

Aide-Mémoire

Meeting with Natural Health Products New Zealand

Date due to MO:	31 January 2024	Action required by:	N/A
Security level:	IN CONFIDENCE	Health Report number:	H2024035248
To:	Hon Casey Costello, Associate Minister of Health		
Copy to:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

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Date due: 31 January 2024

To: Hon Casey Costello, Associate Minister of Health

Security level: IN CONFIDENCE **Health Report number:** H2024035248

Details of meeting:

TBC.

Purpose of meeting/proposal:

To understand Natural Health Products NZ's (NHPNZ) urgent need for regulatory reform for natural health products (NHPs) and how they view future reform.

Comment:

Meeting with NHPNZ

- NHPNZ represents 80% of the NHP sector and, in 2019, estimated its members contributed \$2.3 billion to New Zealand's economy (including through wages, etc). The majority of its members (75%) are exporters with export revenue exceeding \$600 million.
- NHPNZ will request immediate action to remove export regulatory barriers following the repeal of Therapeutic Products Act 2023. It estimates \$500 million per annum is currently being lost in export revenue.
- There are other stakeholder groups with divergent views on the regulation of NHPs that will also be important to hear from as the Government progresses work in this area.
- This aide-mémoire discloses all relevant information.



Steve Waldegrave
Associate Deputy Director-General
Strategy Policy & Legislation

Purpose

1. The purpose of this aide-memoire is to provide information in relation to a request from Natural Health Products NZ (NHPNZ) to meet.
2. Attached are short biographies on potential NHPNZ attendees (**Appendix One**). **Appendix Two** provides talking points to support you at a potential meeting with NHPNZ.
3. A copy of NHPNZ's submission on the Therapeutic Products Bill is at **Appendix Three**.

Background and context

4. Natural health products (NHPs) are a group of health and wellness products that are used in traditional and complementary medicines as well as conventional practices. They include nutritional supplements, rongoā Māori, traditional Chinese medicine, Ayurveda, naturopathy and homeopathy.
5. NHPs are mostly derived from natural ingredients but can also contain synthetic equivalents (eg, folic acid for folate (a B vitamin)). They come in edible and inedible forms (eg, tablets, powders, creams and inhalants). Examples include vitamin and mineral supplements, sports supplements, herbal products (eg, echinacea tablets, St John's Wort capsules, and kawakawa balm), and animal products (eg, deer velvet and fish oil capsules).
6. In 2019, NHPNZ estimated the sector contributes \$2.3 billion to New Zealand's economy; the export revenue exceeds \$600 million, and the growth rate is 64% over the five previous years (equivalent to a Compounding Annual Growth Rate of 10%). Euromonitor International measured the global NHP market at US\$233 billion in 2022.
7. Locally, a Consumer NZ survey¹ found that 55% of people had taken a multivitamin in the past 12 months. More than half of them (51%) stated they took supplements or natural remedies every day, and 25% of consumers took them a few times a week.
8. NHPNZ is the peak industry body, representing 80% of the NHP sector. They employ more than 4,000 New Zealanders. Three quarters of the members are exporters. Members include small and large, privately held and publicly listed companies from across the sector, as well as Crown research institutes, such as Callaghan Innovation.
9. NHPNZ helps enable industry growth, advocates for the industry, connects the sector, builds collaboration and strives to position New Zealand as world leaders in the sector.

Current regulation of natural health products

10. Orally consumed NHPs are currently regulated under the Dietary Supplements Regulations 1985 (under the Food Act 2014) and administered by Medsafe. These Regulations cover labelling and composition requirements, while the manufacture of dietary supplements is administered by the Ministry for Primary Industries under the Food Act.
11. Non-oral NHPs, such as skin creams and some dental hygiene products, are governed under the Consumer Products Group Standard 2020 (under the Hazardous Substances and New Organisms Act 1986), and are administered by the Environmental Protection Authority.

¹ Consumer NZ (2023). *Pill popping*. No 619 Autumn Issue 2023. www.consumer.org.nz

12. On its commencement, the Therapeutic Products Act would have repealed the Dietary Supplements Regulations and regulated orally consumed and non-oral NHPs.

Stakeholder perspectives

NHPNZ views on regulation of NHPs

13. NHPNZ considers the current regulation of NHPs is out of date, fragmented and unclear. There are two key issues that they consider contribute largely to an estimated loss of \$500 million per annum:
 - a) export barriers – NHPNZ claims exporters cannot access important markets because the current regulations do not permit them to trade freely in importing countries, or on a competitive basis. For example, our existing domestic laws do not provide a mechanism to exempt export-only products from specific labelling and composition requirements. This makes it difficult for exporters to compete internationally.
 - b) an inability to make a wider range of health benefit claims (eg, 'Calcium may help prevent osteoporosis when dietary intake is inadequate'). NHPNZ states that effort in research and development fails to achieve returns on investments due to the inability to make a wider range of health claims (including those permitted in competitor markets), thereby stifling innovation and investment.
14. NHPNZ is also concerned by the lack of clarity in the current regulatory regime. This makes it harder for businesses to comply with requirements, and for consumers to identify high quality products. There is also a concern about inconsistent risk-proportionality of regulations that result in overregulation.
15. Overall, NHPNZ considers businesses waste time and resources trying to use a 'broken system'. In 2019, members identified the current regulations as a top barrier to further growth and innovation. They have consistently signalled that a consequence of no reform will be a loss of competitive edge and a potential move by significant businesses to operating offshore and a net loss to the NZ economy.

Other NHP stakeholder views

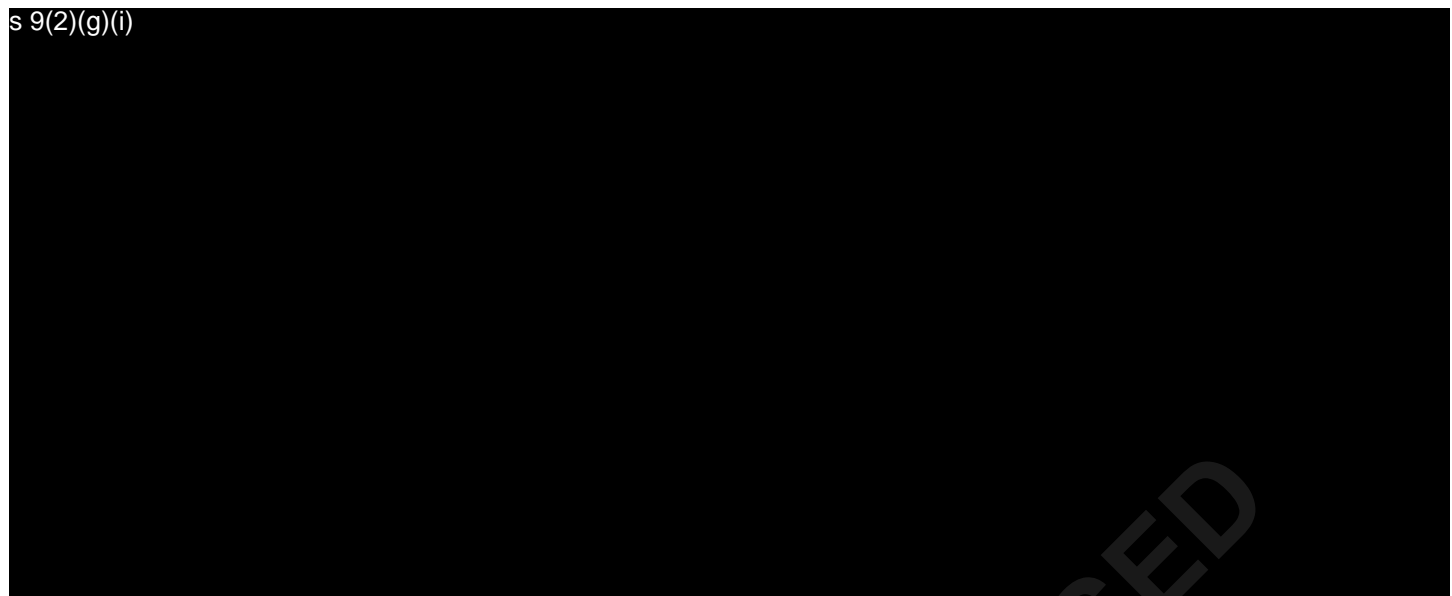
16. There are many other key NHP stakeholder groups, some of which hold divergent views on how to regulate NHPs. In general, exporters require a globally recognised and robust regime that aligns as much as possible with the regimes in comparable jurisdictions. Small domestic suppliers of NHPs and many importers, however, support minimal regulation.
17. Following our meeting with you on 29 January 2024, the Ministry will provide you with further information on key NHP stakeholders and their position on regulation and reform.

Next steps

18. The Ministry suggests you meet with NHPNZ to listen and ask questions. We also suggest you invite Hon Andrew Hoggard, Minister for Food Safety, to the meeting, given most NHPs are currently regulated as dietary supplements under the Food Act 2014.
19. The Ministry will provide a more comprehensive briefing on NHPs in late March that will include options for their future regulation. We intend working with other relevant agencies to provide a cross-agency perspective.

s 9(2)(g)(i)

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Appendix Three – NHPNZ submission to the Health Committee on the Therapeutic Products Bill

[Attached separately to maintain formatting]

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