



AUSTRALIAN  
**FOOD &  
GROCERY**  
COUNCIL

# AFGC SUBMISSION

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FSANZ CONSULTATION PAPER – P1028 –  
INFANT FORMULA PRODUCTS FOR  
SPECIAL DIETARY USE

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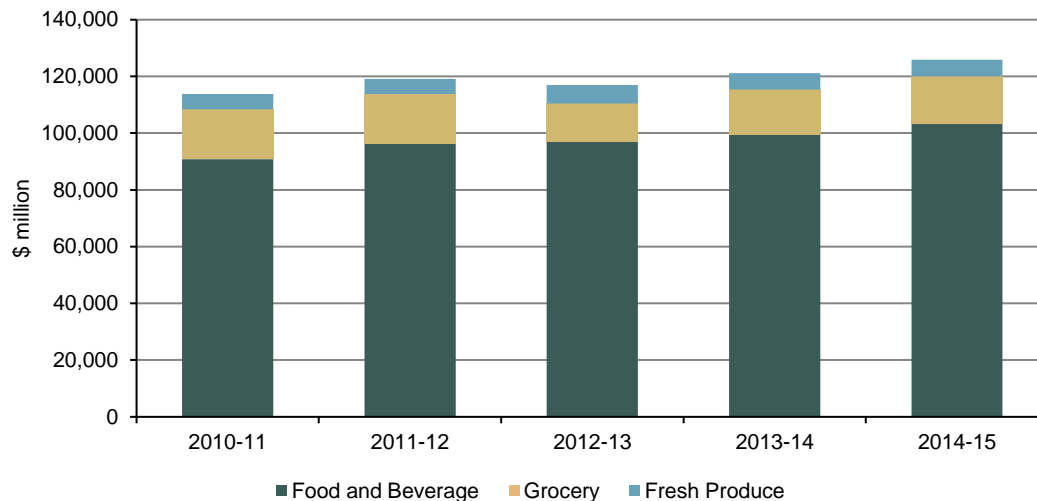
*Sustaining Australia*

## PREFACE

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, drink and grocery manufacturing industry.

The membership of AFGC comprises more than 180 companies, subsidiaries and associates which constitutes in the order of 80 per cent of the gross dollar value of the processed food, beverage and grocery products sectors.

Composition of the industry's turnover (\$2014-15)



With an annual turnover in the 2014-15 financial year of \$125.9 billion, Australia's food and grocery manufacturing industry makes a substantial contribution to the Australian economy and is vital to the nation's future prosperity.

Manufacturing of food, beverages and groceries in the fast moving consumer goods sector is Australia's largest manufacturing industry. Representing 33.3 per cent of total manufacturing turnover, the sector accounts for over one quarter of the total manufacturing industry in Australia.

The diverse and sustainable industry is made up of over 27,745 businesses and accounts for over \$66.6 billion of the nation's international trade in 2015-16. These businesses range from some of the largest globally significant multinational companies to small and medium enterprises. Industry spends \$541.8 million in 2011-12 on research and development.

The food and grocery manufacturing sector employs more than 307,000 Australians, representing about 3 per cent of all employed people in Australia, paying around \$16 billion a year in salaries and wages.

Many food manufacturing plants are located outside the metropolitan regions. The industry makes a large contribution to rural and regional Australia economies, with almost half of the total persons employed being in rural and regional Australia. It is essential for the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government's economic, industrial and trade policies.

Australians and our political leaders overwhelmingly want a local, value-adding food and grocery manufacturing sector.

## SUBMISSION

The Australian Food and Grocery Council (AFGC) provides this submission in response to the Food Standards Australia New Zealand (FSANZ) *Consultation Paper – P1028 – Regulation of Infant Formula – Infant Formula Products for Special Dietary Use*.

The AFGC has reviewed the submission on the *Consultation Paper* prepared by the Infant Nutrition Council (INC) and supports the positions expressed therein.

The AFGC in particular supports the vital importance of a light touch in Australian regulation for this small, highly specialised and technical segment on the infant product sector. So far as the AFGC is aware, the vast majority, if not all, of products in this niche sector are imported, and so every compositional or labelling requirement put in place has the potential to become an obstacle to importation – potentially making them unavailable to the Australian market to the detriment of Australian consumers or else increasing supplier costs that will get passed on to consumers.

For these reasons FSANZ should seriously consider very minimalist regulation and be conscious that every labelling statement mandated may mean that a sick infant cannot get the nutrition she or he needs. However alluring the temptation to prescriptively regulate to protect such vulnerable consumers, the reality is that this niche is one area where overregulation has the potential to do serious harm to consumers by denying access to products.

The AFGC does not propose the absence of regulation, but rather than FSANZ consider better ways of regulating this niche than the current Division 4 of Standard 2.9.1. For example, FSANZ might consider recognising the standards of appropriate regulators in jurisdictions where such products are manufactured – specifically the USA and the EU, much in the same way that the flavour regulations of these jurisdictions are recognised in food additive regulation. While this imposes an ongoing burden on FSANZ to regularly update references, this burden is of incremental regulatory cost only as FSANZ already has in place regular Code Maintenance proposals for this purpose.

The advantage of this arrangement would be that the Australian market could be at the forefront as products are innovated with no idiosyncratic compositional or labelling barriers to new products. Such an approach is not so far from the policy ideas set out in the *Consultation Paper*, which seek to draw upon the regulations of the EU, the USA and Codex to develop an Australian framework.

Should such a light touch, adoptive approach be taken to composition and labelling, the AFGC appreciates the need for appropriate distribution and access controls, and on these matters adopts the comments of the INC.