

## Chapter 4

### Food labelling

4.1 While it is true that the causes of the rise in overweight and obesity can be attributed to multiple systemic factors, there is no doubt that a major contributor is poor diet and in particular the increased consumption of processed foods.<sup>1</sup>

4.2 Australians spend more than 58 per cent of their food dollar on discretionary foods, and the average Australian household spends 27 per cent of their weekly household budget on dining out and fast food, much of which is high in fat, salt and sugar.<sup>2</sup>

4.3 Australian adults are deriving 35 per cent of their daily energy intake from discretionary foods. They are consuming 60g of added sugar per day, of which 81 per cent comes from discretionary foods and drinks.<sup>3</sup> This is well above the World Health Organisation (WHO) recommended daily intakes of added sugars, which is no more than 25g.<sup>4</sup>

4.4 Improving the Australian food supply and the provision of healthier food options outside the home environment are recommended interventions to facilitate population-wide improvement in diet.<sup>5</sup>

4.5 Several strategies have been identified to improve provision of healthier food choices, including better food labelling, reformulation of food products and the introduction of a tax on sugary drinks.<sup>6</sup>

4.6 To date, in Australia, the majority of activities around the development of interpretative front-of-pack labelling systems have been voluntary.

4.7 The objective of this chapter is to determine the strategies, policies and regulations that could be introduced around food labelling.

#### **Front-of-pack labelling (FoPL)**

4.8 At present, it is mandatory in Australia for products to feature a Nutrition Information Panel (NIP). The NIP states the amount of energy and macronutrients per serve size and per 100g. However, serving sizes are not standardised, resulting in a

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1 See for example: Sugar By Half, *Submission 48*, p. 2; Nutrition Australia, *Submission 61*, p. 2.

2 Obesity Policy Coalition, *Submission 135*, p. 13.

3 Heart Foundation, *Submission 139*, p. 9.

4 Sugar By Half, *Submission 48*, p. 4.

5 Heart Foundation, *Submission 139*, p. 9.

6 See for example: Heart Foundation, *Submission 139*, p. 9; The Obesity Collective, *Submission 70*, pp. 7-8; Obesity Policy Coalition, *Submission 135*, pp.12-17.

lack of consistency that reduces the ability for consumers to easily interpret information and compare products.<sup>7</sup>

4.9 All other labelling information schemes are voluntary. This includes the Health Star Rating (HSR) system, the Daily Intake Guide label, portion information labels designed by food companies and warning labels such as *Be Treatwise*. Kilojoule menu labelling in fast food restaurants are mandatory in only some jurisdictions.

4.10 Current food labels outlining the nutritional content of foods are difficult to read and interpret. Submitters overwhelmingly suggested that there is a need for clearer nutritional information panels that are legible and easily understood by the general public and called for more transparent and easy to understand food labelling.<sup>8</sup>

4.11 Professor Greg Johnson, Chief Executive Officer of Diabetes Australia, illustrated the need for better labelling of foods by describing to the committee his experience of trying to read the nutrient label on the packaged aeroplane food he was served on his way to the committee hearing and concluded 'I couldn't even read it, let alone comprehend it'.<sup>9</sup>

### ***Health Star Rating system***

4.12 The HSR is a FoPL system that rates the overall nutritional profile of packaged food and assigns it a rating from half a star to five stars. It provides a quick, easy, standard way to compare similar packaged foods. The more stars, the healthier the choice.<sup>10</sup>

4.13 The HSR system has been jointly funded by Australian, state and territory governments and was developed in collaboration with industry, public health and consumer groups. Organisations involved in the development of the system, including technical design, Style Guide and implementation framework were:

- Australian Beverages Council;
- Australian Chronic Disease Prevention Alliance;
- Australian Food and Grocery Council;
- Australian Industry Group;

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7 Heart Foundation, *Submission 139*, p. 8.

8 See for example: Nepean Blue Mountains Family Obesity Service, *Submission 18*, p. 9; Ms Jennifer Thompson, *Submission 4*, p. 7; National Centre for Epidemiology and Population Health at the ANU, *Submission 29*, p. 4; Sugar Free Smiles, *Submission 31*, p. 1; National Centre for Epidemiology and Population Health, The Research School of Population Health, Australian National University, *Submission 29*, p. 4.

9 Professor Greg Johnson, Chief Executive Officer, Diabetes Australia, *Committee Hansard*, Sydney, 6 August 2018, p. 20.

10 Health Star Rating System, 'About Health Star Ratings', <http://healthstarrating.gov.au/internet/healthstarrating/publishing.nsf/Content/About-health-stars>, accessed 22 November 2018.

- Australian Medical Association;
- Australian National Retail Association;
- CHOICE;
- Obesity Policy Coalition (OPC); and
- Public Health Association of Australia (PHAA).<sup>11</sup>

4.14 Since its establishment in June 2014, a number of committees have been involved in overseeing the implementation of the HSR, including: the Australia and New Zealand Ministerial Forum on Food Regulation; Front-of-Pack Labelling Steering Committee; and HSR Advisory Committee (HSRAC). These committees are comprised of government ministers, industry players, public health professionals and consumer groups.<sup>12</sup>

#### *How it works*

4.15 HSR is a voluntary scheme that rates the nutritional profile of packaged food and assigns a rating within six broad categories of food: dairy beverages, non-dairy beverages, core dairy (soft cheeses and yoghurts), core dairy (hard cheese), fats and oils, and general foods. It is designed to compare food within a category, for example, yoghurts with yoghurts, or cereals with cereals.<sup>13</sup>

4.16 The Heart Foundation monitors the implementation of the system using data on uptake of HSR by industry. As at April 2018, 165 companies had adopted the HSR system with over 10 300 products displaying the HSR graphic.<sup>14</sup>

4.17 However, The George Institute reported that at the end of 2017, HSR was only on 28 per cent of all eligible products in major supermarkets.<sup>15</sup>

#### *Calculation of Health Star Ratings*

4.18 The number of stars is determined using a calculator designed to assess positive and risk nutrients in food (the HSR Calculator). The algorithm that drives the calculator was developed in consultation with Food Standards Australia New Zealand and other technical and nutrition experts.<sup>16</sup>

4.19 The algorithm awards a star rating based on the nutrient profile of a food, taking into account components linked to risk of diet-related chronic disease (energy,

11 Health Star Rating System, 'Acknowledgements', 6 December 2014, <http://healthstarrating.gov.au/internet/healthstarrating/publishing.nsf/Content/Acknowledgements>, accessed 22 November 2018.

12 Australian Beverages Council, *Submission 22*, p. 14.

13 Health Star Rating Advisory Committee, *Submission 65*, p. 1.

14 Health Star Rating Advisory Committee, *Submission 65*, p. 2.

15 The George Institute, *Submission 104*, Attachment 1, p. 3.

16 Health Star Rating System, 'About Health Star Ratings', <http://healthstarrating.gov.au/internet/healthstarrating/publishing.nsf/Content/About-health-stars>, accessed 22 November 2018.

sodium, saturated fat, and total sugars) and components with health benefits (fibre, protein and fruit, vegetable, nut and legume content). In some cases, protein acts as a proxy for micronutrients such as calcium or iron, or is used to offset naturally occurring sugars in dairy (lactose).<sup>17</sup>

4.20 Some submitters criticised the algorithm, saying that some foods that are high in risk-nutrients score quite well.<sup>18</sup>

4.21 The Institute for Physical Activity and Nutrition (IPAN) at Deakin University and other inquiry participants submitted that recent research indicates that the HSR is undermining the Australian Dietary Guidelines.<sup>19</sup>

4.22 For example, an IPAN study indicated that 57 per cent of new discretionary foods entering the marketplace are displaying 2.5 or more stars.<sup>20</sup>

#### *Added sugar and the algorithm*

4.23 Several submitters are concerned with how the HSR calculator treats added sugar.<sup>21</sup> The current HSR calculator is based on total sugars in a product and makes no distinction between products with high levels of added sugar and those with intrinsic sugars, which are not considered dangerous to health, making it difficult to determine the relative healthiness of a product.<sup>22</sup>

4.24 At a public hearing, Ms Jane Martin, Executive Manager at the OPC, further explained the issue around how the HSR calculator treats added sugars:

We're particularly concerned about added sugar not being adjusted appropriately in the algorithm. Also, the added sugar that's derived from fruit is considered a positive rather than a negative. The algorithm benefits from that ingredient, and we know that added sugar from fruit is the same as added sugar from sugar cane or corn syrup—that it's problematic to health and doesn't mean that the product is healthier.<sup>23</sup>

4.25 Professor Kevin Buckett, Chair of the HSRAC, explained that there are a number of reasons why added sugar is not included in the algorithm:

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17 Health Star Rating Advisory Committee, *Submission 65*, p. 2.

18 See for example: CHOICE, *Submission 90, Supplementary Submission*, p. 6; Cancer Council Australia, *Submission 39*, p. 4; Institute for Physical Activity and Nutrition, Deakin University, *Submission 46*, p. 5; Obesity Policy Coalition, *Submission 135*, p. 11.

19 See for example: Institute for Physical Activity and Nutrition at Deakin University, *Submission 46*, p. 5; Food Governance Node, *Submission 58*, p. 8; Mark Lawrence, Institute for Physical Activity and Nutrition and School of Exercise and Nutrition Sciences, Deakin University, *Submission 95*, p. 2; Australian Chronic Disease Prevention Alliance, *Submission 106*, p. 10.

20 Institute for Physical Activity and Nutrition, Deakin University, *Submission 46*, p. 5.

21 See for example: Obesity Policy Coalition, *Submission 135*, p. 11; The George Institute, *Submission 104*, Attachment 1, p. 2.

22 Obesity Policy Coalition, *Submission 135*, p. 11.

23 Ms Jane Martin, Executive Manager, Obesity Policy Coalition, *Committee Hansard*, Melbourne, 4 September 2018, p. 29.

The major reason that it was total sugar is because that's what the body recognises; the body doesn't really care whether the sugar is added or natural or endogenous in a product. Where there's natural sugar, there's usually other good nutritional elements to the food—vitamins and minerals and so on—that are important as well. Added sugar is just empty calories, as you've heard previously, but the body accepts it in the same way. So you can have products that are completely natural sugars still making 60 per cent of the product, and that's not a healthy product.<sup>24</sup>

4.26 CHOICE recommended that added sugar should be incorporated into the HSR calculation.<sup>25</sup> Similarly, The George Institute is of the view that including added sugar into the HSR algorithm would greatly improve the HSR.<sup>26</sup>

4.27 Professor Buckett noted that the HSR is under review and that there have been plenty of submissions saying added sugar should be added to the algorithm.<sup>27</sup>

*Issues with the 'as prepared' rules in the HSR calculator*

4.28 Submitters raised the issue of the 'as prepared' rules for the calculation of the HSR on products such as packet soups or powdered chocolate drinks.<sup>28</sup>

4.29 Ms Alexandra Jones from The George Institute explained that the rule was created 'so you could show the health star of the product as the manufacturer says it should be consumed'. She told the committee that companies took advantage of this rule:

What we saw happen was that companies realised that this could be a good advantage to them, and Milo was the most visible example, because they said that Milo obtained 4.5 health stars on the basis that you prepared it with three teaspoons of Milo and a cup of skim milk. The problem was that everybody smirked when they heard that and they went out very hard on the promotion of that. The result was that people didn't trust health stars and said that health stars must be a bad system if Milo can get 4.5.<sup>29</sup>

4.30 Ms Jones added that 'to their credit, Nestlé have taken that off their product'.<sup>30</sup>

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24 Associate Professor Kevin Buckett, Deputy Chief Public Health Officer, SA Health, *Committee Hansard*, Melbourne, 7 August 2018, p. 65.

25 CHOICE, *Submission 90*, p. 3.

26 The George Institute, *Submission 104*, p. 1.

27 Associate Professor Kevin Buckett, Deputy Chief Public Health Officer, SA Health, *Committee Hansard*, Melbourne, 7 August 2018, p. 65.

28 See for example: Mr Steve Pratt, Nutrition and Physical Activity Manager, Cancer Council Western Australia, *Committee Hansard*, Sydney, 6 August 2018, p. 11; Ms Alexandra Jones, Research Fellow, Food Policy Division, The George Institute, *Committee Hansard*, Sydney, 6 August 2018, p. 24; Obesity Policy Coalition, *Submission 135*, p. 11.

29 Ms Alexandra Jones, Research Fellow, Food Policy Division, The George Institute, *Committee Hansard*, Sydney, 6 August 2018, p. 24.

30 Ms Alexandra Jones, Research Fellow, Food Policy Division, The George Institute, *Committee Hansard*, Sydney, 6 August 2018, p. 24.

4.31 Ms Margaret Stuart, Corporate and External Relations Manager at Nestlé Australia, raised the question of the HSR on Milo and explained the company's actions:

Nestle feels the Health Star Rating system is useful, which is why we were one of the first to implement it. When we came to put it on Milo, we simply followed the guidance and used the online calculator and applied the resulting 4.5 on the pack. We never anticipated the criticism of Nestle and Milo that came more than a year later. In fact, we thought we'd done the right thing by applying the Health Star Rating early. As the committee will know, to avoid confusing consumers and eroding confidence in a system that we think is fundamentally sound, we have now removed the rating from Milo powder.<sup>31</sup>

4.32 Ms Katinka Day, Campaigns and Policy Team Leader at CHOICE, told the committee that the 'as prepared' loophole needs to be fixed, and provided the example of another type of product that uses the 'as prepared' loophole:

This is salt mix – and it claims a four-star rating on the basis of being mixed with lean meat, wholemeal buns, baby spinach, tomato and onion. This product by itself gets ½ star.<sup>32</sup>

4.33 The OPC recommended that the current 'as prepared' rules be replaced by a new option whereby the HSR of products would be calculated on the basis of products 'as sold', apart from products that are required to be drained or reconstituted with water prior to consumption.<sup>33</sup>

#### *Other concerns with the algorithm*

4.34 The Grains and Legumes Nutrition Council reported that whole grain is not included in the algorithm. As a result, the current algorithm shows little difference between refined and whole grain products. The Grains and Legumes Nutrition Council recommended including whole grain in the HSR as it would lead to greater HSR differences between white and whole grain bread, pasta and rice, creating a greater incentive to choose more nutritious whole grain products.<sup>34</sup>

4.35 The Root Cause is concerned that the HSR algorithm does not consider additives and preservatives, which are especially designed to get children to want more.<sup>35</sup>

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31 Ms Margaret Stuart, Corporate and External Relations Manager, Nestlé Australia, *Committee Hansard*, Melbourne, 4 September 2018, p. 65.

32 Ms Katinka Day, Campaigns and Policy Team Lead, CHOICE, *Committee Hansard*, Sydney, 6 August 2018, p. 35.

33 Obesity Policy Coalition, *Submission 135*, p. 11.

34 Grains and Legumes Nutrition Council, *Submission 72*, p. 2.

35 The Root Cause, *Submission 108*, p. 6.

4.36 The OPC recommended modifying the HSR algorithm to correct inappropriately high ratings for some foods with relatively high levels of added sugar, sodium and saturated fat.<sup>36</sup>

4.37 For example, a selection of nutrient poor, energy dense discretionary foods, such as cakes, biscuits, chips, jelly and icy poles are scoring relatively high ratings of 3 to 5 stars whilst some core foods, such as plain full fat dairy foods, are at the lower end of the rating scale. This is contrary to the Australian Dietary Guidelines and can mislead consumers.<sup>37</sup>

#### *Influence from industry groups*

4.38 CHOICE contended that the involvement of industry players in the Technical Advisory Group that developed the algorithm has influenced the scoring of foods. For example, CHOICE said Sanitarium plays a significant technical role regarding the algorithm, and many Sanitarium products that are high in risk-nutrients score quite well.<sup>38</sup>

4.39 CHOICE recommended that conflicted companies are removed from policy decisions that impact their products.<sup>39</sup>

4.40 Sugar By Half also expressed the view that the HSR is subject to the influence of the food manufacturers.<sup>40</sup>

4.41 Dr Rosemary Stanton OAM pointed out that companies are now using the HSR system as a marketing tool with many instances of energy dense and/or nutrient poor products bearing star ratings that may make them appear healthier than they are.<sup>41</sup>

#### *Effect on consumers' dietary choices*

4.42 According to the WA Cancer Prevention Research Unit at Curtin University, the HSR is more effective in influencing food choices than the Daily Intake Guide and Traffic Light food labelling systems.<sup>42</sup>

4.43 In April 2018, the Heart Foundation presented findings from their consumer awareness survey on the HSR and found that 67 per cent of respondents reported being influenced by the HSR in their purchasing decision, with 35 per cent buying a product with more stars.<sup>43</sup>

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36 Obesity Policy Coalition, *Submission 135*, p. 4.

37 Obesity Policy Coalition, *Submission 135*, p. 11.

38 CHOICE, *Submission 90, Supplementary Submission*, p. 6.

39 CHOICE, *Submission 90, Supplementary Submission*, p. 7.

40 Sugar By Half, *Submission 48*, p. 4.

41 Dr Rosemary Stanton OAM, *Submission 112*, p. 11.

42 WA Cancer Prevention Research Unit, *Submission 8*, p. 3.

43 Australian Beverages Council, *Submission 22*, p. 15.

4.44 CHOICE is of the view that the HSR has the potential to be a leading FoPL initiative to help people make informed and healthy choices.<sup>44</sup>

4.45 Professor Bruce Neal, Executive Director at The George Institute, told the committee that people find the HSR useful and easy to understand: 'health star ratings came out a firm favourite with consumers in terms of, 'We like this, we understand it, we think it's helpful'.<sup>45</sup>

4.46 However, some submitters argued that HSR is poorly understood and not always trusted by consumers.<sup>46</sup> For example, the OPC noted that despite the HSR's positive impact on consumers, a large number of consumers do not have, or have lost, confidence in the HSR.<sup>47</sup>

#### *Effect on food manufacturers*

4.47 In addition to raising consumer awareness, interpretative FoPL systems have also been identified as a driver for food companies to reformulate some of their products.<sup>48</sup>

4.48 According to recently published research, implementation of the HSR has driven food manufacturers and retailers to reformulate products to reduce negative and increase positive nutritive components.<sup>49</sup>

4.49 As described by the Australian Medical Association, the HSR has led some food producers to reformulate their products to achieve a higher HSR rating.<sup>50</sup>

4.50 The Australian Government Department of Health says:

There are numerous anecdotal reports of reformulation where companies have reformulated products to achieve higher HSRs by reducing sugar, fat and / or salt and increasing fibre content.<sup>51</sup>

4.51 Nestlé Australia submitted it was an early adopter of the HSR and has reformulated some of its products to improve the HSR. For example, Nestlé Australia has reformulated Milo cereal and reduced its sugar content by 12 per cent, halved saturated fat and doubled whole grain and fibre.<sup>52</sup>

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44 CHOICE, *Submission 90*, p. 2.

45 Professor Bruce Neal, Executive Director, The George Institute, *Committee Hansard*, Sydney, 6 August 2018, p. 30.

46 See for example: Nepean Blue Mountains Family Obesity Service, *Submission 18*, p. 9; Obesity Policy Coalition, *Submission 135*, p. 10.

47 Obesity Policy Coalition, *Submission 135*, p. 10.

48 Heart Foundation, *Submission 139*, p. 8.

49 Health Star Rating Advisory Committee, *Submission 65*, p. 3.

50 Australian Medical Association, *Submission 125*, p. 7.

51 Australian Government Department of Health, *Submission 142*, p. 3.

52 Nestlé Australia, *Submission 78*, p. 11.



4.52 Professor Buckett told the committee that reformulation was actively happening but 'it is largely anecdotal, because companies tell us that but they don't want to talk about it too much'.<sup>53</sup>

4.53 Professor Buckett gave the examples of reformulation of muesli bars and breakfast cereals to improve their star ratings without mentioning brand names.<sup>54</sup>

*Should it be mandatory?*

4.54 Submitters, with the exception of the food and beverage industry sectors, are overwhelmingly of the view that the system should be made mandatory.<sup>55</sup>

4.55 Cancer Council Australia explained that the mandatory adoption of the HSR system would make it easier for consumers to make an informed decision about processed foods.<sup>56</sup>

4.56 According to the OPC, at present, the capacity of consumers to successfully make comparisons between products is hampered by the voluntary nature and limited uptake of the HSR system.<sup>57</sup>

4.57 The Food Governance Node stressed to the committee that HSR must be made mandatory to enable consumers to receive the full benefit of the system across the food supply.<sup>58</sup>

4.58 Mr Kirkland, Chief Executive Officer of CHOICE, also pointed out to the committee that making HSR mandatory would stop manufacturers from being selective about which products they put the HSR on. He provided the example of Milo:

Nestlé is a good example. Having fought the claim about Milo for several years, they now say they're going to take health stars off Milo, so that's an example of manufacturers getting around the voluntary nature of the system.<sup>59</sup>

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53 Associate Professor Kevin Buckett, Deputy Chief Public Health Officer, SA Health, *Committee Hansard*, 7 August 2018, p. 65.

54 Associate Professor Kevin Buckett, Deputy Chief Public Health Officer, SA Health, *Committee Hansard*, 7 August 2018, p. 65.

55 See for example: WA Cancer Prevention Research Unit, *Submission 8*, p. 3; Centre for Research Excellence in the Early Prevention of Obesity in Childhood, *Submission 10*, p. 8; The Royal Children's Hospital Melbourne, *Submission 17*, p. 2; Food Fairness Illawarra, *Submission 27*, p. 4; Cancer Council Australia, *Submission 39*, p. 4; Food Governance Node, *Submission 58*, p. 8; Public Health Association Australia, *Submission 73*, p. 17; CHOICE, *Submission 90*, p. 3; Obesity Policy Coalition, *Submission 135*, p. 4.

56 Cancer Council Australia, *Submission 39*, p. 6.

57 Obesity Policy Coalition, *Submission 135*, p. 10.

58 Food Governance Node, *Submission 58*, p. 8.

59 Mr Alan Kirkland, Chief Executive Officer, CHOICE, *Committee Hansard*, 6 August 2018, p. 36.

4.59 However, Ms Stuart from Nestlé Australia argued that 'making it mandatory is going to have implications that would be quite significant for imported products, for shared labels'.<sup>60</sup>

4.60 Professor Buckett told the committee that adding the HSR label on imported products is not an issue:

There is a style guide which has the label available, so people can easily download the label...and put the label on the product that they're importing, in the same way as they do for nutrition information panel now. Nutrition information panels aren't required in all countries overseas, and we do get some imports from those countries.<sup>61</sup>

#### *Five-year review*

4.61 The HSR is currently being reviewed in line with the Australia and New Zealand Ministerial Forum on Food Regulation's decision that the system be reviewed after five years of implementation. The review is being undertaken by an independent consultant (MP Consulting), with a final report due in 2019.<sup>62</sup>

4.62 The review broadly considers: the impact of the system; whether the system has successfully met its objectives; and if necessary, how the system could be improved.<sup>63</sup>

4.63 The HSRAC made the initial call for public submissions. A total of 483 submissions were received and MP Consulting has been analysing those submissions and identifying the themes that they need to consult further on.<sup>64</sup>

4.64 Further consultations are now planned and there will further public consultations starting in November 2018.<sup>65</sup>

#### *Other voluntary FoPL schemes*

4.65 Other voluntary FoPL schemes have been introduced by food and beverage companies. These include the *Daily Intake Guide* and portion control communications.

#### *The Daily Intake Guide (DIG) label*

4.66 Introduced in 2006, the DIG is a voluntary FoPL program run by the Australian Food and Grocery Council (AFGC), which provides contextual information

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60 Ms Margaret Stuart, Corporate and External Relations Manager, Nestlé Australia, *Committee Hansard*, 4 September 2018, p. 70.

61 Associate Professor Kevin Buckett, Deputy Chief Public Health Officer, SA Health, *Committee Hansard*, 7 August 2018, p. 71.

62 Health Star Rating Advisory Committee, *Submission 65*, p. 4.

63 Australian Beverages Council, *Submission 22*, p. 15.

64 Ms Elizabeth Flynn, Assistant Secretary, Preventive Health Policy Branch, Population Health and Sport Division, Department of Health, *Committee Hansard*, 5 September 2018, p. 18.

65 Associate Professor Kevin Buckett, Deputy Chief Public Health Officer, SA Health, *Committee Hansard*, 7 August 2018, p. 68.

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about energy and nutrients. It also provides information on both the number of kilojoules per serve and what this represents as a percentage of an adult's total daily energy intake.

4.67 According to AFGC, in 2014, DIG appeared on over 7200 products in all major food categories.<sup>66</sup>

4.68 The Australian Beverages Council informed the committee that the DIG label was introduced on beverage packs by most of the Australian Beverages Council Members in 2006.<sup>67</sup>

4.69 The OPC is of the view that DIG is not effective in guiding consumers to healthier food choices, pointing to research that found that the scheme is confusing for consumers with low literacy and from lower socio-economic groups.<sup>68</sup>

4.70 The OPC contended that the scheme is not based on current recommended energy and nutrients intake and may be misleading, particularly when used on children's products, and does not provide consumers with interpretative guidance about the healthiness of products.<sup>69</sup>

#### *Portion communication*

4.71 Some food companies have also introduced their own portion guidance communication and labelling. For example, in 2014, Nestlé Australia introduced portion guidance icons on packs to help guide consumers toward recognising and choosing appropriate portion sizes.<sup>70</sup>

4.72 In February 2017, Coca-Cola Australia introduced new serves per pack labelling on large multi-serve bottles.<sup>71</sup>

#### ***Advisory labels regarding nutrients of concern***

##### *Advisory labels regarding added sugar*

4.73 In 2016, the Food and Drug Authority in the United States of America updated its nutrition information panel to require added sugars in grams and as a percent of Daily Value to be included on labels.<sup>72</sup>

4.74 However, this is not mandatory in Australia. Live Lighter WA and the OPC pointed out to the committee that Australian consumers are currently unable to ascertain the amount of added sugar in a product.<sup>73</sup>

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66 Australian Food and Grocery Council, *Submission 88*, p. 7.

67 Australian Beverages Council, *Submission 22*, p. 32.

68 Obesity Policy Coalition, *Problems with DIG food labelling scheme*, Policy Brief, p. 1.

69 Obesity Policy Coalition, *Problems with DIG food labelling scheme*, Policy Brief, p. 1.

70 Nestlé Australia, *Submission 78*, p. 12.

71 Coca-Cola Australia, *Submission 114*, p. 7.

72 Obesity Policy Coalition, *Submission 135*, p. 15.

73 Live Lighter WA, *Submission 88*, p. 12.

4.75 Nutrition Australia reported that 67 per cent of parents find it hard to know how much added sugar is in the food products they buy for their children.<sup>74</sup>

4.76 Ms Day from CHOICE also shared concerns with the current lack of labelling of added sugar on products which makes it impossible for consumers to reduce their intake of added sugar:

Current dietary advice from the Australian Dietary Guidelines and the WHO say we need to reduce our amount of added sugar. Currently, looking at the food labels, there's no way for an individual to follow that advice. Food companies use over 40 different words for sugar in ingredient lists, so it's really difficult for consumers.<sup>75</sup>

4.77 Some inquiry participants recommended the introduction of clearer food labelling that makes the disclosure of added sugar content mandatory.<sup>76</sup> The PHAA recommended nutrition information panels include a separate line for added sugars.<sup>77</sup>

### *Be Treatwise*

4.78 *Be Treatwise* is a confectionery industry initiative launched in 2006 to help consumers recognise the role of confectionery as a treat within a consumer's diet. The confectionery industry uses *Be Treatwise* in conjunction with energy per serve labelling such as DIG labelling.<sup>78</sup>

4.79 According to Nestlé Australia, independent research conducted by Nielsen Australia shows that 79 per cent of Australians aged 18 years and over interpret the *Be Treatwise* message as 'a food that can be eaten occasionally' or 'a food that can be eaten rarely'.<sup>79</sup>

4.80 *Be Treatwise* is also used in New Zealand and in the United Kingdom.<sup>80</sup>

### *Warning labels*

4.81 According to the OPC, there is a growing body of research demonstrating that graphic health messages, similar to those used on cigarette packets, could be an effective way of helping people to make healthier food choices.<sup>81</sup>

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74 Nutrition Australia, *Submission 61*, p. 4; Obesity Policy Coalition, *Submission 135*, p. 15.

75 Ms Katinka Day, Campaigns and Policy Team Lead, CHOICE, *Committee Hansard*, 6 August 2018, p. 35.

76 See for example: That Sugar Movement, *Submission 115*, p. 2; Obesity Policy Coalition, *Submission 135*, p. 16.

77 Public Health Association of Australia, *Submission 73*, p. 17.

78 Robern Menz, *Submission 80*, Attachment 2, p. 1.

79 Nestlé Australia, *Submission 78*, p. 14.

80 Australian Industry Group, *Submission 117*, p. 14.

81 Obesity Policy Coalition, *Submission 135*, p. 16.

4.82 Professor Neal explained that its randomised trials on the effect of different types of food labelling on consumer behaviours found that warning labels are very effective:

In terms of what actually changed what people bought, the most effective was the warning labels. Warning labels are probably most effective because they basically just go, 'Don't buy that, it's really bad for you.'<sup>82</sup>

4.83 The OPC noted that health advisory labels on food are beginning to be introduced internationally. For example, in Chile processed foods that exceed predetermined levels of key nutrients are required to have warning labels.<sup>83</sup>

4.84 The OPC recommended introducing advisory labels on foods that are high in unhealthy ingredients, such as sugary drinks.<sup>84</sup>

### ***Nutrition labelling at fast food restaurants***

4.85 In 2012, New South Wales (NSW) was the first state to legislate mandatory kilojoule (kJ) menu labelling to encourage healthier food and drink choices at major fast food outlets.<sup>85</sup> Since then, Victoria, Queensland, South Australia and the Australian Capital Territory have also implemented a kJ Menu Labelling Scheme.<sup>86</sup>

4.86 Whilst the kJ Menu Labelling Scheme is not mandatory in Tasmania, the Northern Territory and Western Australia, some fast food companies such as Kentucky Fried Chicken have introduced a kJ menu board in all their restaurants.<sup>87</sup>

4.87 An evaluation of NSW's kJ Menu Labelling Scheme found that it was noticed by consumers, there was a shift toward better understanding of daily energy intake, and there was some reduction in kilojoules purchased.<sup>88</sup>

4.88 There is also a strong body of international research supporting implementation of energy information as a means of empowering consumers to make healthier choices. For example, the provision of calorie information on fast food menus in New York City resulted in customers purchasing food with fewer calories.<sup>89</sup>

4.89 The OPC says there is strong public support for the display of nutrition information in fast food outlets, pointing to a recent Cancer Council and Heart

82 Professor Bruce Neal, Executive Director, The George Institute, *Committee Hansard*, Sydney, 6 August 2018, p. 30.

83 Obesity Policy Coalition, *Submission 135*, p. 16.

84 Obesity Policy Coalition, *Submission 135*, p. 17.

85 NSW Health, *Submission 145*, p. 5.

86 Kentucky Fried Chicken Pty Limited, *Submission 53*, p. 2.

87 Kentucky Fried Chicken Pty Limited, *Submission 53*, p. 1.

88 Swinburne University of Technology, *Submission 75, Supplementary Submission*, p. 13.

89 Obesity Policy Coalition, *Menu Kilojoule Labelling in chain food outlets in Australia*, Policy Brief, p. 2.

Foundation survey, which found that more than eight in 10 consumers surveyed want kilojoule information in fast food and snack chains.<sup>90</sup>

4.90 The Centre for Research Excellence in the Early Prevention of Obesity in Childhood recommended mandatory nutrition labelling in restaurant foods.<sup>91</sup> Similarly, the PHAA and the OPC recommended extending mandatory kilojoule menu labelling in chain food outlets across all Australia.<sup>92</sup>

#### *Committee view*

4.91 Given that the high consumption of energy-dense processed foods is a key contributing factor to rising rates of overweight and obesity, the committee is of the view that a clear, simple and consistent FoPL system is essential for enabling consumers to make informed and healthier food choices.

#### *Health Star Rating*

4.92 The committee was particularly interested to hear the views of inquiry participants on the HSR, which is currently under review. Indeed, the HSR has potential to empower consumers to effectively compare the nutritional value of foods within a particular product range. As described by some submitters, the HSR is more effective in influencing food choices than other labelling systems, such as the DIG. However, the committee was made aware of a number of significant problems with the current HSR.

#### *HSR algorithm*

4.93 In particular, the committee heard that the algorithm used to award stars needs to be recalibrated, as it can lead to discretionary foods such as cakes and chips scoring ratings of 3 to 5 stars. The committee understands that the current modelling allows products that are relatively high in sugar, sodium or saturated fat to score well through the addition of fibre or protein, which attracts positive points in the calculation of the HSR.

#### *Treatment of added sugar and fruit juices*

4.94 The committee heard that the problem is especially significant in relation to added sugar. Indeed, the current HSR is based on total sugar and does not make the distinction between products with high levels of added sugars and those with intrinsic sugars. Modifying the treatment of added sugar in the HSR calculator may become particularly important in the context of making the HSR mandatory as it may drive food companies to reduce the amount of added sugar in their products to achieve higher HSR ratings. The committee is also concerned that the HSR treats fruit juice as

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90 Obesity Policy Coalition, *Menu Kilojoule Labelling in chain food outlets in Australia*, Policy Brief, p. 3.

91 Centre for Research Excellence in the Early Prevention of Obesity in Childhood, *Submission 10*, p. 10.

92 Public Health Association of Australia, *Submission 73*, p. 17.

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equal to whole fruit resulting in some fruit juices scoring 5 stars and some whole fruits not.

#### *'As prepared' rules*

4.95 The committee also believes that the 'as prepared' rules need to be replaced. As a result, the committee is of the view that the HSR calculator should be modified to ensure the HSR does not mislead consumers and is in line with the Australian Dietary Guidelines.

#### *Conflict of interest*

4.96 Additionally, in order to avoid potential conflicts of interest, representatives of food and beverage companies should no longer provide input and technical support to the development of the HSR calculator. The Technical Advisory Group should no longer comprise members from the food and beverage industry.

#### *Making it a mandatory scheme*

4.97 The other key problem with the HSR is that it is a voluntary scheme. As a result, the capacity of consumers to successfully make comparisons between products is reduced. Alarming, the committee heard that food companies use the HSR as a marketing tool, choosing to put the HSR only on products that attract high ratings. The committee agrees with submitters that the mandatory adoption of the HSR would make it easier for consumers to make an informed decision about the food products they purchase. Making it mandatory will also stop food companies using the HSR as a marketing tool. Importantly, the committee is of the view that making it mandatory will drive food companies to reformulate more of their products in order to achieve higher HSR ratings. The committee also believes that, once the HSR is made mandatory, the HSR calculator could be regularly adjusted to make it harder to achieve a 5 star rating. This would further drive reformulation activities and greatly increase availability of healthy food options.

### **Recommendation 6**

**4.98 The committee recommends the Minister for Rural Health promote to the Australia and New Zealand Ministerial Forum on Food Regulation the adoption of the following changes to the current Health Star Rating system:**

- **The Health Star Rating Calculator be modified to address inconsistencies in the calculation of ratings in relation to:**
  - **foods high in sugar, sodium and saturated fat;**
  - **the current treatment of added sugar;**
  - **the current treatment of fruit juices;**
  - **the current treatment of unprocessed fruit and vegetables; and**
  - **the 'as prepared' rules.**
- **Representatives of the food and beverage industry sectors may be consulted for technical advice but no longer sit on the HSR Calculator Technical Advisory Group.**

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- **The Health Star Rating system be made mandatory by 2020.**

*Other FoPL initiatives*

4.99 The committee heard that research conducted since the introduction of the HSR, which compares different FoPL options, has shown that consumers prefer the HSR. The HSR is simple to understand and effective. As a result, the committee does not see any value in keeping other existing voluntary FoPLs or introducing new ones. In particular, the committee is of the view that the DIG label is confusing, difficult to interpret and, at times, misleading. Indeed, the committee is concerned that the DIG reference values are based on an average adult's daily energy intake, which is not suitable for *all* persons and children in particular. This can lead to parents underestimating how much energy a product contributes to their child's needs, resulting in their child consuming more energy than he or she requires. This is of serious concern for the committee as childhood obesity continues to rise in Australia. The committee acknowledges the findings and recommendations of the last independent review of food labelling law and policy (Blewett review) which was commissioned by the Australian and New Zealand food regulations ministers in 2009. As this work predates the introduction of the HSR, it would be timely to consider undertaking another review to ensure FoPL schemes provide adequate information and do not mislead consumers. Additionally, the review should look into the benefits of introducing regulation to limit the number of nutrition information labels allowed on food and drink packaging.

**Recommendation 7**

**4.100 The committee recommends Food Standards Australia New Zealand undertake a review of voluntary front-of-pack labelling schemes to ensure they are fit-for-purpose and adequately represent the nutritional value of foods and beverages.**

*Advisory labels regarding nutrients of concern*

4.101 The committee understands that the Australia and New Zealand Ministerial Forum on Food Regulation is currently investigating labelling approaches for providing information on sugars to consumers and that public consultations are underway.<sup>93</sup> Given the current difficulty for consumers to ascertain the amount of added sugar in the products they purchase and consume, the committee is of the view that clearer labelling making the disclosure of added sugar mandatory on packaged foods and drinks should be introduced. The committee also noted the growing evidence around the effectiveness of health warning labels on food products high in unhealthy ingredients.

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93 Food regulation, *Labelling of sugars on packaged foods and drinks*, <http://foodregulation.gov.au/internet/fr/publishing.nsf/Content/labelling-of-sugars-on-packaged-foods-and-drinks>, accessed 22 November 2018.



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**Recommendation 8**

**4.102 The committee recommends the Minister for Rural Health promote to the Australia and New Zealand Ministerial Forum on Food Regulation the adoption of mandatory labelling of added sugar on packaged foods and drinks.**

*Nutrition labelling in restaurants*

4.103 The committee is aware that the Australia and New Zealand Ministerial Forum on Food Regulation has recently conducted a review of fast food menu labelling schemes in Australia. The results of the consultation have been provided to the Forum and Council of Australian Governments (COAG) Health Council. In June 2018, the Forum agreed that further targeted consultation is to be undertaken to develop policy options that aim to improve and strengthen fast food menu labelling in Australia. Overall, the review found that there is stakeholder support for menu labelling schemes in fast food chains. The committee received similar evidence and heard that the provision of nutritional information on fast food menus has resulted in customers purchasing food with fewer kilojoules. The committee believes that a consistent, accessible, legible and recognisable nutrition information label on fast food menus should be introduced and made mandatory nationally.

**Recommendation 9**

**4.104 The committee recommends that the COAG Health Council work with the Department of Health to develop a nutritional information label for fast food menus with the goal of achieving national consistency and making it mandatory in all jurisdictions.**

