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**Submission to the Consultation on the Regulation of  
Labelling of sugars on packaged foods and drinks**

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**September 2018**

## 1. Executive Summary

- 1.1. The Brewer Guild of New Zealand (**Brewers Guild**) represents members that produce over 95% of the volume of beer in New Zealand.
- 1.2. The Brewers Guild takes its social responsibility seriously and actively promotes a culture and policy of “Safe, Sensible, Sustainable”.
- 1.3. The Brewers Guild considers that beer should be excluded from any of the regulatory options under consideration as part of this consultation.
- 1.4. There is no evidence to assert that food labels will be a useful or appropriate source of information about added sugars with respect to beer.
- 1.5. Brewers Guild members do not consider information about sugar content to be a salient issue in the context of consumers choices relating to the consumption of beer.
- 1.6. Beer is a standardised product that is typically very low in sugars. While it is permitted to add sugar in the production of beer, this does not remain in the final product in significant quantities because it is converted into alcohol and carbon dioxide through fermentation.
- 1.7. Because beer is a standardised alcoholic beverage, it subject to specific laws regarding the way in which it can be produced labelled and sold that do not apply to other food categories.
- 1.8. The lack of clarity around what constitutes added sugars and the unique nature of beer production means that including beer could lead to greater consumer confusion rather than meeting the stated policy objectives.
- 1.9. The impact and cost of implementing any labelling changes will be significant, and will disproportionately affect small to medium New Zealand breweries.
- 1.10. Any implementation should only occur after all labelling consultations have been finalised and an integrated implementation pathway is developed with a minimum implementation period of five years.

## 2. The Brewers Guild of New Zealand

- 2.1. The Brewers Guild) represents a vibrant, diverse brewing industry in New Zealand. It is a voluntary, member-based organisation funded primarily through member fees.
- 2.2. Brewing organisations in New Zealand vary in size with some members producing less than 50,000 litres of beer per year and the largest producing well in excess of 2 million litres per year.
- 2.3. As at August 2018, the Brewers Guild represents 96 of the estimated 185 breweries throughout New Zealand together with members throughout the grain to glass supply chain. By volume of beer production, we represent over 95% of the industry.
- 2.4. The Brewers Guild takes its social responsibility seriously and actively promotes a culture and policy of “Safe, Sensible, Sustainable” that commits all Guild members to work together to tackle social issues around alcohol and, at the same time, build a healthy, vibrant and diverse brewing industry. The Brewers Guild supports the consumption of alcohol in moderation by informed adults.

- 2.5. The Brewers Guild's focus has been, and will continue to be, on promoting the experience of a diverse range of exceptional quality beer. We estimate that a minimum of 2000 different beers are commercially available to consumers throughout New Zealand - representing significant consumer choice and a strong platform for export and tourism.
- 2.6. 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 driving the craft beer industry's growth and encourages consumers to drink quality over quantity.
- 2.7. In 2015, the brewing industry was estimated to contribute over \$645 million to GDP and employ over 1,950 people.

### **3. Added sugars and the production of beer**

- 3.1. Beer is a standardised product that is typically very low in sugars. While it is permitted to add sugar in the production of beer, this does not remain in the final product in significant quantities because it is converted into alcohol and carbon dioxide through fermentation.
- 3.2. The residual amount of sugar in the final beer is less than 1 g per 100mL (1%).
- 3.3. Because of the way that beer is produced, the sugar content of the final product does not have a direct correlation to the sugars used for fermentation.
- 3.4. It is unclear how added sugars will be defined and calculated.
- 3.5. Given the intrinsic role that cereal extracts (as sugars) are used in the production of beer the Brewers Guild are concerned that the that labelling of added sugars for beer would be confusing or misleading for consumers.

### **4. Labelling Consultation – In General**

- 4.1. Beer is a standardised alcoholic beverage defined by Standard 2.7.2.
- 4.2. Beer subject to specific laws regarding the way in which it can be produced labelled and sold that do not apply to other food categories. Among other things, beer is required to indicate its alcohol by volume and the standard drinks contained within it.
- 4.3. Over the past 18 months there have been four significant labelling consultations underway – Carbohydrate and Sugar Claims, Energy Labelling, Pregnancy Warning Labelling, and now Added Sugar.
- 4.4. Each consultation is being undertaken in isolation of the other.
- 4.5. Labelling, as a marketing tool and product differentiator, is an essential component of the beer market – in particular for small to medium enterprises who strive to create a strong brand following in a highly competitive landscape.
- 4.6. Product labels, particularly on beer, are finite in size. Based on existing regulation and policy, the Brewers Guild's labelling guide for members indicates 20 different items that should be included on a beer label. These include both mandatory and recommended items (eg recycle logo, pregnancy warning and standard drink values).

- 4.7. This already leaves limited room for brand expression, and also means that information is becoming cluttered and detracts from any of the single individual messages seeking to be delivered.
- 4.8. Feedback from our members indicates that the cost for label changes is significant, and on a per SKU basis is higher for smaller businesses. On average the estimated cost for a single label change is around \$1500 and that does not include the cost of discarded labels.
- 4.9. Many of our smaller members have advised that additional regulatory costs could not be sustained by their business.
- 4.10. If the implementation of changes from the various consultations is not aligned and phase in provisions appropriately timely to reduce weight – small to medium breweries in New Zealand will be significantly negatively impacted.

**5. Consultation question 1- Do you support the statement of the problem presented on page 7? If you do not support this statement, please justify your reasons. If you would like to provide an alternate problem definition, please justify your statement with evidence.**

- 5.1. The Brewers Guild does not support the problem statement “*Information about sugar provided on food labels in Australia and New Zealand does not provide adequate contextual information to enable consumers to make informed choices in support of dietary guidelines*”.
- 5.2. The Brewers Guild supports consumers’ rights to information that enables them to make informed choices. Product labelling is only one methodology for communicating to consumers.
- 5.3. The way the problem statement is defined in this consultation, constrains solutions for informing consumers about sugars to necessarily include product labelling.
- 5.4. In relation to beer, there is absolutely no evidential basis to support the statement since the studies in the Literature Review do not address alcoholic beverages at all. The fact that alcoholic beverages undergo fermentation means that research directed towards other foods cannot be extrapolated to alcoholic beverages.
- 5.5. Irrespective of the above, Brewers Guild members do not consider information about sugar content to be a salient issue in the context of consumers choices relating to the consumption of beer.
- 5.6. Beer is a standardised product served and sold in licensed and already regulated environments. Consumers are not being asked to choose between different product types – but from a product that, by its definition, contains fundamentally the same basic ingredients and follows the same production process.
- 5.7. The Brewers Guild does not believe that consumers seek out beer as part of their ‘five a day’ diet. That is, consumers come to choose beer already understanding that it is a product that should be consumed in moderation.

**6. Consultation question 2: Are you aware of any form of information about added sugars that is provided on food labels in addition to those identified above?**

- 6.1. The Brewers Guild does not have any further information to add.

**7. Consultation question 3: Are you aware of other sources of information (publicly available or otherwise) on the added sugars content of foods available in Australia and New Zealand, beside those described above?**

- 7.1. Extensive information about how beer is made and the key ingredients in beer widely available including in recent New Zealand specific websites such as <https://www.beerthebeautifultruth.co.nz/>.

**8. Consultation question 4: Do you agree with the desired outcome of this work proposed above? If not, please suggest an alternate desired outcome and justify your suggestion.**

- 8.1. The Brewers Guild do not agree with the desired outcome of the proposed work.
- 8.2. As a consequence of the problem statement, the desired stated outcome places an overemphasis on product labels as a primary source of communicating information to consumers.
- 8.3. There is no evidence to assert that food labels will be a useful or appropriate source of information about added sugars in respect of beer.

**9. Consultation question 5: How effective would [the Education] option be in addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.**

- 9.1. The lack of evidence regarding the impact of labelling regarding added sugars for alcoholic beverages means that it would not be appropriate to move towards a regulatory option for such products at this point.
- 9.2. If a regulatory option is determined to apply to beer, education on how to read and interpret labelling information about sugars is a necessary precursor to any of the alternative options available.
- 9.3. The recommendations in the Blewett Report<sup>1</sup> focus heavily on the need for an integrated nutrition policy that involves education strategies and promotion of healthy choices.
- 9.4. The Blewett Report also notes that, in the context of alcohol warnings, labels are not effective in isolation.<sup>2</sup>

**10. Consultation question 6: How would the [Education] option impact you? Please provide impacts and cost relevant to you.**

- 10.1. Increased education by Government to consumers about any health-related issues, such as added sugars, is welcomed by the brewing industry.
- 10.2. It would be unfair and unwelcome for Government to shift the burden (and cost) of educating consumers to Brewers by mandating changes to labels.

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<sup>1</sup> Blewett, NB (et al), "Labelling Logic: Review of Food Labelling Law and Policy," (2011). See Recommendation 9 as an example.

<sup>2</sup> Blewett, NB (et al), "Labelling Logic: Review of Food Labelling Law and Policy," (2011), pg 80.

**11. Consultation question 7: How effective would [the Change to Statement of Ingredients] option be in addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.**

- 11.1. Brewers Guild members do not consider information about sugar content to be a salient issue in the context of consumers choices relating to the consumption of beer.
- 11.2. Beer is not currently required to carry an ingredients listing. Therefore, this option could not be mandated in respect of such products under current standards.
- 11.3. There is no evidence to assert that food labels will be a useful or appropriate source of information about added sugars in respect of beer.
- 11.4. Brewers Guild members do not consider that an implementation of a Statement of Ingredients to highlight sugar will increase consumers ability to make informed choices about beer.
- 11.5. The lack of clarity around the definition of added sugars is likely to produce inconsistent and unfair outcomes.
- 11.6. Highlighting added sugars in any of the ways proposed will result in confusing and misleading information since the total sugars in the finished product will in many circumstances be less than the added sugars.
- 11.7. Communicating complex issues in a finite space such as a product label is unlikely to deliver a message effectively and does not reflect today's digital environment.
- 11.8. Product labelling is only one methodology for communicating to consumers.

**12. Consultation question 8: How would [the Change to Statement of Ingredients] option impact you? Please provide impacts and cost relevant to you.**

- 12.1. The impact and cost of implementing any labelling changes will be significant and will disproportionately affect small to medium New Zealand breweries.
- 12.2. 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 driving the craft beer industry's growth and encourages consumers to drink quality over quantity.
- 12.3. Feedback from our members indicates that the cost for label changes is significant, and on a per SKU basis is higher for smaller businesses. On average the estimated minimum cost for a single label change is around \$1500 and that does not include the cost of discarded labels. One of our Medium Sized Brewery members have indicated that the cost of a 'plate change' to set up new printing to be in the realm of \$50,000.
- 12.4. Many of our smaller members have advised that additional regulatory costs could not be sustained by their business.

*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*

12.5. In addition to direct costs for labelling, depending on the thresholds set, the technical requirements to define and measure sugars-based ingredients/added sugars could be beyond the current capability of many breweries.

**13. Consultation question 9: Referring to Table 1 in Section 3.1, which implementation mechanism would be most appropriate for [the Change to Statement of Ingredients] option? Please provide the pros and cons of your selected implementation mechanism.**

13.1. If the Change to Statement of Ingredients solution is the mandated outcome of this consultation – implementation should be voluntary.

13.2. The detailed implementation plan is an essential consideration in determining the overall impact on breweries.

13.3. Voluntary implementation allows for the greatest flexibility for breweries to mitigate the cost and burden of implementation.

13.4. Brewers Guild members have voluntarily adopted a number of recommended labelling items including pregnancy warning labels, recycling and digital links to find tools and resources about safe consumption of alcohol.

13.5. Any implementation period should only commence when final determination has been made on all labelling related issues that are in various stages of consultation and a minimum implementation period of five years should apply.

**14. Consultation question 10: How effective would [the NIP] option be in addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.**

14.1. Brewers Guild members do not consider information about sugar content to be a salient issue in the context of consumers choices relating to the consumption of beer.

14.2. Beer is not currently required to carry an NIP. Therefore, this option could not be mandated in respect of such products under current standards.

14.3. The Brewers Guild does not consider that the inclusion of Nutritional Information Panels on beer labels will increase consumers ability to make informed decisions about beer.

14.4. There is no evidence to assert that food labels will be a useful or appropriate source of information about added sugars in respect of beer.

14.5. The lack of clarity around the definition of added sugars is likely to produce inconsistent and unfair outcomes.

14.6. Highlighting added sugars in any of the ways proposed will result in confusing and misleading information since the total sugars in the finished product will in many circumstances be less than the added sugars.

14.7. NIPs can be confusing if the consumer does not know how to accurately read and evaluate all of the information that is provided. Interpreting a product's NIP requires an understanding of numerical information and the ability to translate absolute information into something that is meaningful to the consumer.

**15. Consultation question 11: How would [the NIP] option impact you? Please provide impacts and cost relevant to you.**

15.1. The impact and cost of implementing any labelling changes will be significant and will disproportionately affect small to medium New Zealand breweries.

15.2. 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 driving the craft beer industry's growth and encourages consumers to drink quality over quantity.

15.3. Feedback from our members indicates that the cost for label changes is significant, and on a per SKU basis is higher for smaller businesses. On average the estimated cost for a single label change is around \$1500 and that does not include the cost of discarded labels. One of our Medium Sized Brewery members have indicated that the cost of a 'plate change' to set up new printing to be in the realm of \$50,000.

15.4. Many of our smaller members have advised that additional regulatory costs could not be sustained by their business.

15.5. In addition to direct costs for labelling, depending on the thresholds set, the technical requirements to define and measure sugars-based ingredients/added sugars could be beyond the current capability of many breweries.

*If we have to get every batch tested to provide sugar information, or nutritional information, then it would be catastrophic and would most likely put us out of business. The effort, and relabelling cost would not be worth it. This would be devastating to the industry and could knock it out in one foul swoop. Emporium Brewing*

**16. Consultation question 12: How would [the NIP] option impact existing elements of a food label (both mandatory and voluntary)? Would adopting this option require another element of a food label to be removed from the package? If so, which labelling elements would be removed?**

16.1. Labelling, as a marketing tool and product differentiator, is an essential component of the beer market – in particular for small to medium enterprises who strive to create strong brand following in a highly competitive landscape.

16.2. Product labels, particularly on beer, are finite in size. Based on existing regulation and policy, the Brewers Guild's labelling guide for members indicates 20 different items that should be included on a beer label. These include both mandatory and recommended items (eg Recycle Logo).

16.3. This already leaves limited room for brand expression, and also means that information is becoming cluttered and detracts from any of the single individual messages seeking to be delivered.

16.4. The only two non-mandatory elements, recommended by the Brewers Guild in our labelling guide, that could be removed from labelling to make room for additional information are a "Responsible Drinking Message" or the "Recycling Logo".



- 16.5. The Brewers Guild recommends members include a logo for Cheers!<sup>3</sup> or Drinkwise<sup>4</sup> to create a link for consumers to find tools and resources about safe consumption of alcohol that are available digitally.
- 16.6. The Brewers Guild recommends members include a recycling logo to indicate the product is recyclable.<sup>5</sup>
- 16.7. The Brewers Guild is committed to “Safe, Sensible and Sustainable” and would be against any changes that impact these recommended elements.

**17. Consultation question 13: Referring to Table 1 in Section 3.1, which implementation mechanism would be most appropriate for [the NIP] option? Please provide the pros and cons of your selected implementation mechanism.**

- 17.1. If the Nutritional Information Panels solution is the mandated outcome of this consultation – implementation should be voluntary.
- 17.2. The detailed implementation plan is an essential consideration in determining the overall impact on breweries.
- 17.3. Voluntary implementation allows for the greatest flexibility for breweries to mitigate the cost and burden of implementation.
- 17.4. Brewers Guild members have voluntarily adopted a number of recommended labelling items including pregnancy warning labels, recycling and digital links to find tools and resources about safe consumption of alcohol.
- 17.5. Any implementation period should only commence when final determination has been made on all labelling related issues that are in various stages of consultation and a minimum implementation period of five years should apply.

**18. Consultation question 14: How effective would this [Advisory Labels for foods high in added sugars] be in addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.**

- 18.1. Brewers Guild members do not consider information about sugar content to be a salient issue in the context of consumers choices relating to the consumption of beer.
- 18.2. Beer is not a food that would be considered to be ‘high in added sugar’ under any reasonable definition. The Brewers Guild does not have a view on the effectiveness of this mechanism for other food products.

**19. Consultation question 15: How would [Advisory Label] option impact you? Please provide impacts and cost relevant to you.**

- 19.1. It is difficult to comment on the implications of this option while the threshold and mechanism for determining what constitutes a food ‘high in added sugar’.

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<sup>3</sup> <http://www.cheers.org.nz>

<sup>4</sup> <http://www.drinkwise.org.au>

<sup>5</sup> As recommended by Packaging New Zealand.

19.2. Nevertheless, sugars are rarely added to beer after the fermentation process. Under any reasonable definition of ‘high added sugars,’ beer would not meet the threshold for an advisory label to be required.

**20. Consultation question 16: How would the [Advisory Label] option impact existing elements of a food label (both mandatory and voluntary)? Would adopting this option require another element of a food label to be removed from the package? If so, which labelling elements would be removed?**

- 20.1. As beer is not a food that would be considered to be ‘high in added sugar’ under any reasonable definition.
- 20.2. Labelling, as a marketing tool and product differentiator, is an essential component of the beer market – in particular for small to medium enterprises who strive to create strong brand following in a highly competitive landscape.
- 20.3. Product labels, particularly on beer, are finite in size. Based on existing regulation and policy, the Brewers Guild’s labelling guide for members indicates 20 different items that should be included on a beer label. These include both mandatory and recommended items (eg Recycle Logo).
- 20.4. This already leaves limited room for brand expression, and also means that information is becoming cluttered and detracts from any of the single individual messages seeking to be delivered.
- 20.5. The only two non-mandatory elements, recommended by the Brewers Guild in our labelling guide, that could be removed from labelling to make room for additional information are a “Responsible Drinking Message” or the “Recycling Logo”.
- 20.6. The Brewers Guild recommends members include a logo for Cheers!<sup>6</sup> or Drinkwise<sup>7</sup> to create a link for consumers to find tools and resources about safe consumption of alcohol that are available digitally.
- 20.7. The Brewers Guild recommends members include a recycling logo to indicate the product is recyclable.<sup>8</sup>
- 20.8. The Brewers Guild is committed to “Safe, Sensible and Sustainable” and would be against any changes that impact these recommended elements.

**21. Consultation question 17: Referring to Table 1 in Section 3.1, which implementation mechanism would be most appropriate for [Advisory Label] option? Please provide the pros and cons of your selected implementation mechanism.**

- 21.1. If the Advisory Label solution is the mandated outcome of this consultation – implementation should be voluntary.
- 21.2. The detailed implementation plan is an essential consideration in determining the overall impact on breweries.

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<sup>6</sup> <http://www.cheers.org.nz>

<sup>7</sup> <http://www.drinkwise.org.au>

<sup>8</sup> As recommended by Packaging New Zealand.

- 21.3. Voluntary implementation allows for the greatest flexibility for breweries to mitigate the cost and burden of implementation.
- 21.4. Brewers Guild members have voluntarily adopted a number of recommended labelling items including pregnancy warning labels, recycling logos and digital links to find tools and resources about safe consumption of alcohol.
- 21.5. Any implementation period should only commence when final determination has been made on all labelling related issues that are in various stages of consultation and a minimum implementation period of five years should apply.

**22. Consultation question 18: How effective would the [Pictorial Approach] be addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.**

- 22.1. Brewers Guild members do not consider information about sugar content to be a salient issue in the context of consumers choices relating to the consumption of beer.
- 22.2. There is no evidence to assert that food labels will be a useful or appropriate source of information about added sugars in respect of beer.
- 22.3. The proposed Pictorial Approach states that it is to be coupled with information from a Nutritional Information Panel. The issues with the Nutritional Information Panel have been highlighted above.
- 22.4. The Brewers Guild agree that simplifying information, including into a pictorial, helps improve communication to consumers. Our members have adopted this approach in relation to pregnancy warnings and recycling.
- 22.5. However, it is unclear what pictorial can be used that will be unifyingly understood and accurately interpreted given the issues highlighted above with respect to defining added sugars in the context of beer.

**23. Consultation question 19: How would [Pictorial Approach] impact you? Please provide impacts and cost relevant to you.**

- 23.1. The impact and cost of implementing any labelling changes will be disproportionately affect small to medium New Zealand breweries.
- 23.2. 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 driving the craft beer industry's growth and encourages consumers to drink quality over quantity.
- 23.3. Feedback from our members indicates that the cost for label changes is significant, and on a per SKU basis is higher for smaller businesses. On average the estimated cost for a single label change is around \$1500 and that does not include the cost of discarded labels. One of our Medium Sized Brewery members have indicated that the cost of a 'plate change' to set up new printing to be in the realm of \$50,000.
- 23.4. Many of our smaller members have advised that additional regulatory costs could not be sustained by their business.

23.5. In addition to direct costs for labelling, depending on the thresholds set, the technical requirements to define and measure sugars-based ingredients/added sugars could be beyond the current capability of many breweries.

**24. Consultation question 20: How would the [Pictorial Approach] impact existing elements of a food label (both mandatory and voluntary)? Would adopting this option require another element of a food label to be removed from the package? If so, which labelling elements would be removed?**

24.1. Labelling, as a marketing tool and product differentiator, is an essential component of the beer market – in particular for small to medium enterprises who strive to create strong brand following in a highly competitive landscape.

24.2. Product labels, particularly on beer, are finite in size. Based on existing regulation and policy, the Brewers Guild’s labelling guide for members indicates 20 different items that should be included on a beer label. These include both mandatory and recommended items (eg Recycle Logo).

24.3. This already leaves limited room for brand expression, and also means that information is becoming cluttered and detracts from any of the single individual messages seeking to be delivered.

24.4. The only two non-mandatory elements, recommended by the Brewers Guild in our labelling guide, that could be removed from labelling to make room for additional information are a “Responsible Drinking Message” or the “Recycling Logo”.

24.5. The Brewers Guild recommends members include a logo for Cheers!<sup>9</sup> or Drinkwise<sup>10</sup> to create a link for consumers to find tools and resources about safe consumption of alcohol that are available digitally.

24.6. The Brewers Guild recommends members include a recycling logo to indicate the product is recyclable.<sup>11</sup>

24.7. The Brewers Guild is committed to “Safe, Sensible and Sustainable” and would be against any changes that impact these recommended elements.

**25. Consultation question 21: Referring to Table 1 in Section 3.1, which implementation mechanism would be most appropriate for [Pictorial Approach] option? Please provide the pros and cons of your selected implementation mechanism.**

25.1. If the Pictorial Approach is the outcome of this consultation – implementation should be voluntary.

25.2. The detailed implementation plan is an essential consideration in determining the overall impact on breweries.

25.3. Voluntary implementation allows for the greatest flexibility for breweries to mitigate the cost and burden of implementation.

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<sup>9</sup> <http://www.cheers.org.nz>

<sup>10</sup> <http://www.drinkwise.org.au>

<sup>11</sup> As recommended by Packaging New Zealand.

- 25.4. Brewers Guild members have voluntarily adopted a number of recommended labelling items including pregnancy warning labels, recycling logos and digital links to find tools and resources about safe consumption of alcohol.
- 25.5. Any implementation period should only commence when final determination has been made on all labelling related issues that are in various stages of consultation and a minimum implementation period of five years should apply.

**26. Consultation question 22: How effective would [Digital Linking] option be in addressing the policy issue and achieving the desired outcome? Please provide evidence to justify your views.**

- 26.1. Brewers Guild members do not consider information about sugar content to be a salient issue in the context of consumers choices relating to the consumption of beer.
- 26.2. The New Zealand Brewing industry is committed to 'Safe, Sensible, Sustainable'. Digital linking option enables breweries to communicate information to their consumers in the way they know the message is most likely to be received.
- 26.3. Brewers Guild members have adopted digital communication as a tool for communicating nutritional information to consumers.
- 26.4. Two of the Brewers Guilds largest members (Lion Pty Ltd and DB Breweries Ltd) and their subsidiaries produce approximately 82% of the beer brewed in New Zealand (by volume). They provide detailed information about many of their products at <https://www.beerthebeautifultruth.co.nz/the-world-of-beer/the-beautiful-beers/>
- 26.5. The remaining 18% of the volume of beer comprises a significant number of beers produced by small to medium sized businesses and often in small batches. As breweries increase in size, capacity and business maturity they are already providing detailed information direct to consumer. For example: <http://www.stokebeer.co.nz/our-ranges/foundation/gold/moreInfo>.

**27. Consultation question 23: How would this [Digital Linking] impact you? Please provide impacts and cost relevant to you.**

- 27.1. The Digital Linking option proposed requires food manufacturers to maintain information on their website. However, the precise information is unknown and will be determined during the implementation phase but could include any labelling options under consideration.
- 27.2. For this option the impact will be the staffing and technical resources required to determine the appropriate information and maintain the information on a website.
- 27.3. It is unclear what the true impact will be as the technical requirements of each of the other options has not yet been determined. Depending on the thresholds set, the technical requirements to define and measure sugars-based ingredients/added sugars could be beyond the current capability of many breweries.
- 27.4. In any scenario, the impact and cost of implementing digital linking will be disproportionately affect small to medium New Zealand breweries.

- 27.5. 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 driving the craft beer industry's growth and encourages consumers to drink quality over quantity.
- 27.6. Many of our smaller members have advised that additional regulatory costs could not be sustained by their business.

**28. Consultation question 24: How would the [Digital Linking] impact existing elements of a food label (both mandatory and voluntary)? Would adopting this option require another element of a food label to be removed from the package? If so, which labelling elements would be removed?**

- 28.1. It is unlikely that digital linking would impact existing labels. However, it will again depend on the actual requirements (eg the size of a QR Code).
- 28.2. Labelling, as a marketing tool and product differentiator, is an essential component of the beer market – in particular for small to medium enterprises who strive to create strong brand following in a highly competitive landscape.
- 28.3. Product labels, particularly on beer, are finite in size.

**29. Consultation question 25: Referring to Table 1 in Section 3.1, which implementation mechanism would be most appropriate for [Digital Linking] option? Please provide the pros and cons of your selected implementation mechanism.**

- 29.1. If the Digital Linking is the mandated outcome of this consultation – implementation should be voluntary.
- 29.2. The detailed implementation plan is an essential consideration in determining the overall impact on breweries.
- 29.3. Voluntary implementation allows for the greatest flexibility for breweries to mitigate the cost and burden of implementation.
- 29.4. Brewers Guild members have voluntarily adopted digital linking to a range of information – including nutritional information.
- 29.5. Any implementation period should only commence when final determination has been made on all labelling related issues that are in various stages of consultation and a minimum implementation period of five years should apply.

**30. Consultation question 26: Are there additional options that should be considered to address the policy issue and achieve the desired outcome? If so, please describe your suggested option and how it addresses the policy issue and would achieve the desired outcome? Please also describe the cost of implementing your proposed option.**

- 30.1. The Brewers Guild considers that Beer should be excluded from any policy determinations relating to added sugar in food. This is because of all the reasons set out above.

**31. Consultation question 27: Is the description of the strengths and weaknesses of the proposed options (compared to the status quo) accurate? Please justify your response with evidence.**

- 31.1. The strengths and weaknesses described do sufficiently take into consideration the unique nature of the production of beer and the role that sugars play as part of the process.
- 31.2. In addition, each strength and weakness can only be effectively weighted and understood when key implementation decisions have been made. It is unclear what these may be.
- 31.3. For Brewers Guild members the strengths and weaknesses don't represent theoretical statements for a paper but rather implications for their products and businesses and cannot be considered in isolation of the practical steps required to implement changes.

**32. Consultation question 28: Are there additional strengths and weaknesses associated with the proposed options (compared to the status quo)? Please describe what these are?**

- 32.1. The nature of the production of beer and the role that sugar plays in the process represents a weakness in all of the above proposed options. The options do not adequately for how this will be addressed to meet the policy outcomes.
- 32.2. In addition, creativity and ingenuity of both product development and of labels as a key marketing tool would be hampered by further regulation. It is this innovation and creativity that has helped move the focus to the experience of high quality beer and accounts for the increase in the Craft Beer market.

**33. Consultation question 29: If you proposed a different option at question 26, please detail the strengths and weaknesses of you proposed option, compared to the status quo.**

- 33.1. These issues have been addressed above.

**34. Consultation question 30: Should the proposed options apply to all packaged foods in the Australian and New Zealand food supply, or only particular foods or food categories? If so, which option(s) should apply to particular foods or food categories and what would these foods or food categories be?**

- 34.1. Brewers Guild members do not consider information about sugar content to be a salient issue in the context of consumers choices relating to the consumption of beer.
- 34.2. Alcohol labelling and related health issues are already extensively regulated.
- 34.3. Brewers Guild members consider that any of the proposed options should not apply to beer.

**35. Consultation question 31: Is the description of the pros and cons of the different implementation mechanisms in Table 1 accurate? Please justify your response with evidence.**

- 35.1. The pros and cons described cannot be appropriately weighted as there is no quantification of the benefits or the costs.
- 35.2. For Brewers Guild members the pros and cons do not represent theoretical statements for a paper but rather implications for their products and businesses and cannot be considered in isolation of the true nature of the costs.

**36. Consultation question 32: Are there other pros and cons associated with the different implementation mechanisms? Please describe what these are.**

- 36.1. See paragraph 35.

**37. Consultation question 33: Are there any other benefits or costs associated with the proposed labelling options which have not been identified above?**

- 37.1. These have been addressed in the above submissions.

**38. Consultation question 34: Should there be exemptions or other accommodations (such as longer transition periods) made for small businesses, to minimise the regulatory burden? If so, what exemptions or other accommodations do you suggest?**

- 38.1. Any policy outcomes determined through this process should not apply to beer.
- 38.2. Given the complex application of any of the policy options to beer – any implementation should only be voluntary.
- 38.3. Any implementation period should only commence when final determination has been made on all labelling related issues. This should apply to all breweries.
- 38.4. A minimum implementation period of five years should apply for all small to medium sized brewery businesses.

**39. Consultation question 35: What would be the cost per year for the industry to self-regulate (e.g. voluntary code of practice- industry driven)? Please justify your response with hours of time, and number of staff required. Please specify which country (Australia or New Zealand) your evidence is based on.**

- 39.1. As the proposed technical thresholds, definitions and implementation options remain uncertain, it is impossible to estimate the effort to regulate.



**40. Consultation question 36: Would industry pass any of the costs associated with implementing the proposed options on to consumers? What is the basis for your view?**

40.1. Yes. For many small brewers they would have no choice but to try to pass on the compliance costs to consumers. Several members have advised us that additional compliance costs would have an impact on their ability to remain a going concern.

40.2. The room for breweries to make profit on their crafted product is decreasing as the supply chain is tightening. The ever-increasing excise tax that is passed direct to the consumer is having an impact on the maximum levels that breweries can charge based on what consumers are prepared to pay. Similarly, the cost of raw ingredients and other inputs is also increasing.

40.3. As stated above, compliance costs would disproportionately impact small brewers. It would directly impact the brewing Industry landscape in favour of medium to large breweries.

*There is no way that we would be able to afford any further testing or taxation of our products with the current costs associated with production. Customs excise, inflated rent, and cost of raw ingredients are to high as is. Hey Day Beer Co*

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