



Submission

Energy Labelling of Alcoholic Beverages

Targeted Stakeholder Consultation

Name:	Emma McCashin		
Organisation:	Brewers' Guild of New Zealand Incorporated		
Contact Details	021682787 Email: kegs@brewersguild.org.nz		
Sector please indicate <input checked="" type="checkbox"/>			
Public Health <input type="checkbox"/>	Consumer <input type="checkbox"/>	Industry <input checked="" type="checkbox"/>	Other _____ <i>please specify</i>

About the Brewers Guild

The Brewers Guild of New Zealand (BGNZ)

BGNZ represents 125 breweries of all shapes and sizes throughout New Zealand. Overall, the brewing industry employs over 1,800 people with thousands more working in the beer value chain. Brewing is a \$2.2 billion industry which contributes over \$700 million directly to New Zealand's GDP every year.

BGNZ was created to support and give a collective voice to the burgeoning number of local breweries in New Zealand. It has been a very exciting time in the industry with the number of new breweries and new beers increasing dramatically. The Guild aims to support and represent a vibrant, diverse and socially responsible Kiwi brewing industry.

Executive Summary

The recommendations from the 2009 Blewett Labelling Review and the issue to be addressed by this review is unclear. There were two outcomes discussed during the industry consultation round. Both require further clarification:

- Addressing obesity/weight management issues and driving behavioural change; and
- Informing/educating consumers

Moreover, in the eight years since Blewett's Review, technology and social media have changed the way consumers obtain information, interact with brands and source information on products before making purchasing decisions.

The BGNZ has the following view in regard to the current consultation on energy labelling:

1. Government needs to clearly define its intended outcome before seeking solutions.
2. The Blewett Labelling Logic: Review of Food Labelling Law and Policy (2011) recognised labels in isolation would be unlikely to be effective in modifying behaviours (page 80).
3. The BGNZ supports consumers' rights to information in making informed choices. However, product labelling is not the only way to achieve the desired outcome.
4. The BGNZ does not support the provision of mandatory nutritional information panel or energy values on product labels. Voluntary or co-regulatory approaches, similar to pregnancy warning labels, which see the New Zealand brewing industry compliance at over 95% (by volume), are more effective in gaining industry support.
5. Off-label solutions for informing consumers are more effective in modern times for informing consumers.
6. The BGNZ questions the need to solve a problem that lacks clear definition and direction. For alcohol's part, government resources may be better placed in addressing health-related concerns and informing consumers by supporting industry's work on moderate consumption.

2009 thinking should not be used to implement a solution in 2017. Technology has significantly advanced since 2009 and this process should keep pace with that, rather than replicating 2009 thinking. There are other, better and more consumer-focussed ways for communicating information (apps, online) rather cluttering up labels and adding significant, unnecessary expense.

There is no shortage of nutritional information in 2017. Already over 90% (by volume) of the brewing industry in New Zealand already provide nutritional information on their products or websites based on their own marketing and information strategies.

Question 1. Do you have any further relevant information regarding consumer opinion related to the energy labelling of alcoholic beverages? Where possible, please provide details, examples and/or evidence/references.

"We have had zero enquiries from consumers regarding energy labelling for Epic beer products." **Epic Beer**

"We only very occasionally receive requests from consumers about the nutritional value of our beer. In the last 8 months we have received 1 request regarding the energy content and 2 queries regarding gluten content of our Beer.

Overall there is a very low level of interest from customers on the nutrition content of our products, so we don't see a strong consumer demand for this information." **Tuatara Brewing Co**

"I spend many years working as a market researcher in the food marketing industry. Much of the work which I undertook was related to reduced calorie foods and beverages. One of my conclusions at the time was that the average consumer is unable to really understand a Nutritional Information Panel. The vast majority of consumers tend to look for a specific, single piece of information that they are comfortable with, such as kJ count or Fat % and ignore the rest. In general, consumers feel far more comfortable and have a clear understanding of ingredient lists, as opposed to Nutritional Information Panels.

This is of particular concern as far as beer labelling is concerned. Most of the information contained in a Nutritional Information panel is completely irrelevant to a product like beer. The 3 main nutritional components are Fat, Carbohydrate and Protein. Beer contains very little Fat or Protein and only relatively small amounts of residual sugar. A NIP provides very little information regarding the Nutritional Values of beer. On the other hand, an ingredients list provides details of exactly what the beer is made from and this information is both clearly understandable and relevant to beer consumers.

EXAMPLE:

Beer A is made from water, malt, hops and yeast.

Beer B is made from water, sugar (55%), malt, (45%), hops and yeast.

These are fundamentally different products with significantly different recipes. Under the NIP proposal, the consumer will be COMPLETELY UNAWARE that Beer B is primarily made from sucrose while Beer A contains NO ADDED SUGAR whatsoever. However, a simple ingredients list would clearly communicate the difference between these two products.

In Summary, NO to a Nutritional Panel and YES to ingredient lists"

Ian Hebblethwaite – Black Sands Brewing Company

*"The question of if consumers want NIP labelling is purely based on how it is asked, consumers always want more information if the question is worded so as would you like NIP labels on alcohol products the answer would be yes, but if it was then asked would you be willing to pay the additional cost of that NIP labelling, the answer would be a resounding no. As the consumers are aware that their alcoholic drinks aren't part of their 5+ a day. **Burkes Brewing Co***

“It is our belief that any alcoholic beverage should not have any attached NIP or energy labelling, as alcoholic beverages should not be considered to form a part of a nutritional diet. Ingredient listings are understandable as it allows those with allergies to be aware of what is and is not suitable for them to consume.

It is widely accepted that customers are not qualified to properly interpret a NIP, by advising the number of calories or sugar content etc of an alcohol beverage it is likely that the customer will not fully understand the information provided to them. This would mean that it would not be unreasonable to consider that a customer may interpret the information as meaning that a certain beverage is a "healthy option" or that a customer who counts calories will forego other foods in order to drink alcohol.

Alcoholic beverages are not food, and treating them as such does nothing to assist the consumer. An ingredient list, allowing consumers to know the contents of the beverage are in my opinion a good alternative as it allows the consumer to know what is in the products, whilst not implying that they are a part of a nutritional diet.” **Weezledog Brewing**

“We already provide NIP information on our website for all our products. We get a number of consumer inquiries about whether our products contain allergens i.e. sulphates, wheat, gluten etc. and whether they are vegan or we use fluoride in the water. However, we get very few inquiries about NIP and most of these are from diabetics who want to know whether the sugar levels would allow them to safely consume the product. Consumers who are conscious about their weight are aware that an average bottle of beer contains approximately 120 calories, about the same as a 175ml serve of wine and don't need a NIP to tell them down to the nearest calorie”. **McCashin's Brewery**

BGNZ believes that more information that is added to labels, the less effective the message. Due to clutter, it may also detract from existing information, such as pregnancy warnings, number of standard drinks and allergen information. Feedback from craft brewery members (Lion Nathan, DB and Independent have provided Submissions directly) suggests that this information is not a priority/relevant for purchasers of craft beer.

Question 2: Do you have any further information regarding of any international standards, regulations, voluntary codes or schemes, or policy actions relevant to energy labelling of alcoholic beverages?

“We export into a number of markets offshore. To meet requirements in these various markets we have the following labelling requirements around safety and sensible behaviour

- *A pregnancy symbol indicating that it is not safe to drink while pregnant*
- *A statement encouraging responsible drinking*
- *Ingredients list – including the presence of potential allergens.*
- *Australia - recycling statement*

None of these are currently required in the New Zealand market.

We are not required in any of our offshore markets to publish nutritional energy information, so this would move us out of line with the rest of the world.

We feel that that standards in New Zealand should largely remain in line with international standards – both to avoid creating burden for NZ businesses exporting, nor for NZ businesses importing beer from offshore.

Markets that we need to align to in the first instance are:

- UK
- Europe
- Australia

It would add significant cost to reproduce alternative labels for these markets.

<http://www.iard.org/policy-tables/beverage-alcohol-labeling-requirements/> “ **Tuatara Brewing**

No other country currently requires NIP labelling on alcoholic beverages (except Australia/New Zealand where a low gluten claim is made).

Question 3: Do you have any further information regarding industry and trade perspectives related to the energy labelling on alcohol? Where possible, please provide details, examples and/or evidence?

“From Our perspective we feel that Energy Labelling on Epic products would not be viable. The costs associated with making changes to our current labelling process, including re designing would for us at Epic and many other small Craft breweries have a negative effect on business. We feel that we do not have enough evidence from our target market that would warrant such changes to our product.” **Epic Beer**

“If the testing and administration of the labelling is expensive, time consuming, or requires purchasing of specialist equipment, then this would create a significant barrier for small businesses to be compliant. The beer industry in New Zealand is currently set up as 3 large players with significant resources, and many small operators with little resource. If meeting the requirements are onerous then this could create a significant barrier to competition for smaller breweries, which is not in the interest of the industry or consumers.

Depending on the margin of error for calculations, there is a potential that nutritional information may vary between batches for breweries that batch brew.” **Tuatara Brewing**

“Firstly I would say that the general view and that of ours is that we don't want to have NIP labelling on our products, secondly the other issue here is the NIP labelling would be misleading in that to have it be accurate and informative it needs to be coupled with an ingredients list, As things like low sugar and or 99% sugar free may be technically true but leaves out the fact that the beverage is made with sugar of various types and just converted to alcohol. Also when it comes to the financial aspect of providing NIP labelling, it would likely mean that we would have to limit our bottled range due to the increase cost of data gathering for the labelling, as well as slow the process from development to release, likely making that unviable and reducing stock life while waiting for the information to come back. The other area of increased cost would be in our labelling, in our case with our current range of bottles, that would be estimated at \$6k, that would mean that our core range may be redone and the rest of our new products would likely only be sold in keg form and severely limit new products coming to market”. **Burkes Brewing Co**

Question 4. Do you have any data, information or evidence to inform on the policy linkage between energy, information, weight management and alcohol consumption?

The link between alcohol consumption and obesity/weight gain is unconvincing, especially given the overall reduction in alcohol consumption that has occurred since this recommendation was made.

Moreover, given the lack of clarity as to the problem to be rectified and the outcomes to be achieved, how does the Government measure the success or otherwise of this policy in meeting its objective?

The challenges caused by these ambiguities and the cost implications of on-label energy notices far outweigh any potential benefit they may provide.

Question 5: What types of intervention do you consider appropriate in addressing the identified problem? Please provide details of the intervention options, costs associated with the intervention option(s), and evidence of the effectiveness of the proposed approach.

“We would be happy to provide energy labelling information for all our products on our website. In 2017 online Information can be viewed anytime and when the consumers require it. Cost associated with this change for small craft breweries would be minimal and in our opinion, be perfect for consumers who use that information without having a negative effect on business.”
Epic Beer

“If nutritional information is required:

- *Need to look at a sensible calculation tool*
- *Margin of error to allow for batch brewing “*

Tuatara Brewing

BGNZ believes the Government needs to understand consumers’ expectations for accessing energy information for alcohol beverages in 2017 before making any recommendations.

Question 6: Do you have data, information or evidence to assist in the identification and assessment of potential risks or issues associated with the energy labelling of alcoholic beverages intervention options?

“An average bottle of beer contains approximately 120 calories. This is about the same as two slices of bread or a banana. For a consumer to have this information presented to them without further education around how the body processes calories from alcohol versus calories from bread, versus calories from a banana, could lead to consumers making worse choices than they are currently making around alcohol consumption. Viewed in isolation, calories from alcohol are relatively low, but it is the fact the body processes these first and that they are empty calories that makes them a poor choice.

Priority needs to be given to updating Government policy around what are healthy food choices (i.e. breads cereals and pasta still appear at the bottom of the healthy food pyramid in the “eat most” section and fats in the “eat least”). There is still a perception that 99% fat free is a healthy choice. Whereas current research shows that we need to eat more healthy fats and only unprocessed carbohydrates to lose weight and maintain good health.

Straight calories are far too simplistic to give the consumer real insights. Based on calories alone, a cane sugar based RTD may have the same calories as a craft beer made from only water, hops, malt and yeast. The body processes the two drinks differently due to one having processed sugar in it and the other having natural sugar in from malt. An RTD made from cane sugar vs an RTD made from fruit juice will also be processed differently.

*A better way forward would be an education campaign, similar that that around standard drinks. Consumers don't need to know the exact calories (or exact standard drinks) per glass or wine or beer or spirits, but having a general understanding of the average calories per glass and how the body processes it would be much more effective than the huge cost to the industry of on-label NIP.” **McCashin's Brewery***

Question 7: What are the impacts for stakeholders that need to be considered in this policy development process? Please provide details.

*“Initial outlay of funds to make changes would have a negative impact on small craft brewers.” **Epic Beer***

“To avoid to avoid large costs in compliance or disadvantaging smaller producers who don't have the resources for lab testing - any calculation of nutritional information should be on a relatively simple, formula driven basis. A clear, easy to understand standard method to do this, supported by an online tool would be appropriate way to do it – based on ingredients used, and standard assumptions rather than empirical testing. If based on specific measurements, then it should be those that are already used for brewing – e.g specific gravity. But a transparent, easy to understand calculation would be crucial to make any system practical.

Like the calculation of excise, there could be a threshold for annual volume below which there is no requirement for Energy labelling to be applied.

If there are changes to labelling requirements, that a time period of at least 12 months would be required to work through development of testing and administration procedures, and relabelling existing lines without having to write off existing packaging.

*There is limited real estate on the label on a bottle, so committing more to space reduces our ability to brand and differentiate our product.” **Tuatara Brewing***

“As far as impact for us if NIP was to become mandatory, in our case if we reliant on brewery cashflow and funds to do this, it would put us heavily in debt to comply, as all funds are directed into growth of volume, The increased cost associated with it would have a detrimental effect on the release of new products in that we would definitely look at doing less new products and likely limit there releases to areas where NIP is not required. Such as kegs.” **Burkes Brewing Co**

BGNZ believes more work needs to be done to understand the problem and consumers’ need/desire for information, ahead of determining the most appropriate delivery methods for communicating that information.

In the absence of these elements and clarity around them, there is likely to be a considerable financial cost and burden on industry for no measurable outcome.

BGNZ’s craft brewery members would be particularly hard hit financially by the requirement of nutritional labelling. Many of our members produce 30 + SKUs of beer on a very small scale. Many of these are one-off brews. This variety and constant innovation is part of what is helping the craft beer industry’s growth and driving consumers to drink quality over quantity.

Contact

For more information, or to follow up on any aspect of our submission, please do not hesitate to contact me.

Kind regards,

KK McCashin

Emma McCashin
President
Brewers Guild of New Zealand Incorporated
M: 021682787
E: kegs@brewersguild.org.nz