

## **AMA submission to the Department of Health’s consultation on the *Review of the Food Standards Australia New Zealand Act 1991***

### **Lodged via consultation hub**

#### **1a. Is there still a case for regulating food?**

The AMA believes that there is a strong and clear case for regulating food products in Australia on health grounds. Regulation is required where there is clear health benefit and existing market mechanisms are not resulting in optimal products.

Nutrition is a key determinant of health, and concerted efforts to improve population nutrition are increasingly required from Governments and their agencies. In 2015, 7.3% of all burden of disease in Australia was attributable to ‘dietary risks’, including 40% of the burden of cardiovascular disease. Other risk factors, such as overweight and obesity (8.4%), high blood pressure (5.8%), high blood plasma glucose (4.7%), and high cholesterol (3.0%) – all of which are linked to nutrition – also caused substantial burden of disease. In general, nutrition policy should be a high priority of all levels of government, and regulating food plays an important role in this.

The regulation of food is one important element of a range of practical and policy measures that are needed to ensure that Australians have the best possible nutritional outcomes. As outlined in the AMA’s Position Statement [Nutrition – 2018](#), “Governments should consider the full complement of measures available to them to support improved nutrition, ranging from increased nutrition education and food literacy programs, through to mandatory food fortification, price signals to influence consumption and restrictions on food and beverage advertising to children.”

The AMA has a number of policy positions relevant to food regulation. These include:

- Support for easy-to-interpret, front of pack labelling to better support consumers to make healthier food choices. This includes support for continued uptake of the Health Star Rating system, as well as specific calls for the labelling of added trans fatty acids, added sugars, and palm oil;
  - Support for mandatory food fortification where substantial population-level health gains are expected. The [success](#) of mandatory folic acid and iodine fortification in bread demonstrates the value of this; and
  - Calls for higher-level nutrition requirements in specific settings, including the development of national nutrition standards for residential aged care facilities.
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**1b. What market failure(s) should governments seek to address through regulation of food?**

In terms of providing optimal, affordable healthy food for Australians, there are clear market failures present that necessitate regulation.

The most significant market failure is the negative externality (ill-health) caused by the consumption of cheap, energy-dense, processed and ultra-processed foods. Food companies have a commercial interest in selling these products because they are popular, convenient, and often cheaper to produce than healthier alternatives; but are unaffected by the health problems that result from their proliferation. Adding sugars, fats and sodium to products enhances their flavour, further increasing desirability, demand and profit margins. Additionally, heavily processed foods often do not produce adequate satiety, implicitly encouraging consumers to buy increasing volumes of products or unhealthy serving sizes. In these scenarios, health and commercial gains are in clear opposition. Other than maintaining a positive public image, food companies selling these kinds of products have little commercial incentive to reformulate their products or to pivot to healthier alternatives. Regulation is vital in these instances to incentivise the production of healthy products that are affordable and desirable to Australian consumers.

The second market failure that should be addressed by food regulation is the information asymmetry between food companies and Australian consumers. The nutritional value of a product is often difficult for an average consumer to ascertain, and the complexity of this increases the more processed a product is. The AMA has long supported front-of-pack, easy and quick-to-understand labelling to help Australians make choices about which foods and beverages to purchase. The voluntary Health Star Rating system is a positive step in this direction, but the AMA has expressed concern about the low uptake (30%) of HSR on eligible products. The AMA supports mandating the HSR system if uptake continues to be low.

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