



Kellogg Australia Pty Ltd  
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Pagewood NSW 2019


**Kellogg (Aust) Pty Ltd**

**Submission: FSANZ P1044– Plain English Allergen labelling (PEAL)**

27<sup>th</sup> February 2020

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Pagewood NSW 2019



Food Standards Australia New Zealand

Via email: [submissions@foodstandards.gov.au](mailto:submissions@foodstandards.gov.au)

Thank you for the second opportunity to provide comments on **P1044 Plain English Allergen Labelling (PEAL)**

### *General Comments*

Kellogg is broadly supportive of the proposed changes in **P1044 Plain English Allergen Labelling**. It has always been a business priority for Kellogg to provide relevant quality information to allergic consumers and, in fact, we have for many years been using many of the proposed changes on our product labels.

Kellogg are also supportive of the comments of the Australian Food and Grocery Council in their submission for **P1044 Plain English Allergen Labelling (PEAL)**.

However, Kellogg seeks flexibility regarding the implementation of the proposed changes. Given the intention of P1044 PEAL proposal is clarity and consistency in allergen labelling, and there is already a mandatory allergen declaration, a more flexible approach in implementation does not change the safety level for the allergic consumers.

Within the regulatory space there are a number of other potential changes to packaging looming including Health Star Rating and added sugar labelling. Any update to our packaging comes at a significant cost to the business including:

1. New artwork costs. Currently we have approximately 300 SKU's that would be impacted – approximately 200 RTE cereals and 100 snacks. The cost for the artwork printing plates is between \$950 and \$1300 per SKU so the total cost for new artwork alone would be a minimum \$300,000 and up to \$400,000. These costs have increased significantly over recent years due to changes in ISO compliance and technology changes.
2. Other less tangible costs include
  - Update to our Kellogg & Pringles website
  - Developing & publishing education materials to explain the changes to consumers
  - Providing updates to our customers websites
  - Updating information in the e-commerce channel
  - Updating internal systems and preparing documentation for external audits
  - Time & resources required to manage the complexity of so many changes as well implement the changes to over 300 SKU's
  - Packaging write off and waste

Kellogg ask that a co-ordinated approach be considered that includes the usual transition and stock in trade periods but also takes into account other pending labelling changes such as Health Stars and thereby allows businesses to minimize cost and complexity. Kellogg would support either of the following approaches;

1. Food manufactured after the date of the variation must be compliant for the period of its shelf life OR
2. The stock in trade provisions are extended beyond the 12 month period given we have a number of products that have a shelf life in excess of 12 months. 24 months would be more relevant and manageable for our business.

### *Questions for submitters*

#### *1. What proportion of foods are likely to be affected by the change?*

For Kellogg (Aust) Pty Ltd this will affect all products and SKU's in our portfolio which includes ready to eat cereals, snacks as well as all products and SKU's under the Pringles brand. In total approximately 300 SKU's of which 200 are cereals and 100 snacks.

#### *2. Is there likely to be a material difference in costs between Options 2 and 3? If yes, why?*

In most instances there will be no difference for our business between option 2 or 3 with respect to cost.

On some snack's wrappers where there is limited space we may have to redesign pack artwork to accommodate additional labelling requirements and there will be additional cost associated with this.

#### *3. Is there likely to be a material difference in the benefit to consumers between Options 2 and 3?*

The inclusion of the allergen summary statement is an additional benefit to allergic consumers we believe, although we do not have research that supports this opinion.

#### *4. Is Option 2 or 3 sufficient for consumers to make quick and reliable assessments of foods?*

If done correctly and according the requirements of the code, yes it should meet consumer needs

#### *5. What would be an appropriate duration of time for stock in trade provisions?*

Stock in trade provisions should be longer especially as many products including some in our own portfolio have a shelf life in excess of 12 months. Given this change is not to correct a health or safety risks as there is

already provision in the code for mandatory allergen labelling there should be no issue extending the stock in trade provisions.

However, Kellogg would prefer a less prescriptive approach to stock in trade, where food must be compliant for sale for the period of its shelf life beginning on the date of the variation.

**6. *Do you expect to have any notification<sup>6</sup>, education<sup>7</sup>, permission<sup>8</sup>, purchasing<sup>9</sup>, record keeping<sup>10</sup>, enforcement<sup>11</sup>, publication and documentation<sup>12</sup>, procedural<sup>13</sup>, delay<sup>14</sup>, labelling<sup>15</sup> or any other costs associated with the proposed changes to the Food Standards Code?***

Yes there will be considerable updates with associated cost aside from simply updating the packaging.

For Kellogg and Pringles this will include

- Update to internal documents for internal and audit purposes
- Update to Kellogg's and Pringles website for all products
- Consumer education piece on Kellogg's and Pringles website to understand the changes and reassure customers that there are no real changes to their favourite trusted foods
- Update to ecommerce shopping channels
- Update to retailers websites via SKUvantage
- Time & resources required to implement the changes to over 300 SKU's
- Packaging write off and waste costs

**7. *Any views in relation to unintended consequences associated with option 2 and 3?***

No comment