

## **Fonterra Co-operative Group Limited Submission on:**

### **Consultation Paper – Labelling Review Recommendation 17: Per serving declarations in the nutrition information panel**

**February 2015**

## **Fonterra Co-operative Group Limited**

Fonterra is a leading global dairy nutrition business, owned by 10,500 New Zealand farmer shareholders. Fonterra is the world's leading exporter of dairy products and a preferred supplier of dairy ingredients to many of the world's leading food companies.

Fonterra is New Zealand's (NZ) largest company involved in large-scale milk procurement, processing and management, with a supply chain spanning more than 140 countries. The company has NZ\$14.1 billion in total assets and revenues of NZ\$16 billion, employing more than 16,000 people worldwide.

Fonterra is also a market leader in the consumer dairy segment with a portfolio of milk, cheese, butter and spreads, ice cream and yoghurt brands in Australia and New Zealand. Some of our consumer brands include Anchor, Bega, Fresh n' Fruity, Kapiti, Mainland, Perfect Italiano, Primo, Tip Top, Western Star and Nestle Ski. Fonterra also operates a dedicated sales channel for the foodservice industry which services restaurants, cafes, hotels and QSR operations.

Food safety and quality, and innovation are priorities to every part of the Fonterra business. Through its state-of-the-art research facilities in Palmerston North, New Zealand and Melbourne, Australia, and its global network of research and development facilities, Fonterra is a leader in dairy science and innovation. Fonterra products are synonymous with innovation in bone health, maternal health, child and infant nutrition and dairy goodness. Fonterra products and ingredients are found in many types of manufactured food products, pharmaceuticals, food service outlets including bakeries, restaurants and hotels, and homes across Australia, New Zealand and around the world.

## Introduction & General comments

Fonterra welcomes the opportunity to provide comment on Recommendation 17 from *Labelling Logic: Review of Food Labelling Law and Policy (2011)*.

At a high level, Fonterra supports a regulatory framework for the food industry based on best-practice principles of regulation. This means regulation should:

- Only include the minimum effective regulation;
- Be in line with world's best practice for food safety and food product innovation
- Be cost-effective (i.e. the benefits outweigh the costs of trade restriction, administration and compliance)
- Have the legitimate objectives of food safety and prevention of unfair trade practices, such as misrepresentation and mislabelling
- Use risk-based analysis based on sound science and sound economics
- Use legislation only when non-mandatory measures would fail or be less effective
- Use legislation that allows operational flexibility (i.e. performance-based rather than prescriptive); and
- Ensure legislation provides an even competitive playing field globally and is consistently interpreted.

Fonterra is unclear as to the basis for Recommendation 17 as there does not seem to be evidence the current NIP format presents any major issues or that the proposed change will deliver significant benefit, noting also there is limited research on the actual value the per serve column brings to the consumer.

Fonterra's position in relation to Recommendation 17 is that the inclusion of a per serving column should continue to be mandated where any nutrition content, health claim or on pack representation is linked to serve size. We suggest that further research is undertaken to determine the value of a per serving column in regards to the consumer. The enforcement of a voluntary variation to the standard needs also to be considered based on increased complexity through lack of uniformity. We suggest that per-serving information should not be mandatory for foods that require further processing prior to consumption (e.g Foodservice products).

In summary, Fonterra has a neutral position as to whether the declaration of per serving information in the NIP should change from the status quo of mandatory, to voluntary unless a %DI claim is made. If the per-serving information in the NIP becomes voluntary, Fonterra supports the recommendation that this column should be mandatory when a %DI claim is made. Additionally we suggest that the per-serving NIP information should be mandatory when other nutrition content or health claims are made that are linked to serve size.

## Response to Specific Questions

Question	Comment
<b>Q1 How do you or your organisation use per serving information in the nutrition information panel on food labels?</b>	<p>Fonterra uses per serve nutrition information on consumer and foodservice products to enable consumers/customers to quantify the amount of key nutrients per serving. The per serve NIP information provides a suggested quantity of the food for the target consumer and the number of servings per package of the food. The per serve NIP information provides clarity on the net contribution of nutrients in the food to a healthy eating plan. Most food products are packed to quantities less than or greater than 100g/mL so the per serving column provides a more accurate breakdown of the products nutrient levels as consumed. Per serving information may be displayed in conjunction with %DI labeling or the new HSR scheme for small portions. Vitamin &amp; Mineral claims are displayed in the per serving column with the relevant Recommended Dietary Intake. Nutrient content claims may be calculated from the per serve information e.g. Protein claims.</p> <p>Fonterra has adopted an internal ANZ policy position on serve sizes which</p>

	<p>states:  <i>Serve sizes will not be used inappropriately to manipulate energy or nutrient content per serve (i.e. the serving portion is reflective of actual consumption).</i></p> <p><i>Single Serves</i></p> <ul style="list-style-type: none"> <li>• <i>Should be appropriate sizes for the target market</i></li> <li>• <i>If a food or beverage is packed in a way that it can be reasonably expected to be consumed in one serving then the pack should be equal to the 'serving size'.</i></li> <li>• <i>The energy and the nutrient content of the whole pack should be clearly indicated.</i></li> <li>• <i>The application of a re-sealable lid does not automatically imply multiple serves.</i></li> </ul> <p><i>Multiple Serves</i></p> <ul style="list-style-type: none"> <li>• <i>Multiple serve food and beverages should consist of appropriate serve sizes in relation to single serve packs.</i></li> <li>• <i>Packs should be fitted with a re-sealable lid</i></li> </ul>
<p><b>Q2 Are there any particular food categories or types of food packages (e.g. single serve packages) for which per serving information is particularly useful? If so, what are they? Explain why the information is useful.</b></p>	<p>Per serving information is useful on products where 100g/mL does not reflect actual consumption of the product as it better reflects dietary consumption and the net contribution of nutrients from the food to the diet e.g. single serve formats, portion controlled products, multipacks or large 'family' or bulk packs e.g. 1kg yoghurt tubs, 2L white milk. For example the recommended serve size for butter is 5g (the per 100g column display a nutrient value that displays twenty times the recommended serve). Where a product makes a nutrient content, vitamin or mineral or health claim the per serve NIP information column may be useful in that it displays the net contribution of key nutrients based on serving. The per serving information allows consumers with limited numeracy skills to glance the nutrients per portion of the product without the need to calculate the values per serving from the reference quantity</p> <p>For foods that require further preparation prior to consumption e.g. powdered milk - the as prepared/ or preparation with another food column is useful to reflect intended consumption of the product.</p> <p>The per serving column is less relevant for foods that require further processing prior to consumption.</p>
<p><b>Q3 The Labelling Review recommendation suggests that per serving information be voluntary unless a daily intake claim is made. Do you support this approach? That is, do you think declaration of per serving information in the nutrition information panel should be mandatory if a daily intake claim is made (e.g. %DI or %RDI)? Give reasons for your answer.</b></p>	<p>Fonterra's preferred approach is that the inclusion of a per serving column should be mandated where the basis of any claim or on pack representation is linked to serve size e.g. "20% of your daily iron needs", "high in protein".</p>
<p><b>Q4 As noted in Section 4, there is currently variation in the format of NIPs on food labels because of voluntary permissions for the use of %DI labelling and the option to include a third column for foods intended to be prepared or consumed with at least one other food. If per serving information in the NIP was voluntary this</b></p>	<p>This proposal has the potential to increase variability of food labels in the food supply. We note there is limited research on how consumers use and interpret current NIPs.</p> <p>This also has potential to increase the complexity of enforcement, as NIP per serving info will be voluntary in some circumstances, however mandatory in others when a claim is made</p>

<i>would result in more variability in the format of NIPs across the food supply. Do you think this would be a problem? Why/why not?</i>	
<b>Q5</b> <i>If per serving information in the nutrition information panel was voluntary, do you think the inclusion of per serving information in the nutrition information panel should be mandatory when a nutrition content claim about vitamins, minerals, protein, omega-3-fatty acids or dietary fibre is made? Give reasons for your answer</i>	Fonterra's preferred approach is that the inclusion of a per serving column should be mandated where a nutrition content claim is made e.g. "high in protein".
<b>Q6</b> <i>If per serving information in the nutrition information panel was voluntary, do you think the inclusion of per serving information in the NIP should be mandatory in any other specific regulatory situations? Explain your answer</i>	-
<b>Q7</b> <i>What additional studies examine consumer use and understanding of per serving information in the nutrition information panel on food labels? Please provide a copy of studies where possible.</i>	There is limited literature available on how the presentation of nutrients either per 100g/100ml or per serve size is understood by consumers, or if presentation of nutritional information per 100g/100ml/per serve delivers benefit through encouraging either healthier food choice or portion size consumption by the consumer. Changing consumer consumption patterns by reducing discretionary food intake and increasing core food intake is a more complex issue than food labeling alone is able to address.
<b>Q8</b> <i>From your perspective, what are the advantages and disadvantages of per serving information in the nutrition information panel being voluntary? Please provide evidence where possible.</i>	<p>Advantages</p> <ul style="list-style-type: none"> <li>• Voluntary nature of proposal reduces cost to change artwork/stock in trade.</li> <li>• Simplified nutrition information panels - reduces space requirement on pack for NIP if per serving column is voluntary.</li> <li>• Voluntary inclusion of the per serving column aligns with nutrition information labeling requirements in other markets may facilitate ease of trade.</li> <li>• Negates the need to label per serving on foods requiring further processing or not intended to be consumed as sold.</li> </ul> <p>Disadvantages.</p> <ul style="list-style-type: none"> <li>• Reference qty 100g/mL may result in consumers under or over estimating the contribution of nutrients in a diet.</li> <li>• May disadvantage consumers with poor numeracy skills ability to calculate nutrient intake per serving size</li> <li>• Lack of uniformity in food labeling - potential for consumer confusion.</li> <li>• Voluntary nature of proposal makes enforcement and compliance potentially more complex.</li> </ul>
<b>Q9</b> <i>Do you think the declaration of the amount of energy and nutrients per serving in the NIP should be voluntary?</i> <del>YES/NO</del> <b>UNCERTAIN</b>	Fonterra's preferred approach is that the inclusion of a per serving column is mandatory where the basis of any claim or on pack representation is linked to serve size. A voluntary per serving column enables manufacturers' flexibility to determine their appropriateness on a product by product basis or end use application. However it should be noted that proposal will reduce uniformity in food labeling for consumers, has potential to distort consumer perception of the level of nutrients consumed where the difference between reference quantity and serve size is not well understood.

If there are any queries relating to this submission, please contact:

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Yours faithfully

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