

In Confidence

Office of the Minister for Food Safety
Chair, Cabinet Economic Development Committee

Government position on preferred direction for improving sugar labelling

Proposal

1. I seek Cabinet agreement that I support the preferred policy direction at the Australia New Zealand Ministerial Forum on Food Regulation (the Ministerial Forum) of:
 - committing to further consideration of pictorial representations of sugar on sugary drinks, such as soft drinks, and
 - clearly identifying added sugars on labels on all packaged food and drink.

Executive Summary

2. On 28 June 2019, the Ministerial Forum, of which I am New Zealand's representative, will be asked to decide on a preferred policy direction on improving sugar labelling on packaged food and drinks. Food Standards Australia New Zealand will be requested to undertake further investigation in line with the Forum's decision.
3. High energy consumption from sugar contributes to poor health outcomes such as obesity and tooth decay. Obesity and tooth decay disproportionately affect people from low socio-economic, Māori, and Pasifika backgrounds.
4. I intend to support a commitment to consider pictorial labelling, such as 'teaspoons of sugar' on sugary drinks, alongside upcoming potential changes to the current Health Star Rating system. Pictorial labelling is an easy way of helping consumers understand the amount of sugar in sugary drinks.
5. In addition, I intend to support making changes to the current nutrition information panel required on packaged food and drinks, requiring the quantification and listing of added sugars. While currently only total sugars are required to be listed on the label, this would ensure added sugar is clearly identifiable on the label, and better align labelling with the New Zealand Eating and Activity Guidelines and the Australian Dietary Guidelines.

6. A summary of the timeline for changes to sugar labelling is as follows:

28 June 2019	Ministerial Forum decision on policy direction for sugar labelling.
July 2019	Food Standards Australia New Zealand begins technical work on clearly identifying added sugar in the nutrition information panel on all packaged foods.
Active consideration	

7. These changes are part of a wider package of work being considered over the coming months looking at sugar in food and drinks. Other changes include:
- Ministerial Forum consideration of the likely recommendation for harsher treatment of sugar in all foods within the Health Star Rating system,
 - Ministerial Forum consideration of a potential restriction of 'percent sugar-free' claims seen on alcohol such as beer, and
 - Under consideration

Background

Australia and New Zealand have a joint food standards setting system

8. Australia and New Zealand have harmonised standards for food labelling and composition. Food Standards Australia New Zealand develops standards, under the direction of the Ministerial Forum. New Zealand has one of ten votes at the Ministerial Forum, along with the Commonwealth and Australian States and Territories, where decisions are taken by a majority vote. As Minister for Food Safety, I am New Zealand's representative on the Ministerial Forum.
9. At its upcoming meeting on 28 June 2019, the Ministerial Forum will decide whether to commit to further consideration of potential pictorial representation (e.g. 'teaspoons of sugar') on sugary drinks, such as soft drinks, and whether to ask Food Standards Australia New Zealand to investigate quantifying and listing added sugars in mandatory nutrition information panels.

Obesity is a major health concern in New Zealand, and a key contributor is the consumption of high energy foods

10. Obesity is a major health concern in New Zealand, with 32 percent of New Zealand adults currently obese. Tooth decay is the most prevalent chronic disease in children in New Zealand. Both conditions disproportionately affect those from low socio-economic, Māori, and Pasifika backgrounds.
11. Products that are high in added sugars are generally lacking in beneficial nutrients. These products, such as sugary drinks, can also be easily consumed in large amounts, resulting in a high energy intake. An excess energy intake can result in an increased risk of unhealthy weight gain contributing to poor health outcomes and health conditions, such as hypertension, cardiovascular disease, type 2 diabetes and metabolic disease. Consumption of sugary drinks is also directly associated with tooth decay.
12. The New Zealand Eating and Activity Guidelines recommend choosing food and drinks that contain little, or no, added sugars (amongst other things). Currently, there is very little information on added sugars available to consumers on the label, making it difficult to make informed choices.
13. Improved labelling would provide information to enable consumers to make better informed choices in line with the New Zealand Eating and Activity Guidelines, compare products easily, and understand the amount of added versus naturally occurring sugar in packaged food and drinks. Reduced intake of foods high in added sugar in favour of healthier alternatives would potentially help improve the health of New Zealanders, by decreasing the prevalence of obesity and its associated conditions, as well as tooth decay. Sugary drinks have detrimental impacts on the wellbeing of some of New Zealand's most deprived communities and these proposals will contribute to ensuring customers have the right information about their food choices.

Public consultation on sugar labelling occurred in the second half of 2018

14. A trans-Tasman public consultation on six potential options to improve sugar labelling was held from 11 July 2018 to 28 September 2018. Submissions were received from a wide range of stakeholders including consumers, public health and industry. 166 submissions were received with 82 of these from New Zealand. The options consulted on were:
 - status quo (total sugars identified on nutrition information panels on labels);
 - education on how to read and interpret labels;
 - changes to the statement of ingredients to more overtly identify added sugars;
 - quantifying and listing added sugars in the nutrition information panel;
 - advisory labels for food high in added sugar;
 - pictorial labels to convey the amount or types of sugar in a serving of food; and
 - digital linking to off-label information about added sugar content.

15. Clearly identifying added sugar in the nutrition information panel received the most widespread support across stakeholder groups, as they considered it highlights the amount of added sugar in the product but not at the detriment of other nutrients. Consumers were particularly supportive of pictorial labelling, and public health supported it for sugary drinks only, due to the large amount of sugar in such drinks.
16. I recommend supporting a commitment to consider pictorial labelling, such as 'teaspoons of sugar' on sugary drinks, and clearly identifying added sugar in the nutrition information panel. Further details on these are outlined below.

Pictorial depictions of sugar – for sugary drinks only

17. I recommend that I support a commitment to further consideration of pictorial depictions of sugar (such as 'teaspoons of sugar') for sugary drinks only, alongside the potential changes to the Health Star Rating system. When last measured in 2008/9, sugary drinks contributed significantly to sugar intake in New Zealand, and the energy in these drinks generally only comes from sugars. Sugary drinks are also typically low in other nutrients, such as protein, saturated fat, and fibre.
18. I do not recommend considering applying this to all foods. This risks overemphasising sugar and misleading consumers into poorer choices (such as choosing foods high in saturated fat or salt but low in sugar). This is important as these other nutrients are more strongly linked to poor health outcomes. For example, some consumers may perceive foods such as potato chips, which are high in saturated fat and salt but low in sugar, as healthier than low fat yoghurt which contains naturally occurring and added sugars but little saturated fat and salt.
19. Pictorial labelling helps consumers easily understand the amount of sugar in sugary drinks (which include soft drinks, juices, cordials, sports drinks and some flavoured waters). Research suggests such may reduce their purchases and therefore consumption. Highlighting the quantity of sugar may also encourage drink manufacturers to reformulate to reduce sugar. While it is already mandatory to list total sugar content in the nutrition information panel on these drinks, pictorial labelling is likely to be noticed and understood more readily by consumers.
20. The Health Star Rating already provides a government-backed graphic for labelling of key nutrients present in a food (positive and negative), including sugar. An additional graphic on the front of labels could detract from the Health Star Rating, which is on over 20 percent of eligible food products in New Zealand, and increasing.

21. Pictorial labelling on sugary drinks will need to be considered alongside potential changes to the Heath Star Rating system (which is under review). Given the limited space on the front of the label, a decision will need to be made on the best approach.
22. Following the sugar labelling decision and depending on the approach chosen, Food Standards Australia New Zealand would then be tasked with further technical analysis of issues such as the form of the pictorial label, whether it depicts total or added sugars, and a full cost benefit analysis.

Quantifying and listing added sugar in the nutrition information panel

23. The nutrition information panel is a mandatory food label on all packaged foods. It includes the amount of energy, protein, fat, saturated fat, carbohydrate, total sugars and sodium that a product contains per serve and per 100 g.
24. I am recommending that I support progressing work to quantify and list added sugars in the nutrition information panel at the Ministerial Forum meeting. Requiring this new information on the label would ensure added sugar is clearly identifiable, as well as total sugars. This would enable consumers to make better informed choices in line with dietary recommendations, compare products easily, and understand the amount of added versus naturally occurring sugar in packaged food and drinks. Implementation would include consumer education on understanding the labelling changes.
25. This is my preferred approach because it would emphasise the importance of limiting the intake of added sugars in the diet, but it would not overemphasise it relative to other nutrients. Quantifying added sugar in the nutrition information panel received the most widespread support from stakeholder groups during consultation.
26. The requirement to list quantities of added sugars could also incentivise manufacturers to reformulate, and remove added sugars from products.
27. This is not expected to impose excessive costs on industry. It requires a small change to an existing element of the label and is unlikely to require major label redesign. It would not require composition analysis costs as it would likely be a calculated figure based on recipes once the definition of added sugars is set.
28. Clearly identifying added sugar in the nutrition information panel will require Food Standards Australia New Zealand to undertake further analysis including; which sugars are considered to be added sugars, methods for calculating and quantifying added sugars, and undertaking a full cost benefit analysis.

Under consideration

Trade considerations with a potential mandatory approach

29. Any mandatory labelling requirement needs to be consistent with New Zealand's international trade obligations. This means any mandatory labelling requirement must be applied equally to imported and domestic products, fulfil a legitimate objective (such as the protection of human health and safety) and not create an unnecessary obstacle to trade. Notification to the World Trade Organization's Technical Barriers to Trade Committee would be required and must allow at least a 60 day consultation period on the draft regulation, and at least a six-month period before entry into force following publication of the final measure. New Zealand will likely be asked to provide a rationale as to why a mandatory measure is justified in this instance.

Links with the Health Star Rating

30. The Health Star Rating is a voluntary system of simplified nutrition labelling displayed on the front of packaged products. The aim is to provide convenient and easily understood information to assist consumers in making healthier eating choices. The system is currently undergoing an independent review and the Ministerial Forum will be **Under consideration** on whether to accept the recommendations of the review. It is likely the review will recommend harsher treatment of sugar in foods and changes to the rating for drinks to more accurately reflect their sugar content.
31. **Under consideration**
32. A key question will be whether the Health Star Rating remains voluntary, which is the current draft recommendation of the independent review. If so, a mandatory pictorial sugar label may be a viable option on sugary drinks.
33. Pictorial labelling will therefore need to be considered alongside the decision on the recommendations of the independent five year review of the Health Star Rating **Under consideration**. Prior to the **Active consideration** Ministerial Forum meeting I will bring a paper to Cabinet to confirm the position I will take on the Health Star Rating system and pictorial labelling for sugar.

Links to other work relating to sugar

34. There is other work currently being undertaken on addressing sugar in food and drinks.

- Under consideration [REDACTED]
- Under consideration [REDACTED]
- Food Standards Australia New Zealand is currently considering whether to restrict carbohydrate claims (including 'percent sugar-free') on alcoholic drinks, as the claims may mislead consumers to believe alcohol is a healthy choice. Active consideration [REDACTED]

Position of Australian jurisdictions on sugar labelling

35. As we are part of a joint standards-setting system, the proposed changes to sugar labelling need to have broad support across Australian and New Zealand Food Safety and Health Ministers. Under consideration [REDACTED]

36. Under consideration [REDACTED]

37. Other important considerations are likely to be the form a pictorial display would take, and whether it depicted added or total sugars.

Consultation

38. The Ministry of Health; the Health Promotion Agency; the Ministry of Business, Innovation and Employment; the Ministry of Foreign Affairs and Trade; the Ministry for Pacific Peoples; the Ministry of Education; the Commerce Commission; and the Treasury have been consulted in the development of this paper. Te Puni Kōkiri and the Department of the Prime Minister and Cabinet have been informed.

Financial Implications

39. There are no financial implications for the Government associated with this paper.

Legislative Implications

40. If the outcome of this work is a mandatory standard, this will be developed by Food Standards Australia New Zealand and agreed to by the Ministerial Forum. It then becomes part of the Australia New Zealand Food Standards Code and is brought into New Zealand law by the Minister for Food Safety issuing a notice under the Food Act 2014.

Regulatory Impact Analysis

41. The Australian Department of Health has prepared a policy paper that contains a preliminary impact analysis of potential options, with input from the Ministry for Primary Industries, on behalf of the Food Regulation Standing Committee (the senior officials committee that advised the Australia New Zealand Ministerial Forum on Food Regulation). This paper is attached.
42. A full Regulatory Impact Statement will be prepared by Food Standards Australia New Zealand on behalf of both countries before a final decision on any labelling changes is made. This will contain analysis of the full costs and impacts of any changes to labelling, and technical implementation details.

Human Rights, Gender Implications and Disability Perspective

43. There are no Human Rights Act; New Zealand Bill of Rights Act; Gender Implications or Disability Perspective implications arising from this Cabinet paper.

Publicity

44. Once a decision is made by the Ministerial Forum, a public communique with the decision will be released. I then intend to make an announcement about the outcome. The announcement is likely to generate publicity and comment by both the food industry and public health bodies.

Proactive Release

45. Following Cabinet consideration, I intend to consider the release of this paper, with certain redactions in line with the Official Information Act 1982. This will be after the date of the Ministerial Forum meeting on 28 June 2019.

Recommendations

The Minister for Food Safety recommends that the Committee:

1. **Note** that high energy consumption from sugar may contribute to poor health outcomes such as obesity and tooth decay, which disproportionately affect those from low socio-economic, Māori, and Pasifika backgrounds.
2. **Note** improved labelling helps consumers to make more informed choices and be more aware of the amount of added sugar in food and drinks they consume.
3. **Note** that at the upcoming Australia and New Zealand Ministerial Forum on Food Regulation on 28 June 2019, the Forum will be asked to agree to a preferred direction for improving sugar labelling on packaged food and drinks.
4. **Note** that Food Standards Australia New Zealand will undertake further investigation in line with the Ministerial Forum's preferred direction.
5. **Agree** that I support the Ministerial Forum committing to further consideration of a system for pictorial labelling, such as 'teaspoons of sugar' on sugary drinks, alongside potential changes to the current Health Star Rating labelling system.
6. **Agree** that I support the Ministerial Forum asking Food Standards Australia New Zealand to progress development of the option of quantifying and listing added sugars in mandatory nutrition information panels.
7. **Note** that any final changes to labelling standards arising from this work will be brought back to Cabinet for agreement, prior to any final decisions by the Ministerial Forum.
8. **Note** that these changes are part of a wider package of work over the coming months looking at sugar in food. These include changes to the Health Star Rating system to likely recommend harsher treatment of sugar in all foods, and the potential restriction of 'percent sugar-free' claims seen on alcoholic drinks.
9. Under consideration

Authorised for Lodgement

Hon. Damien O'Connor
Minister for Food Safety