AU\$6,600 per SKU, provides some general indication of the magnitude of costs that could be incurred if added sugars, fats and vegetable oils were required to be grouped in the ingredient list.

4.5.3 Indirect costs associated with Recommendation 12

A number of indirect costs would be associated with including the generic name 'added sugars', and 'added fats/vegetable oils' in the ingredient list followed by a bracketed list. As discussed in section 4.4 above, in targeted consultation, food manufacturing representatives considered that this recommendation would significantly impact all stages throughout the food production system. Two scenarios (maintaining ingredient flexibility or fixing the ingredients and formulation) were considered by the representatives to comply with the recommendation. Both of these scenarios would have cost implications and so would be highly likely to affect product pricing (which would be expected to be passed onto consumers).

Due to the complexity of the issues raised by industry in targeted consultation and the current uncertainty around implementation, the full scope and nature of the indirect cost and impacts cannot be established at this time. As indicated above, a robust cost benefit analysis would be required should a regulatory change be considered.

4.6 Consumer knowledge, attitudes and behaviours relating to sugars, fats and oils in the ingredient list

FSANZ undertook a rapid evidence assessment (REA) of the relevant literature related to consumers use and understanding of sugars, fats and oils in the ingredient list. Details of the REA and its findings and methodology are provided in Supporting Document 4 with a summary of the key findings provided below.

No studies that explored consumer's response or understanding of ingredient labelling as proposed by Recommendation 12 were identified. The REA was used to understand the broader context of consumers understanding and use of the ingredient list more generally.

The key findings of the REA were:

- Grocery shoppers who are more likely to use the ingredient list have one or more of the following attributes: female; higher formal education; greater nutrition knowledge; higher income.
- The ingredient list is used by consumers who are wishing to avoid particular ingredients, to meet their dietary requirements/choices (e.g. allergen, religious, ethical).

- Little information on the use of the ingredient list to obtain information on specific sugars, fats, and oils was located. The one series of studies that examined this issue found that a reasonably large proportion of consumers used the ingredient list to obtain information on these ingredients in order to identify products to avoid. However, consumers also have beliefs about the sorts of products that are, for example, high in fat, and may rely on these beliefs instead of checking the ingredient list.
- International studies find that consumers can be confused by ingredient lists and the terms contained in them. No Australia or New Zealand studies were found that addressed this area.

4.7 FSANZ 2015 consumer label survey

In addition to the REA, FSANZ has reviewed the relevant findings from its 2015 Consumer Label Survey (FSANZ 2016). The survey was designed to generate reliable population estimates of the level of use and understanding of various label elements. As well as collecting use generally, the survey contained three experimental trials designed to identify use of label elements when making “healthier” evaluations of two similar products. The survey collected data from Australians and New Zealanders aged 15 years and older using an online questionnaire. The questionnaire was designed with multiple label elements and realistic package mock-ups and utilised ‘point and click’ response options to facilitate responding. The mock-ups used complied with the current requirements of the Food Standards Code. Accordingly the formatting of fats, sugars and oils as proposed by Recommendation 12 was not directly tested in the survey.

The survey findings indicate a high degree of trust in food label information, with 67% of Australians and 77% of New Zealanders estimated to agree or strongly agree with the statement ‘Generally speaking, I trust the information of food labels’⁴.

Approximately 72% of Australians and 66% of New Zealanders are estimated to use the ingredient list when they purchase a product for the first time (Figure 2.5, FSANZ 2016)⁴.

In Australia and New Zealand, the statement of ingredients was estimated to be one of the top five label elements looked at when purchasing for the first time. The other four commonly used label elements were country of origin, use by date, best before date, and the NIP. Between 66% and 80% of Australian and New Zealand consumers are estimated to use each of these label elements when thinking about buying a food for the first time.

‘Types of sugars’ and ‘types of fats/oils’ were specific ingredients that would be looked at by an estimated 43% and 36% of Australians and 41% and 32% of New Zealanders respectively (Figure 2.6, FSANZ 2016). While the country differences are not statistically significant, within each country more consumers look for types of sugars than look for types of fats/oils.

⁴ This country difference is statistically significant.

The statement of ingredients scored moderately across the four dimensions of understandable, believable, trustworthy, and personally relevant for both Australians and New Zealanders. Approximately 55% of Australians and 50% of New Zealanders ranked the statement of ingredients as understandable or very understandable; similarly 55% and 60% for believability; 55% and 59% for trustworthiness; and 65% and 57% for personally relevant. Around 16% or fewer Australians and New Zealanders ranked the statement of ingredients in the lowest two categories, anchored at the lowest end by 'not at all' understandable, believable, trustworthy and personally relevant. About 24-38% were more ambivalent towards the statement of ingredients with middle rankings on these four dimensions.

Approximately 52% of Australians and 46% of New Zealanders knew that the ingredient list must be specifically ordered⁵. The vast majority of those, and 47% and 42% overall for Australia and New Zealand respectively, knew that the list was ordered from the ingredient contributing the largest amount to the ingredient contributing the least amount. Around 60% of consumers in both countries believe they have at least some idea of the types of items that must be included in ingredient lists. While the majority of these people (41% to 55% of New Zealanders and Australians overall) correctly knew that artificial and natural additives, main ingredients, and ingredients that may cause allergenic reactions had to be included in the statement of ingredients, 25% of both populations thought that ingredients added during preparation (e.g. egg to a cake mix) also had to be declared.

Each of the three experimental trials undertaken by participants required them to select the 'healthier' version of two products. The options were variants of similar breakfast cereal or muesli bar type products. Nutritional profile, ingredients, serving size, and product image (in some cases) were manipulated to explore the way consumers used the label elements under two different conditions across three trials: select the healthiest (2 trials) and select the healthiest with respect to sugar (half of participants) or saturated fat (the other half) (3rd trial)⁶.

In all three trials, the results suggest that the NIP consistently would be the most commonly used set of information for choosing one product over the other and the ingredient list would be the second most commonly used set of information. Within the NIP, consumers in both Australia and New Zealand would typically use the sugar information when selecting one product over another. The only exception to this finding was in the saturated fat version of Trial 3. Around 81% of consumers who correctly chose the lower saturated fat would use the saturated fat information in the NIP (Figures 6.8, 6.13 FSANZ 2016), and only 8% of these consumers would use sugars information in their decision. More of those who incorrectly choose the higher saturated fat product would rely on sugars than saturated fat information (45% versus 32% of consumers, respectively).

The association between the selection of the healthier cereal with respect to sugar and saturated fat and the ingredient list was explored. When choosing a healthier product with respect to sugar, consumers who incorrectly chose the higher sugar cereal would be significantly more likely to use the sugar-type ingredient information in their decision compared to those who correctly chose the lower sugar cereal (29% versus 10%). Incorrect choice was also associated with a higher likelihood of using fats/oils information in the ingredient list compared to those who would correctly select the lower sugar option (12% versus 3%). When judging the healthier choice based on saturated fat content, consumers would have the same low-level use of sugar-type and fats/oils ingredient information irrespective of correct or incorrect choices.

⁵ This country difference is statistically significant.

⁶ The study was designed so that population estimates were produced from each trial.

In summary, the key findings of the consumer survey relevant to Recommendation 12 were:

- There is a moderate degree of trust and believability in the statement of ingredients.
- There is considerable interest in information about sugar and sugar-type ingredients, and interest but less so in fats and oils.
- Statements of ingredients are used by shoppers to identify products to avoid for a range of reasons.
- Statements of ingredients are used by shoppers in determining which of two products are 'healthier', but less so than the use of the NIP.
- Many consumers use multiple elements from both the NIP and ingredient list in selecting healthier products.
- Use of labelling is complicated, there is no simple pattern of usage that distinguishes product selection when asked to make a 'healthier' decision. In particular, this suggests that consumers can use the correct information in the NIP or ingredient list and make an incorrect judgment.
- Sugar-type ingredients in the ingredient list are used by some consumers for first purchases and also for choices of healthier products.
- Use of ingredient list information on sugars as currently presented (in accordance with the current Code) is linked to increased likelihood of incorrect evaluations of healthiness with respect to sugar.

4.8 Stakeholder views on Recommendation 12

FSANZ met with the Consumer and Public Health Dialogue (CPHD) in December 2014 to seek their views on consumer issues relating to Recommendation 12. The CPHD is a consultative forum established by FSANZ that is made up of representatives from peak consumer and public health bodies and public health academics. One of its roles is to assist in broadening FSANZ's understanding of key consumer and public health issues relating to food.

As reported in section 4.4 (and Supporting Document 3), FSANZ also conducted targeted consultation with food manufacturing representatives who are members of the AFGC and NZFGC, in March and May 2014 respectively. In this consultation, food manufacturing representatives also provided their views on consumer issues relating to the recommendation.

The consumer-related views collated from these targeted consultation activities are reported in the following sections, along with information about several public campaigns pertaining to Recommendation 12.

4.8.1 Consumer and Public Health Dialogue views on consumer issues relating to Recommendation 12

- CPHD members considered that because of the variety of terms used in the ingredient list, consumers are not able to recognise whether certain ingredients are sugars or fat. They believed that grouping added sugars and added fats/vegetable oils was more important than consumers' understanding of the individual ingredients, as consumers were not looking to identify specific sugar/fat/oil ingredients. Grouping would allow consumers to gauge whether a major proportion of the food constituted added sugar or added fats/vegetable oils. However, they also noted that consumer testing would be needed to determine the best option.

- Members commented that the recommendation would also be a useful tool in supporting dietary guidelines about added sugar and fat and would assist with the education provided by health professionals. For example, the recommendation would assist consumers to differentiate between the presence of natural sugars in 'healthy' foods (e.g. fructose in fruit and lactose in milk) and the presence of added sugars in 'discretionary' foods.
- One member believed that consumers are very interested in how much added sugar is in a food, however, many do not know that some ingredients (e.g. maltose, dextrose) are sugars. A separate statement located at the end of the ingredient list that gives the proportion of added sugars (for example 'added sugars 34 %') was suggested as a possible alternative to the recommendation.
- Members believed it would be important for the recommendation to apply to all categories of packaged food, rather than just those food categories that consumers are less likely to know the type of ingredients used (e.g. added sugar content of condiments). Members noted that some discretionary foods are marketed as healthy, so it would be useful for consumers to see the contribution of added sugars in the ingredient list.
- Noting that the recommendation refers to 'added fats and/or added vegetable oils' and a determination on using one or both of these terms would need to be made, members stated their preference for 'added fats' to be declared. There is no nutritional value in separating fat into two categories. Further, the alternative 'added vegetable oils' group could be a more appealing category for companies to list vegetable oils high in saturated fat and consumers may view ingredients within this group as 'healthier fats'. Members also stated their preference for the groups of 'added' ingredients to appear in the ingredient list in descending order of the total ingoing weight of the group.
- Members did not believe the voluntary Health Star Rating (HSR) system would lessen the relevance of the ingredients list for consumers, because the latter would continue to be an important source of certain information (e.g. the presence of palm oil and food allergens).
- Given that the mandatory NIP declaration and the voluntary HSR system both focus on total sugars, members indicated that consumers' were encouraged to use the ingredient list to differentiate between total sugars and added sugars. They commented that there is an increasing emphasis on using the ingredient list to understand what is in food products, and believed that the recommendation would enable consumers to more easily identify what is in a food.
- Members also stated that consumers' have a right to know what is in their food, with one member stating that this was the primary reason for supporting the recommendation. This was stated as important as, at present, consumers who want to avoid certain ingredients due to health or environmental reasons (e.g. palm oil) are unable to do so. It was noted that the extent to which consumers value information about oils, fats and sugars in food in relation to health versus ethical drivers is unclear.
- Members noted that many companies are now using sustainably sourced palm oil, but will not label their products as such (e.g. voluntary RSPO certification labelling), because it places them at a competitive disadvantage. Consumers wanting to buy food products containing sustainable palm oil as an ingredient are unable to do so unless the voluntary labelling is present. Unless the recommendation was adopted and palm oil was specifically declared, this issue would remain.

- One member noted that if palm oil was required to be specified in the ingredient list, dietitians and nutritionists would use it to educate consumers about the dietary guidelines as they relate to saturated fat, by linking its inclusion in the ingredient list to its contribution to the saturated fat in the NIP.

4.8.2 Food manufacturing representatives views on consumer issues relating to Recommendation 12

- Food manufacturing representatives consulted noted that, with respect to added sugars, the NIP already requires the amount of total sugars to be declared. In addition, the NIP can include the percentage daily intake (% DI) value for total sugars. In their view, it was unnecessary to group added sugars in the ingredient list for the purposes of providing consumers with an indicative amount. Grouping added sugars, fats or vegetable oil ingredients to provide an indicative amount could also be misleading to consumers. They suggested consumer education on use of the NIP may be more appropriate.
- Food manufacturing representatives commented that although consumers perceive added sugar to be unhealthy, some ingredients that may have to be listed as 'added sugars' can be healthy alternatives to sucrose or other sugars (e.g. the addition of fruit puree to all natural dressings). Further, consumers are already aware that certain foods contain a lot of added sugar (e.g. milk chocolate or a cake mix).
- Representatives noted that consumers may not understand the difference between 'sugar' and 'added sugars' and won't understand why the ingredient list has changed. They believed that if Recommendation 12 was implemented, consumers may perceive product formulations have changed because they 'now have all this added sugar'. This could drive some consumers away from products with formulations which have not actually changed. Consumers may also wrongly perceive that the taste or other organoleptic characteristics of food products have changed. They expected consumers to react negatively if told that the format of ingredient lists changed for regulatory reasons.
- Food manufacturing representatives suggested that if the recommendation was adopted, considerable consumer education to explain the reason for the changes to the ingredient list would be necessary. Their preference was for such education to be undertaken by regulators or government, rather than the associated costs falling to food businesses.
- Representatives queried whether each label variation of a product would need to be displayed on company web pages. They commented that, in some cases, the variation in ingredients would be very minor (for example, changes to vegetable oil blends), and displaying several products that were essentially the same could confuse consumers.
- Some food manufacturing representatives reported that consumer feedback revealed consumers most commonly wanted to know if canola oil is the ingredient used when 'vegetable oil' is declared, as they wish to avoid it. If the source of vegetable oils was required to be declared, it may encourage some consumers to choose other products that they perceive to be healthier, but may actually be higher in saturated fat.
- Representatives noted that consumers' understanding of the terms used in the ingredient list is an issue, however, limited understanding of nutrition is also a factor. They expected consumers to be supportive of the recommendation, but this may not translate to actual purchase behaviour with respect to making healthier food choices.

4.8.3 Public campaigns relating to Recommendation 12

FSANZ is aware of five public campaigns relating to Recommendation 12 that have been publicised in the media. Four of these campaigns advocate for the mandatory labelling of palm oil; these are:

- 'Unmask palm oil', an Australasian campaign
- 'Don't palm us off' campaign established and supported by various Australian and New Zealand zoos
- Palm Oil Action Australia, and
- 'Are we being palmed off' campaign initiated by CHOICE, the Australian consumer advocacy group.

Each of these campaigns refers to the threat of extinction for animals, such as orangutans and tigers, resulting from rainforest clearances for oil palm plantations. Campaigners assert that if palm oil was declared on food labels, consumers would have the choice to avoid foods containing palm oil for environmental and ethical reasons. The implication is that market forces may encourage industry to reformulate their food products or use sustainable palm oil.

Two of these campaigns (Palm Oil Action Australia and CHOICE campaigns) also refer to the health risks of consuming palm oil, which is high in saturated fat. CHOICE surveyed 1061 Australians about palm oil in 2015 (CHOICE 2015). The survey found that 60% of Australians indicated it was important, very important or crucial for them to correctly identify whether a product contains palm oil. Of these, 59% indicated it was important to them for environment reasons, 58% for health reasons and 45% for animal welfare reasons.

Zoos Victoria commissioned a poll, conducted in late February 2016, of around 1000 Australians and 1100 New Zealanders about palm oil labelling. The results jointly released by Zoos Victoria and the 'Unmask palm oil' campaign show that 92% of New Zealanders and 84% of Australians support palm oil labelling (Zoos Victoria 2016). The reasons for support were reported to include the consumers' right to know what is in their food.

The campaign co-ordinator for 'Unmask palm oil' submitted a petition to the New Zealand Government on 30 August 2013, which requested that the House of Representatives:

- make mandatory the labelling of palm oil if used as an ingredient in any product, including food products, for sale in New Zealand, and
- note that 3,705 people have signed an online petition supporting this request.

The petition was referred to the Commerce Committee. In its final report, the Commerce Committee acknowledged the relevancy and importance of the petitioners' concerns. It noted that FSANZ was already undertaking work (through its response to Recommendation 12) that would address the labelling of oils and sugars and would await the decision of food ministers with interest (New Zealand Government 2014).

The fifth campaign was also initiated by CHOICE calling for added sugars to be grouped in the ingredient list in support of Recommendation 12. CHOICE noted that there are various names used in the ingredient list to declare different types of added sugars, and that consumers may find it difficult to identify some ingredients (e.g. rapadura and agave nectar) as added sugars. It also noted the WHO guideline on sugars intake. CHOICE indicated that consumers have a right to know what added sugars are in their foods and believed that the recommendation would help consumers make informed choices about the foods they buy. The campaign asked consumers to email their State food minister and tell them that they want added sugars to be clearly labelled.

5 Conclusions

The key findings from this technical evaluation of Recommendation 12 are as follows:

- Historically, the intended purpose of ingredient labelling is to provide adequate information about the ingredients in a food to enable consumers to make informed choices. While the order of the statement of ingredients provides an indication of the contribution of an ingredient to a food based on its in-going weight, the amount it contributes is not quantified. It is therefore limited in its application and functionality in regard to supporting food choices consistent with dietary guidelines. On the other hand, the NIP provides quantified nutritional information to assist consumers make decisions about dietary intakes of nutrients (e.g. sugars and fat) or energy, and to compare the nutritional content of food products.
- A number of complex issues and implications associated with the existing labelling requirements in the Code have been identified which would need to be fully assessed should Recommendation 12 be considered further. Some of these could have significant impacts on various stakeholders which would need to be considered. Given these complex issues and potential impacts, FSANZ considers that changes arising from the recommendation would likely be difficult to implement.
- FSANZ is not aware of any mandatory overseas regulations that currently require sugars, fats or vegetable oil ingredients to be identified as 'added' or to be grouped together in the ingredient list. However, various requirements exist in the US, EU and Canada for the specific naming of fats and oils ingredients, and Health Canada is proposing to group sugars-based ingredients in the ingredient list under the common name 'sugar'. While not associated with ingredient labelling, the US has recently introduced a new rule requiring nutrition labelling of added sugar, and a Bill was presented in the UK proposing to mandate a separate statement for sugar content (as teaspoons of sugar). The outcome of the Canadian proposal, and the effectiveness of each of these labelling measures, are not yet known.
- In targeted consultation, food manufacturing representatives considered that the changes arising from the recommendation would significantly impact the production and labelling of all processed foods containing sugars, fats and vegetable oil ingredients. Due to data limitations, a more definitive analysis cannot be made at this time, especially on the magnitude of costs to industry on production and labelling of products.

- Grouping added sugars and added fats/vegetable oils as proposed by the recommendation would likely assist consumers who are interested in these ingredients or wish to avoid these ingredients. The moderate levels of believability, trustworthiness, subjective understanding and personal relevance shown in the FSANZ 2015 Consumer Label Survey suggests there is a solid basis from which to enhance consumer evaluations of the statement of ingredients. The association of the use of the ingredient list in the current format (in accordance with the current Code) with incorrect choices with respect to sugar suggests more investigation is needed. In particular, detailed experiments that include the possible changes to the ingredient list should be undertaken to protect against unintended consequences. The mock packages used as stimuli in the FSANZ 2015 Consumer Label Survey did not show optional information such as the Daily Intake Guide, Health Star Rating, or nutrition content or health claims. Further research is required to determine how the presence of the various optional label elements influences consumer use of mandatory label elements such as the statement of ingredients.
- In conclusion, there is limited evidence about the impact of grouping added sugars, fats and vegetable oils on consumer behaviour. The information that is available suggests that this labelling would likely assist consumers, who are interested in, or seeking to avoid, these ingredients. However, further consumer research should be undertaken to consider any unintended consequences and to determine the influence of other label elements, such as the voluntary Health Star Rating label which is currently being implemented in Australia and New Zealand. Furthermore, FSANZ notes that there may be other options in respect of both sugar and fat/vegetable oil labelling that could be considered for Australia and New Zealand. However, consideration of mandating the ingredient labelling changes proposed by the recommendation or any other options for changes to the labelling of sugar and fats/vegetable oils would require further analysis, including consideration of the costs and expected benefits.

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