

QUALITATIVE RESEARCH WITH STAKEHOLDERS

FOOD LABELLING ISSUES
ANZFA

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FOOD LABELLING ISSUES – STAKEHOLDER QUALITATIVE RESEARCH

Report to



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1 EXECUTIVE SUMMARY

This study was conducted to gain qualitative data from key stakeholder groups about the food labelling provisions in the new Joint Australia New Zealand Food Standards Code. The Australia New Zealand Food Authority commissioned NFO Donovan Research to conduct the study, which was undertaken in Australia and New Zealand during February 2002.

The 'Food Labelling Issues – Stakeholder Qualitative Research' study, together with the preceding study 'Food Labelling Issues – Consumer Qualitative Research' was conducted to inform a follow-up quantitative benchmark research to support one of six activities identified in the ANZFA Evaluation Strategy. These activities aim to collect baseline data either prior to the adoption of new food standards or during the transition period from the old Food Standards Code to the new Australia New Zealand Food Standards Code. The baseline data will be used by ANZFA as a benchmark to evaluate the impact of implementing new regulatory measures on key stakeholders.

The current joint Food Standards Code was agreed in November 2000 (gazetted in December 2000) and is in the process of being implemented or adopted by the food industry over a two-year transition period. One of the principal objectives behind the development of new food standards include to ensure that labels are easy to interpret and that they deliver information that is easy to understand and use, thereby enabling consumers to make informed choices about the foods they purchase.

The 'Food Labelling Issues – Stakeholder Qualitative Research' involved three key stakeholder groups in Australia and New Zealand – health professionals, the food industry, and food enforcement officers. Focus groups were conducted with dietitians and nutritionists, general practitioners, alternative health practitioners and public health professionals. In depth face to face interviews were conducted with members of the food industry, namely food retailers, manufacturers and food service establishments. Focus groups and in depth interviews were also conducted with Environmental Health Officers and Senior Food Officers (Australia) and Food Safety Public Health Officers (New Zealand).

The study investigated a range of themes and lines of inquiry, which broadly covered how label elements are used and their relative importance, issues of concern and satisfaction with regards to labelling changes, perceived costs and benefits of labelling changes, perceptions about enforcement, and information needs. An interpretative summary of the results is presented, followed by detailed interpretation of the results for each stakeholder groups, and conclusions in the context of moving forward towards the transition deadline. The results have highlighted common perceptions and key differences between each stakeholder group. These are summarised in the table overleaf.

ISSUE	HEALTH PROFESSIONALS	FOOD INDUSTRY	ENFORCEMENT OFFICERS
USE / IMPORTANCE OF LABEL ELEMENTS	<ul style="list-style-type: none"> Used mostly by nutritionists, however GPs, alternative health professionals and nutritionists all regard the Ingredients List and the NIP as the most useful elements. For those who specialise in allergens, the expansion of the list of allergens was also very helpful. 	<ul style="list-style-type: none"> Most support for introduction of expanded allergen labelling. The mandatory NIPs and % label elements have had the greatest impact. 	<ul style="list-style-type: none"> Labelling issues of low importance, relative to food safety and hygiene issues. Labelling elements directly related to health & safety (eg. date marks, allergen labels) take priority over 'information related' label elements (NIPs, % labels).
MAIN ISSUES AND/OR CONCERNS	<ul style="list-style-type: none"> The key changes to label elements, particularly the nutrition elements were viewed positively overall. Consumers as a whole need to be educated about labelling changes as they are the group who stand to benefit the most from changes. % Labelling in particular will require consumer and manufacturer education to be useful. Concern that increased use of 'may contain' allergen advisory statement could lead to restricting (rather than increasing) food choices for allergen sufferers. Concern that the changes may result in too much information on labels and be confusing to consumers (without adequate consumer education). 	<ul style="list-style-type: none"> Most regard the introduction of these elements as overly onerous for manufacturers, and unnecessary for the majority of consumers and the majority of food products. Greatest concerns about compliance with NIPs, % labels and ingredient declarations. Smaller manufacturers and food service establishments were less or unprepared for compliance. Larger manufacturers report concerns about 'other' small manufacturers who are unlikely to be aware of the changes and/or be compliant by Dec '02. Many believe the transition period has not provided sufficient opportunity for manufacturers to ensure compliance by Dec'02 (due to late provision of interpretive information, clarification of issues or perceived changes to requirements). 	<ul style="list-style-type: none"> Most EHOs not well informed of labelling changes in new Code. Current inspection workload too great to dedicate resources to labelling enforcement. Label elements such as NIPs and % labels difficult to assess or challenge. Large amount of imported foods which do not get inspected by AQIS and are likely to breach compliance (but will not be enforced given current workload of EHOs). Need for consumer educations on food labels and their use.

ISSUE	HEALTH PROFESSIONALS	FOOD INDUSTRY	ENFORCEMENT OFFICERS
		<ul style="list-style-type: none"> Manufacturers require a stock-in-trade allowance after Dec'02. A range of arising issues such as supplier relationship management through seasonality and formulation changes, access to specialists, limited capacity of label suppliers for remainder of 2002, anticipated increase in consumer inquiries, and cost implications for consumers. <p>See section 6 for further detail not included here.</p>	
MOST SATISFIED WITH...	<ul style="list-style-type: none"> Mandatory NIPs and inclusion of saturated fat; expanded list of allergens 	<ul style="list-style-type: none"> ANZFA information resources (personnel, guides, hotline, website and NPC) for straight-forward products/issues. 	<ul style="list-style-type: none"> For some EHOs, greater flexibility in the new Code. Allergen labelling safer for consumers.
PERCEIVED COSTS OF LABELLING REQUIREMENTS IN NEW CODE	<ul style="list-style-type: none"> Unknown, but concerned that costs will be passed on to consumers. Benefits mostly seen to outweigh costs 	<ul style="list-style-type: none"> Regarded as significant, involving a number of direct financial and indirect costs. Envisage that costs will be passed on to consumers. 	<ul style="list-style-type: none"> No significant costs for EHOs beyond what it would cost for adequate enforcement of labelling requirements.
PERCEIVED BENEFITS OF LABELLING REQUIREMENTS IN NEW CODE	<ul style="list-style-type: none"> Almost exclusively for consumers, to make informed food choices. Mandatory NIP and allergen labelling will also be of benefit to health professionals in their practice. 	<ul style="list-style-type: none"> Almost exclusively for consumers, to make informed food choices, but question whether most consumers read labels. 	<ul style="list-style-type: none"> Almost exclusively for consumers, to make informed food choices.
PERCEPTIONS ABOUT ENFORCEMENT	<ul style="list-style-type: none"> Very low awareness of how enforcement will be conducted, or where complaints should be directed. Assume will be in response to complaints from health professionals and industry. 	<ul style="list-style-type: none"> Very low awareness of how enforcement will be conducted, or where complaints should be directed. Assume will be in response to complaints from consumers and industry competitors. 	<ul style="list-style-type: none"> Enforcement will be re-active in response to consumer or food industry complaints.

ISSUE	HEALTH PROFESSIONALS	FOOD INDUSTRY	ENFORCEMENT OFFICERS
WHAT INFORMATION / RESOURCES THEY REQUIRE	<ul style="list-style-type: none"> • Nutritionists rely on DAA/NZDA as main information channel. • GPs rely on their professional associations (not food industry information). • All groups only require a short summary of the labelling changes, rationale for why change has been made, and implication for consumers (their clients). Directions of where to go for more information should also be included. • Support for 'yogurt' labelling poster, in A4 format for use in client counselling. • Some nutritionists interested in attending food industry training seminars, particularly those working for the food industry or in allergens area. • GPs interested in electronically accessible information (but were not aware of ANZFA website). 	<ul style="list-style-type: none"> • Straight-forward issues and products well provided for in ANZFA resources, however many complex issues of interpretation still unresolved, and lack resources and time to be confident about compliance. • Simple education materials on label changes to give to consumers on request. 	<ul style="list-style-type: none"> • In the first instance, a short summary of the labelling changes, rationale for why change has been made, and implication for manufacturers, food service establishments and retailers. • A summary 'check list' of labelling requirements for use in inspection work with the food industry. • Keen interest from many for training seminars for EHOs, or joint seminar with the food industry. Some councils have already begun to offer such seminars.

Legend

- GP : General Practitioners
- NIP : Nutrition Information Panel
- AQIS : Australian Quarantine Inspection
- EHO : Environmental Health Officers
- ANZFA : Australia New Zealand Food Authority
- DAA : Dietitians Association of Australia
- NZDA : New Zealand Dietitians Association

2 BACKGROUND AND OBJECTIVES¹

2.1. Background to the research

The ANZFA Act establishes the mechanisms for the development of joint food regulatory measures (a food standard or a code of practice) and creates the Australia New Zealand Food Authority as the agency responsible for the development and maintenance of a joint Australia New Zealand Food Standards Code.

The Australia New Zealand Food Authority (ANZFA) is an independent bi-national organisation that has the role, in collaboration with other organisations, to protect the health and safety of the people in Australia and New Zealand through the maintenance of a safe food supply.

Although food standards are developed by the Australia New Zealand Food Authority, responsibility for enforcing and policing these standards rests with the States and Territories in Australia and the New Zealand government in New Zealand and, to varying degrees, local government. Each government has one or more agencies responsible for food surveillance within their health administration charged with the task of ensuring the requirements of the *Food Standards Code* are met. The Australian Quarantine Inspection Service (AQIS) is responsible for enforcing the Code for imported foods in Australia.

The Section 10 Objectives of the Authority in developing food regulatory measures and variations of food regulatory measures² are:

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

In developing food regulatory measures and variations of food regulatory measures, the Authority must also have regard to the following:

- (a) the need for standards to be based on risk analysis using the best available scientific evidence;
- (b) the promotion of consistency between domestic and international food standards;
- (c) the desirability of an efficient and internationally competitive food industry;
- (d) the promotion of fair trading in food.

¹ Based on Final Tender Document

² These are the current objectives as listed in the ANZFA Act, as amended in 2000 and are similar to those used in the review of the Australian and New Zealand regulations that were in the Act previously.

The current joint Food Standards Code was gazetted in December 2000 and is in the process of being implemented or adopted by the food industry over a two-year transition period. One of the principal objectives behind the development of new food standards include to ensure that labels are easy to interpret and that they deliver information that is easy to understand and use, thereby enabling consumers to **make informed choices** about the foods they purchase.

In response to suggestions by the Australian National Audit Office, ANZFA wishes to develop a means to quantitatively evaluate the impact of the new Code, how well the regulatory arrangements are working, and the level of monitoring and enforcement activity.

The preliminary research findings in this report are to assist with informing and developing that process, as well as to contribute to the design of following research phases.

2.2. Overall Research Plan

In October and November 2001, NFO Donovan Research and NFO New Zealand conducted qualitative research with consumers concerning their perceptions and experiences of food labelling. The research took place in Western Australia and New South Wales in Australia and Auckland, Wellington, Ashburton and Christchurch in New Zealand. The overall results indicated that most consumers consult food labels to assist with their food decisions, particularly new product choices, however they found many types of labelling information confusing and inconsistent. The report of this research can be found at the ANZFA website www.anzfa.gov.au (media and publicity section).

In February 2002, the second stage of the study commenced, the results of which are the subject of this report. This entailed firstly a number of discussion groups with health professionals in Australia and New Zealand. Secondly, discussion groups were conducted with food enforcement officers in Australia, complemented by in depth interviews with Food Safety Public Health Officers in New Zealand. In depth telephone interviews were also conducted with the Senior Food Officer for every State/ Territory of Australia. Thirdly, in depth face to face interviews with members of the food industry were conducted, namely food retailers, manufacturers and food service establishments in Australia and New Zealand.

2.3. Objectives of the Stakeholder Research

The objectives of conducting research with key stakeholders other than consumers were to:

- ▶ Determine the level of awareness and knowledge of **health professionals** about the impending food regulation changes;
- ▶ Determine the levels of awareness and knowledge of those involved in the **food industry** about current food labels and the impending food label regulation changes; and
- ▶ Explore attitudes of **Food Enforcement Officers** in New Zealand and Australian States and Territories towards food labelling from an enforcement perspective.

The findings for the stakeholder research are presented in this report. Further detail is included in the methodology section.



3 METHODOLOGY

3.1. Health Professionals

A range of health professionals were involved in the study:

- Dietitians / Nutritionists;
- General Practitioners in private practice;
- Alternative Health Practitioners; and
- Public Health professionals

3.1.1. Group Stratification

In total, ten focus groups were conducted. The composition of the groups are summarised in the table below:

	Australia	New Zealand	Total
Dietitians / Nutritionists	4 Focus Groups (n = 31) • Sydney (2) • Melbourne • Perth	2 Focus Groups (n =12) • Auckland • Christchurch	6 Focus Groups (n =43)
Public Health Professionals	2 Mini-Groups (n = 8) • Sydney • Perth	-	2 Mini-Groups (n = 8)
GPs in Private Practice	1 Focus Group (n = 8) • Melbourne	-	1 Focus Group (n = 8)
Alternative Health Practitioners	1 Focus Group (n = 5) • Perth	-	1 Focus Group (n = 5)

Participants in the Public Health groups were from a number of organisations concerned with health promotion. They were recruited on the basis of their role in educating the public about nutrition or in the development of nutrition policy.

The public health groups consisted of a mix of representatives from government and non-government organisations; including large well-known organisations as well as smaller community based ones. Participants were given the option of not having their organisation named in the research report and some participants have chosen to exercise this right. Organisations that were happy to be named include the National Heart Foundation, WA School Canteen Association, WA and NSW Health Departments, and Diabetes Australia (NSW). It should also be pointed out that in order to obtain detailed and realistic information about the issues faced by professionals working in these areas, participants were encouraged to contribute their personal views and therefore the results reported in this document cannot necessarily be taken as representative of the organisation for which they work.

All participants in the Alternative Health Practitioners' group, as well as the Dietitians/Nutritionists and General Practitioners groups reported advising about food labels at least on a monthly basis. This was a minimum requirement to meet the recruitment screening criteria for participation in this study.

3.1.2. Recruitment

The majority of participants were recruited by J&S Research (Sydney), Cooper-Symons and Associates (Melbourne), Surveys Australia (Perth) and NFO New Zealand. All external recruiters used are Interviewer Quality Control Australia (IQCA) accredited.

Dietitians / Nutritionists, and Alternative Health Practitioners were recruited using a random selection from the electronic yellow / white pages telephone directory. Recruitment was supplemented by assistance provided by the Dietitians Association of Australia (DAA); their 'Find a Dietitian' service on the DAA website (www.daa.asn.au) was used, and a short message about the study was kindly placed in the DAA electronic newsletter and distributed to Dietitians/Nutritionists nationally.

The recruitment of nutritionists (separate to dietitians) proved difficult in both Australia and particularly in New Zealand, as they are not listed separately in yellow pages directories. Snowballing contacts from recruited dietitians resulted in the recruitment of a few nutritionists in the Australia groups, however this was not the case in New Zealand, despite contacting all community dietitians and Christchurch hospitals employing dietitians. Therefore nutritionists were not able to be included in the New Zealand component of the study. It should be noted many participants referred to themselves as either/and a dietitian or a nutritionist. For ease of reporting, all participants are referred to as nutritionists, although the majority were in fact qualified dietitians.

Recruitment of public health groups was conducted by NFO Donovan Research using known contacts in relevant organisations, and supplemented with some snowballing and cold-calling relevant organisations.

The General Practitioner group was recruited with the kind assistance of the Melbourne Division of General Practice.

A total of 64 Health Professionals participated in the study.

3.2. Food Industry Interviews

A range of stakeholders within the food industry took part in in-depth face to face interviews, namely representatives of:

- Large/medium-sized Food Manufacturers;
- Small Food Manufacturers;
- Food Retailers; and
- Food Service Establishments

Small businesses were classified by NFO Donovan Research, using the standard ABS classification categories, as those having less than 20 employees. For the purposes of this study, medium and large sized businesses were collapsed to represent those businesses with more than 20 employees. In this report, this group of manufacturers are referred to as 'large manufacturers'. It should be noted that almost all of the small manufacturers (n=8) were still substantial organisations, producing a significant number of products.

3.2.1. Interview Stratification

Businesses of various descriptions in numerous locations in Australia and New Zealand took part in the research, as summarised in the table over the page.

	Large Manufacturers [>20 employees]	Small Manufacturers [< 20 employees]	Food Retailers	Food Service Establishments	Total
Wellington	2	1	1	1	5
Auckland	1	1	1	1	4
Christchurch	-	1	1	-	3
Sydney	3	2	2	1*	7
Melbourne	3	1*	2	1	6
Perth	2	1 + 5 [▲]	2	2	12
Total	11	11^{*,▲}	9	5[*]	36

- ★ Due to the nature of the types of businesses participating in the research, a number of interviews were cancelled by a participant at late notice. In all but two instances, substitute businesses were recruited, or interviews were re-booked around the moderator's schedule. However there was insufficient time to replace or re-schedule two of these cancelled interviews (Melbourne small manufacturer, Sydney food service establishment) as they were scheduled at the very end of the fieldwork schedule for each location.
- ▲ After two of the small manufacturer interviews in Perth had been conducted, it became apparent that they had over 20 employees. These interviews have been re-classified as large/medium manufacturers. In order to ascertain the consistency of the key findings for small manufacturers between locations, a short 5 minute telephone interview was subsequently conducted with an additional five (5) small manufacturers in Perth. The interview covered awareness of the new Code, which labelling changes impacted on their business, and their level of preparation to date. Findings reported are based on these consistencies.

3.2.2. Recruitment

Businesses were randomly selected from the yellow pages telephone directory by the experienced business recruiters used for this study. Only businesses located in the capital city were contacted.

To minimise potential bias or the over-representation of views and experiences by a skewed sample of businesses, quotas and screening criteria were set to ensure information was gained from businesses with varying degrees of progress towards compliance with the new Code, as well as a variety of business types. To increase the value and usefulness of a participant's contribution to the research, all participants were recruited on the basis that they were aware that there were changes to labelling requirements in the new Code. However, the accuracy or degree of their knowledge was left to be the subject of the research discussion. Businesses interviewed ranged from those who felt that they were fully compliant, or approaching full compliance, those who were compliant for some labelling elements or products but not others, and those who would not be compliant by December 2002. All businesses represented in the Sub-quotas set within each business type ensured representation from:

Large/ Small Manufacturers-	A range of product categories
Food Retailers -	Supermarket, independent, franchise, wholesaler etc.
Food Service Establishments -	Café, restaurant, delicatessen, specialist food outlet, catering service etc.

Due to the differences between businesses, the format of the interview varied. In larger businesses, where a number of people had responsibility for labelling, a two- tiered individual interview or paired interview was conducted with both a senior employee and a more 'hands – on' member of the company. This enabled the researcher to obtain different perspectives on the same issues from within the same company. Many small businesses however, only had one person responsible for food labelling, hence only one interview was able to be conducted in these cases.

A total of 36 businesses participated in the study.

3.3. Food Enforcement Officers

Participants in the Enforcement component of this study were:

- Enforcement Officers (Public Health Officers / Environmental Health Officers);
- Senior Food Officers;
- Food Safety Public Health Officers

3.3.1. Group Stratification

In Australia, focus groups with food enforcement officers from local government authorities were conducted in Sydney, Melbourne and Perth. The Sydney and Melbourne groups included one state enforcement officer from the Australian Quarantine Inspection Service (AQIS). The inclusion of AQIS brought specialist knowledge about the enforcement of food labelling standards of imported foods. At the time of the research, an AQIS State Enforcement Officer was not appointed for Western Australia.

In order to gain another opinion on issues related to the composition and nutritional analysis of foods, an in-depth telephone interview was conducted with a Food Analyst from a major food analytical company. A total of eight (8) telephone interviews were conducted with the State Government Senior Food Officer (SFO) in every State / Territory of Australia. An Interview was also conducted with The Federal Enforcement Officer for AQIS. The interviews were approximately 30 - 60 minutes in duration and were scheduled at a time of the interviewee's convenience.

In New Zealand face-to-face interviews (n=2) and telephone interviews (n=2) were conducted with these Food Safety Public Health Officers in four regions covering both the North and South Islands, namely Wellington / Hutt Valley region, Christchurch, Palmerston North and Auckland. In addition, two depth interviews were conducted with the Team Leader, Food Policy/Food Safety, Ministry of Health and a Senior Policy analyst in the Food Policy/Food Safety section.

Quotas and recruitment screening criteria were used to ensure a mix of participants (EHOs) who had been working in public / environmental health for under three months, 3 -12 months and over 12 months respectively, and who gave advice to businesses about food labels as part of their role.

3.3.2. Recruitment

The recruitment of the enforcement groups entailed several stages. First, phone calls were made to local government authorities in close proximity to the capital city, to obtain contact details of the senior officer responsible for food safety. The contact was sent a letter introducing the study and requesting their participation and that of their staff, and were later contacted by telephone and asked to recommend up to 3 staff members (EHOs) who would be suitable for the study. A selection of these EHOs were recruited into focus groups.

The State/ Territory Senior Food Officers (SFOs) and Federal AQIS Officer were contacted initially with an introductory letter, using contact details provided by ANZFA. They were later telephoned by NFO Donovan Research and a telephone interview was arranged.

Recruitment in New Zealand was approached differently as food safety enforcement (including food labelling) is the responsibility of Food Safety Public Health Officers (PHOs) contracted by the Ministry of Health. Throughout New Zealand there are only a small number of full-time Food Safety PHO Officer positions with responsibility for enforcing food labelling as part of their role.

A total of 38 Enforcement Officers took part in the study

3.4. Discussion guide and group materials

All discussion guides and interview protocols were developed by NFO Donovan Research, in consultation with ANZFA. At the discretion of the group moderator, photographs were used in the discussions for the purpose of illustrating various food label features. These contained a mix of examples of the labels prepared according to the provisions in the old and new Food Standards Code.

To maximise the input from food industry interviews, a list of points to be discussed in the interview was sent to participants in advance. This allowed them to prepare their responses prior the interview by consulting other individuals within the business so that a considered response could be given and a wider range of information was disclosed during the interview.

At the completion of the interview, businesses who felt unprepared for compliance with the Code were offered the ANZFA Helpline number and information materials.

3.5. Group and interview procedure

All focus groups were structured in approach. A series of self-completion sheets were developed to collect individual awareness of ANZFA, the new Code and specific labelling changes compared to the old Code prior to the commencement of discussions. Responses to these exercises were analysed and are reported in the text where relevant.

Groups ran for one and a half hours, except the General Practitioners group which ran for one hour. Participants in the Dietitians / Nutritionists group and Alternative Health Practitioners group were paid a \$50 incentive. General Practitioners were paid \$100 per hour. The public health participants were not paid as their involvement was conducted during working hours. All groups were conducted over a breakfast, lunch or light evening meal in the conference facilities of a central hotel or at NFO Donovan Research facilities in Perth, or NFO New Zealand offices in Auckland and Wellington .

The face to face food industry in depth interviews ranged from 30 minutes to one hour and a half duration, depending on the participant's time commitments on the day of the interview . Each participant was paid \$50 for their involvement. Due to the 'last minute' unavailability of two participants, two in depth interviews were conducted by telephone.

Senior Food Officer telephone interviews were conducted by telephone during working hours. The approximate duration of each interview was 30-45 minutes, and was conducted at a time of the interviewee's convenience.

4 INTERPRETIVE SUMMARY AND RECOMMENDATIONS

4.1. Key Findings – Health Professionals

Of all health professionals involved in the research (nutritionists, dietitians, GPs, alternative practitioners and public health professionals), **nutritionists and dietitians most use food labels in their work**. Labels are regarded by these professionals as an essential tool for counselling and educating clients and patients.

Nutrition information panels (**NIPs**) and the **ingredient list** were regarded as most important and useful by all health professionals participating in the research. Each was considered preferable in different settings, depending on the patient/client and the nutrition issue, however these general applications apply:

- The ingredient list is used to educate about sources of nutrients, or relative proportions of nutrients, usually earlier in the consultation process;
- The NIP is used to teach about key nutrients, for use with diabetics, to educate about fat intake and weight loss, and to contextualise a nutrition claim.

All participants regarded the NIP as a complex tool, generally not well understood by consumers, a finding which is consistent with the earlier consumer research (report available at the ANZFA website www.anzfa.gov.au).

Nutritionists (including dietitians and some public health professionals, n=49) had a good awareness of ANZFA and were generally well informed about the Food Standards Code (as it applies to labelling). Awareness amongst other health professionals (n= 15) was considerably lower. However very few health professional participants had a detailed knowledge of the various labelling changes.

Once participants were informed of the detail of the key labelling changes (see Discussion Guide, Appendix A), most were positive about them, and felt that they are a step in the right direction. There was general agreement that the changes to the NIP and allergen labelling would be of particular benefit to themselves as practitioners and to consumers.

Health professionals were generally supportive of the introduction of percentage labelling as a consumer information tool rather than being useful in their own work. However they felt that consumers would be unlikely to take advantage of percentage labelling unless it was explained to consumers first, and they were encouraged to use it. They also foresaw problems for food manufacturers and enforcement officials in interpreting the requirement, and identifying the characterising ingredient in some products.

All health professional groups expressed concern, on behalf of consumers, about potential problems associated with **allergen labelling**. Although they felt that the extension of the allergens required to be labelled was a significant improvement for allergen sufferers, they were concerned about the implications of manufacturers' increased use of the "may contain..." advisory statement because in practice it restricted rather than illuminated an allergen sufferer's food choice. [Technical note – ANZFA is developing a position paper on this issue, and the Australian Food and Grocery Council is also developing an industry Code of Practice for Allergen Management and Labelling – see Technical Background Notes section 9.]

Health professionals were also concerned about the **costs** of labelling changes to industry, and the extent to which these costs will be passed on to consumers.

4.2. Key Findings – Food Industry

Of all food industry stakeholders involved in the research (larger and small manufacturers, retailers and food service establishments) manufacturers and large retailers are affected most by the labelling changes in the new Code, and are therefore experiencing the greatest impact.

However there is a wide range of knowledge, understanding and level of preparation for compliance with the new Code between large and small manufacturers and retailers.

Generally speaking, larger sized manufacturers were well informed about the labelling changes in the new Code, and the implications for their business. They have made significant progress towards the transition from old to new labels, but are still contending with many unresolved or complex issues.

There was strong concern about small manufacturers' awareness and understanding of the new Code labelling requirements, and their capacity to implement changes by December 2002. There was some evidence of this lack of awareness and capacity amongst a couple of small manufacturers participating in the study (ie those with less than 20 employees, but in practice did not include sole traders or manufacturers with less than 5 employees). However, concern was mostly expressed by larger manufacturers, retailers, enforcement officers as well as manufacturers classified in this research as 'small' who were concerned about 'other' small manufacturers (smaller than themselves).

There was considerable speculation and general agreement amongst all of these stakeholder groups that there will be a large proportion of 'small' manufacturers who will not be compliant for one of three reasons:

1. they don't know about the labelling changes and what they are required to do (ie a lack of information);
2. they do not have sufficient personnel, time or financial resources to implement the changes (ie a lack of capacity); and/or
3. they believe that there is insufficient risk of detection or consequences of non-compliance, either by enforcement agencies, customers or competitors to warrant the effort or costs required to ensure that they are compliant by or beyond December 2002.

For the manufacturers who participated in the study, one or all of the above were the major drivers of their commitment to and progress towards compliance. Being a member of an industry association, or having industry contacts or marketing agents who are members of associations was generally the way most businesses directly or indirectly first found out about the changes to the new Code. Absence of membership to such associations is therefore likely to be a main barrier to compliance for small manufacturers (as well as other small businesses such as food service establishments).

Those food businesses who had begun to prepare for compliance reported considerable **negative implications** and costs for their business, **involving direct and indirect costs**. The extent of these costs, particularly the indirect costs and other implications listed below, largely accounted for a manufacturers' stage of compliance (at the time the research was conducted).

Direct financial costs have been incurred through:

- the development and printing of new labelling artwork, larger labels to accommodate extra information, and often added costs of new labelling machinery where labels are produced internally;
- loss of economies of scale for label printing until the new labelling is ready (manufacturers who have been forced to order and re-order small label print runs through the two year transition period as new labelling issues arise and are resolved);
- the potential write-off of all stock in trade and stock run-out after December 2002;
- nutrient composition analysis for NIPs;
- hiring of lawyers and consultants to interpret and rule on labelling requirements where interpretation of the Code and/or the interpretation Guide is unclear and ANZFA have provided no further clarification for their specific product.

Indirect costs include substantial time and personnel resources invested in:

- learning about and implementing the new labelling requirements;
- sourcing and tracing ingredient compositions and information from suppliers for ingredient declaration, allergen and GM labelling;
- undesired change of focus off new product development as all available time and personnel resources are re-directed at labelling compliance;
- planning and infrastructure, and the development of new systems, processes and devices in order to not implement but also maintain compliance eg. building systems and data bases to track, monitor and manage supplier changes for each product line (also acknowledged as a benefit once achieved - see section 5.1.7);
- duplication of work due to implementing labelling changes based on draft guidelines which changed at a later date (eg. NIP, Standard 1.2.8);

Other implications and problems raised by many large and medium-sized manufacturers relate to:

- Supplier relationship management – more and more regular contact required with suppliers in order to obtain necessary ingredient information, updates on changes in formulations and production techniques which requires the development and maintenance of a different relationship, and may mean more frequent changing of suppliers if such information cannot be given;
- Seasonality – implications for supplier management as described above as changes in seasonal sourcing occur at different times of the year or month;
- Finding and accessing specialists and advisers;

- Limited number of design houses and label suppliers, many of whom are already indicating they are unlikely to be able to meet demand or provide manufacturers with a commitment to deliver labels by late 2002;
- Increased consumer inquiries, at least in the short term;
- Cost impact for consumers as manufacturers and retailers pass costs on to consumers.

The label elements with the most significant implications and concerns manufacturers reported were:

1. NIPs
2. Percentage labelling (characterising ingredient labelling);
3. Ingredient declarations and allergen labelling;
4. GM labels;
5. Country of origin labels;
6. Date marking;
7. Legibility requirements;
8. Nutrient claims.

Overwhelmingly, of greatest concern were NIPs, percentage labelling and ingredient declarations. These have been also been identified by ANZFA as the key labelling changes.

Again, the small and larger manufacturers participating in the study felt that the implementation of specific label requirements would have considerable ramifications for 'small' suppliers and overseas suppliers, and 'small' local manufacturers who cannot, or will not, provide larger manufacturers and retailers with the level of information that they now require for ingredient and allergen declarations; percentage labelling and GM labelling. Furthermore, some larger food industry manufacturers and retailers were concerned about the economic viability of many small businesses once the new Code is in full force, and the implications for consumers and enforcement as many attempt to avoid compliance.

All manufacturers and retailers strongly expressed their concern about the 2 year transition period (Nov 2000 – Dec 2002). The general consensus was that a two year transition period would have been fair had all of the labelling requirements and issues been resolved at start of that period, and manufacturers had therefore had been able to utilise the whole two years without concern that further changes may occur. The essence of their complaint is that during the transition period they believe the goal posts kept changing (eg. change in calculation of carbohydrate in the NIP, incorrect or conflicting interpretation of label requirements for specific products from ANZFA and other advice sources, late provision of user guides and ANZFA help line and changes to the wording of user guides from draft to final), leading to either:

- **a duplication of work** ; or
- **lack of preparation time.**

[Technical note – Virtually all labelling decisions were in place at the commencement of the transition period. Exceptions were: the introduction of icon standards in August 2001, which did not contain new labelling provisions but could have resulted in a name or formulation change for some products and a label change to reflect these; the change in definition of dietary fibre in September 2001; and the carbohydrate calculation for the NIP, where an additional calculation method was permitted from Sept 2001 – see Section 9. ANZFA has undertaken to give an appropriate transition period for labelling changes still under review.]

There was no common understanding of the exact cut off period for old versus new labels (and the likely enforcement implications) and their treatment of stock—in-trade at December 2002. There was widespread need from most manufacturers for a stock-in-trade run-out period. Many small manufacturers and larger manufacturers (other than the very large national manufacturers who are well prepared) would also require an extension of the transitional arrangements beyond December 2002. It is clear that the issue of stock-in-trade in particular requires further clarification by ANZFA and any ruling against a period of grace would be hotly contested by manufacturers, with some companies putting in place their own stock-in-trade run-out period regardless. [Technical note – ANZFA has developed two proposals to deal with the issue of these transitional arrangements. At the time of this research final decision had been made – see Section 9).

Manufacturers as a whole were not well informed about compliance and enforcement issues. Most did not know exactly how the labelling regulations would be enforced, or by whom. The higher profile large manufacturers who participated in the research fully expected to be the subject of ‘tall poppy syndrome’ and felt they will undergo greater scrutiny from competitors and regulators, as they do already under the old Code.

Overwhelmingly, manufacturers, retailers and food service establishments regarded the main benefits of the new labelling requirements as being for consumers. However many manufacturers (as well as enforcement officers) question whether the majority of consumers actually read labels, and if they did, they were unsure of the way in which consumers’ use them. [The consumer research indicated that most consumers use labels when they are contemplating buying a new product for the first time, or when an alternative brand is on special in the store. Label information (primarily the ingredient list, NIPs and date marks) is used to assist in determining product choice ie. to make judgements about the value, ingredient and nutritional content versus taste, and to learn more about the product and seek reassurance that it is a ‘safe’ choice for their requirements.]

Some manufacturers did identify potential benefits for their industry, including:

- An opportunity to revamp and redesign their product labels'
- An opportunity for marketing advantage, particularly with regards to lower fat products and 'quality' issues highlighted from percentage labelling, however these opportunities were accompanied by parallel threats as competitors can do the same, or challenge marketing claims;
- Potential impetus for some manufacturers to pursue lower fat ingredients and products with the introduction of mandatory NIPs and the necessity to declare saturated fat; and

An opportunity for manufacturers to strengthen their integrity with consumers and increase trust and consumer confidence (eg. Allergen labelling);

- Greater flexibility as the Code is **less prescriptive** than the old Code, which could be worked to a manufacturer's advantage. However this was also seen to be a negative in that less prescription allows for variation, subjective interpretation and hence lack of standardisation;
- An opportunity for manufacturers to know more about their products, foster relationships with suppliers, and establish some 'company vision' views and procedures on issues such as allergens and GMOs;
- Greater harmonisation between Australia and New Zealand (for manufacturers that trade in both countries).

The ANZFA information resources, website and helpline received mixed reactions by the food industry, as well as health professionals and enforcement officers. Most stated that whilst they had found ANZFA staff (via telephone inquiries) very approachable and the website and user guides useful to some extent, these sources were only helpful for simple inquiries. Many research participants were still struggling to find a resolution on complex issues or products, for which the ANZFA user guides and website had not been helpful, and the ANZFA helpline was not intended.

4.3. Key Findings – Enforcement

In Australia, whilst most EHOs' were aware that the labelling requirements of the new Code were changing, their understanding of those changes was very low. As well, not all were aware that the transition date was December 2002. The main label changes that participating EHOs knew of are listed in order of awareness below:

1. NIPs
2. Date marking
3. That the new Code is less prescriptive / more technical
4. Percentage labelling
5. GM labelling

However in New Zealand, the PHOs who participated in the research were more knowledgeable of most aspects of the changes and their implications. AQIS officers (n=2) in Australia had a detailed knowledge and understanding of the changes.

Typically the EHOs (Aust.) and PHOs (NZ) who participated in the research spend 60-80% of their time on food-related issues, and of that between 10% and 5% (or less) was spent on food labelling issues. The bulk of their time on food issues was spent on food safety, food handling and hygiene. Attention to food issues, and therefore food labelling would also depend on the size of an office and its personnel resources. In a very small office, as low as 20% of the time could be devoted to food related issues. It should also be noted that EHOs and PHOs who rarely or never advised businesses about food labels were excluded from the study, and the proportion of time spent on food-related issues across all EHOs and PHOs would be much less than those involved in this study.

At present, EHOs and PHOs mostly respond to complaints from the public and food industry competitors rather than pro-actively check local manufacturers' labels to ensure compliance.

The most important food enforcement issues were felt to be those relating to food safety and public health, especially food borne illnesses. Enforcement of most labelling standards was felt to be a low priority particularly those aspects which were viewed as consumer information or fair-trading issues (e.g. NIPs, percentage labelling) rather than food safety issues. Consequently, of all food labelling issues, allergen labelling, date marks and ingredient lists would assume highest priority (keeping in mind the low priority of labelling overall) as well as country of origin labelling when it is relevant to one of these labelling issues.

It was felt that food labelling queries would increase during the year and into next year until the new Code beds down and that there will probably be increased complaints about food labelling non compliance for several reasons:

- the new Code will cover more aspects than the current regulations so there will be more room for non-compliance;
- the public may be more aware of the issues (assuming ANZFA does some consumer education and publicity) and therefore will be more likely to complain; and
- manufacturers will have additional aspects to complain about regarding their competitors.

The labels that were seen to be most problematic and time consuming to monitor and enforce were percentage labelling, allergen labelling and GM labelling. It was also felt that the increased number of non-public health related label elements (NIP, percentage labelling, GM labelling) provided greater scope for non-compliance amongst imported foods, which was already a labelling compliance and enforcement problem in all jurisdictions. For those EHOs who work in areas that are over-represented by imported food retailers and food service establishments, monitoring and enforcing labelling requirements under the current (old) Code is made difficult by the sheer number of non-compliant products, difficulty in tracking importer and manufacturers, and language barriers.

Whilst most EHOs and PHOs did not have a detailed awareness of the new food labelling legislation, they expected that as they begin to encounter various aspects of the legislation in their day-to-day work, their expertise will grow. At present, **most did not feel very well prepared for the adoption of the new Code**, largely for workload reasons. For most, the labelling changes were something that they knew were pending, and that they would 'get to' at some stage.

Despite all of the new labelling requirements, which presumably require monitoring and enforcement, most enforcement officers in the end agreed that very little would change in terms of their focus and priority for enforcement. The likely consequence was that more would be missed, unless vigilant consumers and competitive manufacturers made complaints to which they would be required to respond.

4.4. Conclusions

The research has illuminated the diversity of issues and implications faced by different stakeholder groups as they prepare for implementation of the new Code, and the benefits and opportunities that are available. It should be pointed out, however, that by the very nature of the transition in which stakeholders are working, these findings reflect the participant's experiences at a fixed point during that transition period. Many of the issues and concerns raised are currently under review by ANZFA, or may well have been adopted during this period (eg. the stock-in-trade provision which is currently at the final assessment stage following public consultation).

With a view to moving forward towards the compliance deadline of December 2002 the following conclusions are made:

1. A key priority group that requires further investigation is small manufacturers and suppliers, particularly those who are not members of industry-based associations. Attention could be given to addressing the information and awareness of small businesses, and their capacity to comply with the regulations before December 2002. This could include establishing a comprehensive information network, like that which exists for larger businesses through industry associations. The most efficient means of collecting such a contact list is likely to be through coordinated liaison with state health authorities and local councils.
2. The feedback from all stakeholder groups confirms the need identified in the consumer research (report found on ANZFA website www.anzfa.gov.au) for the development of information and education strategies and materials. Most stakeholders themselves (health professionals and enforcement officers) require only a simple summary fact sheet that they can refer to in the course of their work. This would highlight the key changes and how their 'clients' will be affected. However there is underlying support for a more extensive consumer education program that would reach a greater number of consumers than these groups interact with.
3. It would be useful to communicate the findings of the consumer quantitative survey (once completed), to the food industry in particular. Stakeholders are seeking evidence that consumers do in fact read food labels, and how they use them. Also of importance will be the communication to industry of repeat survey findings that illustrate the impact of the labelling changes on consumers shopping behaviour over time.

4. To meet manufacturers concerns, an extension of the transition period, and/or establishment of a 'period of grace' beyond transition could be considered, to allow manufacturers to run out existing stock-in-trade and un-used labels. Small and medium sized manufacturers would most benefit from this extension. However if such an extension was provided, it would be prudent to acknowledge the significant costs and efforts that large manufacturers in particular have incurred in order to ensure that they are compliant by the stipulated date.
5. Conduct of a **quantitative survey of food industry stakeholders**, particularly small manufacturers and suppliers. The real extent of non-compliance (and lack of awareness and preparedness) by small suppliers and manufacturers is still unknown. Quantitative measures of these factors would assist ANZFA to identify and direct resources to those most in need, and could provide a baseline of manufacturers information and knowledge base, their level of compliance and barriers to compliance, to provide a comparative indicator of progress in the future.