



Submission No 27

Australia's trade and investment relations under the Australia-New Zealand Closer Economic Relations Trade Agreement

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Key Regulatory Issues

Innovation:

- The current food standards do not permit fortification of standardised foods – including milk – without an application to the regulators that demonstrates a population deficiency, a two year process and widespread public consultation. This is under review but the proposal still will require a population need, public consultation and a year-long process, with high fees.
- This approach is inconsistent with global regulations which permit fortification based on safety of the nutrients, rather than a population deficiency, and is a deterrent to innovation.
- The rationale appears to be fear of 'medicalising' the food supply. However, the impact is limited opportunities for industry to increase the nutritional value of foods, or provide consumers with choices. Instead, consumers don't view food as providing their nutritional needs, but turn to medicines and supplements for their nutritional requirements.
- Moreover, the current processes and restrictions favour processed foods (instead of standardised products such as milk), as the fortification permissions are higher.
- When data on population deficiency is obtained by regulators, they rush in with controlled mandatory fortification – such as the current proposal for folate and iodine – instead of increasing voluntary permissions. This limits consumer choice, incentives for industry education efforts and innovation.

Health claims:

- Currently claims are restricted as to the benefits of foods, and food companies are not even permitted to educate health professionals with greater information about their products (e.g. impact on women in menopause, statistics on osteoporosis in Australia). This supports an environment where pharmaceuticals are used to increase health, instead of natural food based nutrition.
- The proposed standard for health claims now may be up to two years away because of difficulties with drafting. This is a severe deterrent to research into public health benefits and expanding our nutrition-based dairy platform to Australia.
- Claims will also be restricted on foods such as cheese – limiting the incentives for industry to increase their nutritional value or to describe the nutrient density of such foods as opposed to others in the indulgence range.

Formulated supplementary foods:

- Because of the rigidity in the environment, we can only market our fortified milks under the formulated supplementary food category. This means a milk with extra vitamins and minerals needs to be called a 'milk drink', which is confusing for consumers and demonstrates that fortification itself is considered safe. Other countries permit 'Milk fortified with XYZ' for clarity.
- A further issue is that this standard requires a minimum energy content – we have to increase the energy in our product to market it!

Inconsistent Enforcement:

- The various enforcement authorities interpret the regulations inconsistently from each other and from FSANZ in several instances.
- There are numerous products on the market currently which mention strong bones, healthy heart etc, but regulators have taken issue with our Anlene product, targeted to healthy bones.

Milk and Obesity:

- Milk is one of the most nutrient dense products for its energy level.
- Moreover, research has demonstrated that a healthy diet containing three serves of milk per day can increase weight loss.
- Yet health regulators have looked only at the energy levels in the product and are banning whole milk (which is still 96.5% fat free) from schools. However, diet coke is still permitted, sending a message that empty calories are preferable and decreasing awareness of nutritional importance.
- This limited view to overall nutrition and lack of awareness regarding the current research in milk is sending a very concerning message to consumers.

Going Forward:

Fonterra supports an approach that enhances consumer choice and incentives for the food industry to educate the public on the nutritional value of foods. We believe that consumers lack understanding on the nutritional value of foods – such as the inaccurate perception of dairy and weight – and would need to either overeat or consume complementary medicines to obtain their daily requirements of vitamins and minerals. The ability to innovate in the food area is consistent with the global approach to food safety and diversity. Fonterra would welcome the opportunity to discuss the above issues with Government.