

**Submission to MP Consulting on the
Health Star Rating System – Draft Five Year
Review**



Introduction

The New Zealand Beverage Council is the industry association for New Zealand's non-alcoholic beverage sector and represents the manufacturers, bottlers, brand owners and suppliers to the sector.

The Council's membership is made up of a wide range of companies – ranging from some of the largest multinational brands through to some of the country's smallest boutique producers. NZBC represent over 75 percent of the non-alcoholic ready-to-drink beverages sold at retail level in New Zealand.

The New Zealand Beverage Council makes this submission on behalf of its members.

Recommendation One:

The HSR System be continued

NZBC Comment

The New Zealand Beverage Council strongly supports the Health Star Rating system and believes it provides consumers with meaningful and easy-to-understand information that helps them to make informed choices in support of New Zealand's Eating and Activity Guidelines.

For this reason, the New Zealand Beverage Council endorses this recommendation and advocates for the continuation of the HSR system.

Recommendation Two:

The Energy Icon be removed from the HSR graphic options

NZBC Comment

The energy icon is widely used by manufacturers of non-dairy beverages. The energy icon is one of the five hierarchy of options currently available as part of the Health Star Rating system. This option is the preferred graphic for non-dairy beverages based on limited pack size and available label space.

The New Zealand Beverage Council acknowledges, however, the findings of the HSR Review, which found the energy icon is not well understood by consumers and does not provide sufficient information to support choice.

The New Zealand Beverage Council could only support this recommendation if recommendation five (changes to the way HSR is calculated for non-dairy beverages) is adopted with the suggested amendments included in this submission. Even with these changes, it should be noted that some members of the New Zealand Beverage Council may not support the removal of the energy icon.

The New Zealand Beverage Council is also concerned with the proposed two-year transition period. A two-year transition period will be problematic to the beverage industry in New Zealand for the following reasons:

- 1) Uptake of the Health Star Rating is high in the beverage category and therefore a change from the energy icon to one of the other hierarchy options will mean packaging changes to the vast majority of SKU's.
- 2) Recent legislative changes in Australia, such as container deposit and country of origin labelling, have resulted in widespread labelling changes across the beverage industry, some of which are only being realised now. There is also a consultation process underway around labelling of added sugar, which might result in further labelling changes. Further changes to labelling will result in write-off costs to industry (as there is currently a large inventory of packaging), as well as plate changes – a longer and coordinated transition period will help mitigate some of these costs.
- 3) Changing from the energy icon to the star device will require more area/space on the label. In particular, this will impact small packages which will most likely require a complete redesign in order to meet the HSR Style Guide front-of-pack requirements. One of the constraints that industry face in relation to the size of the star device, is in terms of printer capability in order to meet legibility requirements. In relative terms, the star device is equal to approximately 1.5 thumbnails in height and 2.5 thumbnails in width.

These concerns would be mitigated, in part, by moving to a longer transition period. We propose the transition period be extended from two years to three years.

Recommendation Three:

Governments, industry, public health and consumer bodies continue to promote the HSR System. Government promotion over the next two years should:

- **communicate the reason for the changes to the HSR System**
- **target specific areas of consumer misunderstanding or gaps in awareness**
- **highlight government endorsement of the HSR system**
- **position the HSR System in the context of broader healthy eating messages**

NZBC Comment

The New Zealand Beverage Council agrees that the Health Star Rating system would be enhanced through further consumer promotion to help address current misunderstandings. For this reason, the Council supports this recommendation and we will continue to play our role in helping promote the rating system.

Recommendation Four:

A package of changes be made to the way the HSR is calculated for foods to better align with Dietary Guidelines; reflect emerging evidence; address consumer concerns and encourage positive reformulation

NZBC Comment

The key changes under this recommendation have minor impact on the non-dairy beverages category. For this reason, the NZBC does not have any comment to make relating to this recommendation.

Recommendation Five

Changes be made to the way the HSR is calculated for non-dairy beverages, based on adjusted sugars, energy and FVNL points, to better discern water (and drinks similar in nutritional profile to water) from high energy drinks.

NZBC Comment

The New Zealand Beverage Council supports this recommendation and agrees with the need to change how the Health Star Rating is calculated for non-dairy beverages.

The changes proposed address the lack of distinction for non-dairy beverages between 2.5 stars and 4 stars and should allow consumers to differentiate between beverages that should be consumed more often for their positive nutritional content and those that should be consumed on occasion for enjoyment and refreshment.

The New Zealand Beverage Council notes the proposed points tables and methods for calculating the Health Star Rating in Appendix E and acknowledges this will result in 100% fruit and vegetable juices scoring Health Star Ratings of between 2.5 and 4. The calculation of star ratings for 100% juice will be based on sugars and energy content. While there is likely to be a range of views relating to this across the sector, the Council believes that the changes proposed in this review is appropriate given the wide variability of sugar content and energy across various type of 100% juices and will help ensure public confidence is maintained in the system.

There are, two specific areas, where we believe further consideration is given

Flavoured waters

The NZBC agrees that flavoured waters should automatically receive an HSR of 4.5. It is important, however, to be clear as to how flavoured waters are defined in order to stop products pretending to be “flavoured waters” in order to attain an HSR of 4.5

The NZBC, therefore, recommends that consideration be given to tightening the definition of flavoured waters as follows:

Products sold as a flavoured water must be flavoured waters as appropriate and can be uncarbonated, carbonated, mineralised or soda waters that contain only additions of substances at Good Manufacturing Practice (GMP) as per Schedule 16 (types of substances that may be used as food additives) of the Code with nothing else added, including no added sugar.

We believe that this definition helps minimise the risk of other beverages being marketed as flavoured water for advantage.

For clarity, and to ensure the definition of ‘flavoured waters’ is clear, the term ‘unsweetened flavoured waters’ used throughout the report is meant to be taken as ‘no added sugar’ and, therefore, we recommend any reference to ‘unsweetened flavoured waters’ be changed to ‘flavoured water with no added sugar’.

Fruit Drinks

Under the current proposal an anomaly exists where fruit drinks with no added sugar (or diluted juices) receive less stars (2 stars) than fruit juices (2.5 – 4 stars), despite containing less sugar and energy. We believe this anomaly presents a reputational risk to the HSR.

Diluted fruit and vegetable juices are an increasing trend from an innovation and reformulation perspective within the non-dairy beverage category. Other than blending juices with different sugar contents, adding water to juice (diluting it) is another way a manufacturer can reformulate these products to reduce their energy and sugar content. If diluted juices cannot gain more than 2 – 2.5 stars, the incentive is weakened for manufacturers to reformulate and innovate their juices to reduce their energy and/or total sugar content.

Consumers will also be left with the impression that reduced-sugar diluted juice is less healthy than a regular fruit juice, despite the fact that 100% fruit juice will contain significantly more sugar.

This anomaly arises because beverages containing less than 41% juice do not receive modifying points despite their juice content and lower sugar content. For this reason, we propose that the minimum juice content to receive modifying points be reduced from >40% to $\geq 25\%$ to align with local regulations (FSANZ), and that modifying points for FVNL content be received at intervals from 25% to 96%, where at 96% FVNL content a product can receive the highest number of modifying points. $\geq 96\%$ juice content defines a product as a 'juice' (as opposed to a fruit drink) as per Standard 2.6.1 of the Food Standards Code.

This change would provide diluted juices with lower FVNL content the possibility of gaining an extra half to one star and therefore compare more appropriately with 100% juice.

In making this proposal, we do acknowledge that the >40% FVNL content helps ensure manufacturers cannot add small amounts of FVNL ingredients (or juice) to disproportionately increase a product's HSR. It is unclear why the threshold has been set at 40% and this threshold appears to be inconsistent with Australian and New Zealand legislation.

FSANZ defines fruit drinks (Std 2.6.2) as beverages with no less than 5% fruit content (or no less than 3.5% for passionfruit juice drink) and allows nutritional content claims relating to vitamins and minerals to be made with $\geq 25\%$ juice content (Schedule 17-4).

Further, Schedule 4 of the Food Standards Code permits many comparison style nutrition content claims, such as 'reduced sugar' or 'increased fibre', with at least a 25% difference to the reference food.

It is for these reasons that we propose the minimum FVNL content required for beverages to receive modifying points be reduced from >40% to $\geq 25\%$, in line with relevant regulatory provisions.

Further, under the current proposal, only 99% juice can receive the maximum number of modifying points for FVNL content. Given Standard 2.6.1 of the Food Standard Code defines a product as a juice at 96% or more juice content, we would propose an adjustment be made to allow all beverages containing 96% or more juice content to receive the maximum number of modifying points.

These changes would see the upper and lower FVNL content for non-dairy beverages grounded in current food regulations. We propose the below fruit and vegetable content cut offs (in yellow) with corresponding modifying points (in grey). For reference, the current Fruit and Vegetable cut offs are in green.

Energy (kJ)	Total sugars (g/100mL)	Fruit & veg (%)	Points	Proposed Fruit & Veg (%)
0	0	0	0	
1	0.1		1	
31	1.6	40.01	2	25
61	3.1		3	32
91	4.6	60.01	4	39
121	6.1		5	46
151	7.6		6	53
181	9.1		7	60
211	10.6		8	67
241	12.1		9	74
271	13.6	80.01	10	81
			11	88
		99.01	12	96

We also propose that consistent increasing intervals of juice content be used to determine modifying points, rather than just four thresholds that is currently being suggests. This is to further encourage manufacturers to reformulate and innovate with fruit drinks.

Recommendation Six

HSR System implementation continue to be jointly funded by Australian, State and Territory and New Zealand Governments for a further four years

NZBC Comment

The New Zealand Beverage Council supports this recommendation and agrees with the Review’s finding that the next few years will be critical to the Health Star Rating system. For this reason, continued government funding is essential to support the Health Star Rating system to support the changes proposed and improve consumer understanding.

Recommendation Seven:

Minor changes be made to the governance of the HSR System to:

- support greater consumer confidence in the System by transferring management of the HSR calculator and TAG database to FSANZ
- clarify the role of the committee
- increase transparency of the System
- improve monitoring, enabling the system to be more response.

NZBC Comment

The New Zealand Beverage Council believes that the changes proposed are sensible and should improve the governance of the system. For that reason, the Council supports this recommendation.

Recommendation Eight:

Enhance the critical infrastructure to support implementation and evaluation of food and nutrition-related public health initiatives, including the HSR System, through regular updates to Dietary Guidelines and national health and nutrition surveys and the establishment of a comprehensive, database of branded food products.

NZBC Comment

The New Zealand Beverage Council strongly supports this recommendation.

The Council believes empirical evidence is essential in the design of public health initiatives. New Zealand has not undertaken a comprehensive national nutrition survey for over a decade, and this means that the current nutritional habits of New Zealanders are not well understood. This is extremely problematic in trying to understand current dietary habits and what effective interventions could be employed to encourage adherence to dietary guidelines.

Recommendation Nine:

The HSR System remain voluntary, but with clear uptake targets set by governments (the HSR must be displayed on 70% of target products by end 2023) and all stakeholders working together to driven uptake.

NZBC Comment

The New Zealand Beverage Council continues to support the Health Star Rating system and believes that it provides an easy to understand guide for consumers to make decisions that are best for them and their families.

The Council agrees that the Health Star Rating system remains voluntary and supports increased uptake targets. We do have a small reservation that the removal of the energy icon as an option may impact some companies desire to continue to display the Health Star Rating, but we believe that this is adequately mitigated through recommendation five of this review, which addresses some of the issues surrounding the calculation of the Health Star Rating for non-dairy beverages. In fact, Recommendation Five, if implemented with the recommended changes outlined in this submission, may encourage further uptake of the system within the sector.

The Council will continue to encourage members to adopt the Health Star Rating and will discuss what further steps it can take to ensure uptake within the sector is increased.

Recommendation Ten:

The existing *Guide for Industry to the Health Star Rating Calculator* and the *Health Star Rating System Style Guide* be combined, revised and strengthened, providing greater certainty for stakeholders.

NZBC Comment

The New Zealand Beverage Council agrees that this review provides an opportunity to improve supporting documentation and agrees a single resource to support the Health Star Rating system is a logical step. We therefore support this recommendation.